

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: PAD5617

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL LOAN

IN THE AMOUNT OF SDR 3.8 MILLION
(US\$5 MILLION EQUIVALENT)

TO THE

REPUBLIC OF DJIBOUTI

FOR AN

AF Economic Management and Statistics Development for Policy Making Project
February 23, 2024

Poverty and Equity Global Practice and
Macroeconomics, Trade, and Investment Global Practice
Middle East and North Africa Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS

(Exchange Rate Effective Jan 31, 2024)

Currency Unit = Djiboutian Francs
(DJF)

177.7 DJF = US\$1

0.7519 SDR = US\$1

FISCAL YEAR

January 1 - December 31

Regional Vice President: Ferid Belhaj

Country Director: Stephane Guimbert

Regional Director: Nadir Mohammed

Practice Manager: Salman Zaidi, Eric Le Borgne

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

ABBREVIATIONS AND ACRONYMS

| | |
|--------|---|
| AF | Additional Financing |
| CPF | Country Partnership Framework |
| EDAM | Enquête Djiboutienne Auprès des Ménages |
| GEDES | Economic Management and Statistics Development for Policy Making (parent project) |
| INSTAD | Institut National de la Statistique de Djibouti (formerly, INSD) |
| NDC | Nationally Determined Contributions |
| NSDS | National Strategy for the Development of Statistics |
| PDO | Project Development Objective |
| RGPH3 | 3eme Recensement Générale de la Population et de l'Habitat |
| STEP | Systematic Tracking of Exchanges in Procurement |
| SYGADE | System de gestion et d'analyse de la dette |
| TOFE | Tableau des opérations financières de l'état |
| UNFPA | United Nations Population Fund |

Djibouti

AF Economic Management and Statistics Development for Policy Making

TABLE OF CONTENTS

| | |
|---|-----------|
| I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING | 7 |
| II. DESCRIPTION OF ADDITIONAL FINANCING (AF) | 9 |
| III. KEY RISKS | 12 |
| IV. APPRAISAL SUMMARY | 13 |
| V. WORLD BANK GRIEVANCE REDRESS | 18 |
| VI SUMMARY TABLE OF CHANGES..... | 20 |
| VII DETAILED CHANGE(S)..... | 20 |
| VIII. RESULTS FRAMEWORK AND MONITORING | 26 |
| ANNEX 1 - IMPLEMENTATION ARRANGEMENTS AND SUPPORT PLAN | 37 |



BASIC INFORMATION – PARENT (Economic Management and Statistics Development for Policy Making - P171777)

| | | | | |
|-----------------------|--|--------------------------------|------------------------|--|
| Country Djibouti | Product Line IBRD/IDA | Team Leader(s) Bilal Malaeb | | |
| Project ID P171777 | Financing Instrument Investment Project Financing | Resp CC EMNMT (9332) | Req CC MNC03 (1491) | Practice Area (Lead) Macroeconomics, Trade and Investment |

Implementing Agency: National Institute of Statistics of Djibouti, Ministry of Economy and Finance in charge of Industry, Ministry of Budget

| | |
|--|--|
| Is this a regionally tagged project? No | |
|--|--|

| |
|----------------------------------|
| Bank/IFC Collaboration No |
|----------------------------------|

| | | | |
|------------------------------|-----------------------------|------------------------------------|--|
| Approval Date 29-May-2020 | Closing Date 31-Dec-2025 | Expected Guarantee Expiration Date | Environmental and Social Risk Classification Moderate |
|------------------------------|-----------------------------|------------------------------------|--|

Financing & Implementation Modalities

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



Development Objective(s)

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.

Ratings (from Parent ISR)

| | Implementation | | | | | Latest ISR |
|--------------------------------------|----------------|-------------|-------------|-------------|-------------|-------------|
| | 13-Apr-2021 | 25-Oct-2021 | 22-Jun-2022 | 22-Dec-2022 | 05-Jun-2023 | 15-Jan-2024 |
| Progress towards achievement of PDO | MS | MS | MS | MS | MS | MS |
| Overall Implementation Progress (IP) | MS | MU | MS | MS | MS | MS |
| Overall ESS Performance | S | S | S | S | MU | MU |
| Overall Risk | S | S | S | S | S | S |
| Financial Management | MS | MS | MS | MS | MS | MS |
| Project Management | MS | MS | MS | MU | MU | MU |
| Procurement | MU | MU | MS | MS | MS | MS |
| Monitoring and Evaluation | MS | MU | MS | MS | MS | MS |

BASIC INFORMATION – ADDITIONAL FINANCING (AF Economic Management and Statistics Development for Policy Making - P181612)

| Project ID | Project Name | Additional Financing Type | Urgent Need or Capacity Constraints |
|------------|---|---|-------------------------------------|
| P181612 | AF Economic Management and Statistics Development | Cost Overrun/Financing Gap, Restructuring | No |



| | | | |
|--------------------------------------|------------------------|---------------|--|
| | for Policy Making | | |
| Financing instrument | Product line | Approval Date | |
| Investment Project Financing | IBRD/IDA | 15-Mar-2024 | |
| Projected Date of Full Disbursement | Bank/IFC Collaboration | | |
| 30-Apr-2026 | No | | |
| Is this a regionally tagged project? | | | |
| No | | | |

Financing & Implementation Modalities

| | |
|---|--|
| <input type="checkbox"/> Series of Projects (SOP) | <input type="checkbox"/> Fragile State(s) |
| <input type="checkbox"/> Performance-Based Conditions (PBCs) | <input checked="" type="checkbox"/> Small State(s) |
| <input type="checkbox"/> Financial Intermediaries (FI) | <input type="checkbox"/> Fragile within a Non-fragile Country |
| <input type="checkbox"/> Project-Based Guarantee | <input type="checkbox"/> Conflict |
| <input type="checkbox"/> Deferred Drawdown | <input type="checkbox"/> Responding to Natural or Man-made disaster |
| <input type="checkbox"/> Alternate Procurement Arrangements (APA) | <input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS) |
| <input type="checkbox"/> Contingent Emergency Response Component (CERC) | |

Disbursement Summary (from Parent ISR)

| Source of Funds | Net Commitments | Total Disbursed | Remaining Balance | Disbursed |
|-----------------|-----------------|-----------------|-------------------|-----------|
| IBRD | | | | % |
| IDA | 15.00 | 5.98 | 8.70 | 41 % |
| Grants | | | | % |

PROJECT FINANCING DATA – ADDITIONAL FINANCING (AF Economic Management and Statistics Development for Policy Making - P181612)

FINANCING DATA (US\$, Millions)



SUMMARY (Total Financing)

| | Current Financing | Proposed Additional Financing | Total Proposed Financing |
|---------------------------|-------------------|-------------------------------|--------------------------|
| Total Project Cost | 17.00 | 5.00 | 22.00 |
| Total Financing | 17.00 | 5.00 | 22.00 |
| of which IBRD/IDA | 15.00 | 5.00 | 20.00 |
| Financing Gap | 0.00 | 0.00 | 0.00 |

DETAILS - Additional Financing

World Bank Group Financing

| | |
|---|------|
| International Development Association (IDA) | 5.00 |
| IDA Credit | 5.00 |

IDA Resources (in US\$, Millions)

| | Credit Amount | Grant Amount | SML Amount | Guarantee Amount | Total Amount |
|--|---------------|--------------|-------------|------------------|--------------|
| Djibouti | 5.00 | 0.00 | 0.00 | 0.00 | 5.00 |
| National Performance-Based Allocations (PBA) | 5.00 | 0.00 | 0.00 | 0.00 | 5.00 |
| Total | 5.00 | 0.00 | 0.00 | 0.00 | 5.00 |

COMPLIANCE

Policy

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

Yes No

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

Yes No



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

| E & S Standards | Relevance |
|---|------------------------|
| Assessment and Management of Environmental and Social Risks and Impacts | Relevant |
| Stakeholder Engagement and Information Disclosure | Relevant |
| Labor and Working Conditions | Relevant |
| Resource Efficiency and Pollution Prevention and Management | Not Currently Relevant |
| Community Health and Safety | Relevant |
| Land Acquisition, Restrictions on Land Use and Involuntary Resettlement | Not Currently Relevant |
| Biodiversity Conservation and Sustainable Management of Living Natural Resources | Not Currently Relevant |
| Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities | Not Currently Relevant |
| Cultural Heritage | Not Currently Relevant |
| Financial Intermediaries | Not Currently Relevant |

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

INSTITUTIONAL DATA

Practice Area (Lead)

Poverty and Equity

Contributing Practice Areas

Macroeconomics, Trade and Investment

Climate Change and Disaster Screening

This operation has not been screened for short and long-term climate change and disaster risks

Explanation

The parent project has been screened for climate change and disaster risks. Should a new screening be required it will be done before Board Submission.

**PROJECT TEAM****Bank Staff**

| Name | Role | Specialization | Unit |
|--------------------------------------|---|------------------------|-------------|
| Bilal Malaeb | Team Leader (ADM Responsible) | | EMNPV |
| Rick Emery Tsouck Ibounde | Team Leader | | EMNMT |
| Melance Ndikumasabo | Procurement Specialist (ADM Responsible) | Procurement Specialist | EMNRU |
| Mohammed Bennani | Procurement Specialist | | EMNRU |
| Francis Tasha Venayen | Financial Management Specialist (ADM Responsible) | | EMNGU |
| Cathie Philippe Gerald Youhann Wissa | Social Specialist (ADM Responsible) | | SMNSO |
| Fadoumo Ali Malow | Environmental Specialist (ADM Responsible) | | SMNEN |
| Adama Diop | Team Member | Finance Officer | WFACS |
| Ekaterina Georgieva Stefanova | Team Member | | EMNMT |
| Enagnon Ernest Eric Adda | Team Member | | EMNGU |
| Eric Roland Metreau | Team Member | National Accounts | DECED |
| Kadar Mouhoumed Omar | Team Member | Operation Officer | MNCDJ |
| Lantoniaina Ramanankasina | Team Member | | EMNPV |
| Melissa C. Landes | Environmental Specialist | | AFWDE |
| Mohamed Adnene Bezzaouia | Environmental Specialist | Safeguard | SMNEN |
| Nagad Khaireh Allaleh | Team Member | Operations Analyst | MNCDJ |
| Robert A. Yungu | Team Member | Governance | ESAC2 |

Extended Team

| Name | Title | Organization | Location |
|-------------|--------------|---------------------|-----------------|
|-------------|--------------|---------------------|-----------------|



I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. This Project Paper seeks approval of the World Bank Board of Executive Directors (the Board) to provide an Additional Financing (AF) in the amount of SDR 3.8 million (US\$5 million equivalent) from the International Development Association (IDA) to the Republic of Djibouti for the Economic Management and Statistics Development for Policy Making Project (GEDES, P171777).

2. The GEDES project, approved by the Board on May 29, 2020, aims to strengthen the capacity of the National Institute of Statistics of Djibouti (INSD, now 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. The project seeks to modernize the statistical ecosystem in Djibouti by investing in the human and physical capital of INSTAD, building the capacity of the institute to produce reliable and timely statistics, and investing in the various departments of the ministries of finance and budget to strengthen the macroeconomic and fiscal frameworks to promote evidence-based decision making in Djibouti.

3. The project has three beneficiaries (the National Institute of Statistics, the Ministry of Finance, and the Ministry of Budget). It 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 the purchase of modern equipment, supporting the reform of the Institute, 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 standards, and monitoring and evaluation.

B. Current Status of the Project

4. The project has made important progress to date in modernizing the INSTAD and producing viable statistics and economic management tools. The project was declared effective on August 14, 2020. The implementation progress and progress toward achieving the project development objective (PDO)



are currently rated Moderately Satisfactory.

5. The progress made within this project can be summarized as follows:

a) Component 1:

- i. Important steps have been taken to reform the department of statistics into an autonomous institute, with a board of directors appointed by ministerial decree. Draft bylaws are prepared for the management and fiduciary responsibility of the Institute and are in the process of validation.
- ii. The population census has kicked off with a major activity of cartography completed in summer 2023 and a pilot census in December 2023. The United Nations Population Fund (UNFPA), the leading organization on population statistics, works closely with INSTAD to support and collaborate on the population census.
- iii. New methodologies for the price statistics (including consumer prices, prices of construction), external trade statistics, and business statistics are in place, and the data for the new consumer price index has been prepared.
- iv. The construction of the new INSTAD building (which is not financed under the current AF) has faced some delays to begin, in part due to the financing gap that the government aims to complement through partners' co-financing, which is yet to be confirmed.

b) Component 2:

- i. Significant progress has been made in modernizing the public debt management system, including the successful installation and configuration of the debt management software (SYGADE 6) and the transfer of the external public debt database from Excel to SYGADE. The staff of the Public Debt Directorate have been trained in using SYGADE 6 for recording external debt data, creating reports, and validating the system.
- ii. Substantial progress has also been achieved in renovating the macroeconomic forecasting model, with the completion of a first version covering the Real Sector, Balances of Payments, Table of Government Financial Operations (TOFE), Monetary Situation, and Public Debt blocks. Macro-commands have been successfully integrated, along with a module for consistency and result verification. The final model delivery, training for drafting the scoping report, and the finalization of guides and methodological documents are scheduled for the first quarter of 2024.
- iii. The Budget Directorate of the Ministry of Budget undertook various activities, including evaluating existing forecasting methods and developing multi-year revenue forecasting tools, preparing a budget framework synthesis tool, and defining procedures and modalities for information exchange between different financial administrations. A roadmap will be developed to identify the reform of the following processes: macroeconomic and macro-budgetary frameworks, the medium-term budgetary framework, and results-based budget programming.



C. Rationale for additional financing

6. The additional financing is critical for the INSTAD to complete its core national statistics operations. It will cover a financing gap in the implementation of the population census, the economic census, and the household budget survey, as well as in the project management component of the project. During the preparation of the GEDES project, the financing needs for the population census, enterprise census, and household budget survey were underestimated. The gaps are in part due to the difference in methodology in carrying out the population census, as the revised methodology involves digitalizing the data collection and a full geo-spatial mapping of the country in line with international norms. The economic census will involve a sub-component that collects vital data from enterprises and allows the recalibration of data for national accounts. There is no change in scope from the parent project.

D. Relevance to Higher Level Objectives

7. **The proposed project is aligned with the strategic goals of the World Bank Group (WBG) to end extreme poverty on a livable planet, the pillar of the enlarged MENA strategy emphasizing the social contract, and with the Country Partnership Framework (CPF), FY22-FY26, discussed by the WBG Board of Executive Directors on September 23, 2021, particularly in its focus area of state building.** The project strengthens the government's ability to identify and target poverty through enhanced poverty measurement and more recent data. It also allows the government to identify climate hotspots and areas of vulnerability and be able to address them. This is in line with the CPF's emphasis on building Djibouti's capacity to manage and attenuate climate risks through better knowledge, planning, and preparedness. The CPF puts an emphasis on strengthening the role and capacity of the state and institutions and underlines the importance of statistics for enhanced policy making. It highlights the importance of data in enabling the introduction of results-based approaches in Djibouti. The project is also in line with the CPF objective of supporting the government's efforts to build monitoring and oversight capacity and strengthen citizen engagement. The CPF also emphasizes the importance of sex-disaggregated statistics, to which this project contributes. Through better statistics on poverty, demographics, and climate vulnerability, the project also aligns with WBG's Green, Resilient, and Inclusive Development approach, which pursues poverty eradication and shared prosperity with a sustainability lens.

II. DESCRIPTION OF ADDITIONAL FINANCING (AF)

8. **There will be no changes to the PDO.** The PDO of the parent project is to strengthen the capacity of the National Institute of Statistics of Djibouti (INSTAD, formerly 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. The project remains consistent with the current CPF.

9. **The AF will build on the progress made in the parent project in terms of reforms and data collection activities to achieve the PDO.** As the 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 AF 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 US\$) | Additional Financing (million US\$) | Revised Costs (million US\$) | Of which counterpart funding (million US\$) |
|--|--------------------------------------|-------------------------------------|------------------------------|---|
| 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 |

10. **The AF will support the production of the population census, the economic census, the household budget survey, and the 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 for 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 poverty and inequality profiles for the country.



11. **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 the 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, under subcomponent 1.2, dedicated statistical capacity building will be provided to the department of environmental statistics in INSTAD through an international consultant¹ who will develop their capacity to collect, analyze, and disseminate climate related data (such as climate risk and vulnerability profiling). 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. In addition, under subcomponent 1.2, technical support will be provided to the economic census through the design of its questionnaire to include questions on the type of energy used by enterprises (especially large enterprises and those related to the transport sector), as a first step to gauge the carbon footprint and opportunities to integrate renewable energy which would be very relevant to all strategic planning in a transition towards a low-carbon growth and development model.

12. **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 project².** 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.

E. Changes in the results framework

13. **The results framework of the parent project is revised to add explicit indicators on the release of microdata from 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 percent) of the population census; 3) a random anonymized sample (10 percent) of the enterprise census; and 4) anonymized geospatial data stemming from the census mapping exercise. Furthermore, an indicator will be added for the dissemination of a report on the climate risk and vulnerability profiling of the Djiboutian population.

F. Institutional and Implementation Arrangements

¹ It is estimated that 100,000 US\$ will go towards hiring an international consultant to support capacity building of the environmental statistics department of INSTAD.

² It is estimated that the cost associated with this activity is around 300,000 US\$, in addition to the data collection from the census and the household survey directly related to the production of the necessary data of around 2,500,000 US\$.



14. **An established project management unit (PMU) overseen by the Ministry of Finance (MOFI) through a project steering committee will continue to assume the project coordination and implementation roles.** 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 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 four technical departments will have the responsibility of the implementation of the operations that are grouped into 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 of the implementation and first level monitoring of their activities and outputs to be reported to the project management unit.

III. KEY RISKS

15. The overall risk to the project is rated as Substantial. The four categories of risks that are considered most likely to materialize are: (i) Political and Governance; (ii) Macroeconomic; (iii) Institutional Capacity for Implementation and Sustainability; and (iv) Fiduciary.

16. Political and governance risks are rated as Substantial due to the prevailing challenges in the political economy. An erosion of public trust in state institutions could undermine the Government's ability to implement Vision 2035, which, in turn, could affect the implementation of the project. These risks will be mitigated to the extent possible through policy dialogue and a systematic reliance on citizen engagement interventions. Vision 2035 currently benefits from a very strong and broad consensus among stakeholders inside and outside the state and is likely to remain the backbone of the social contract during the implementation period.

17. Macroeconomic risks are rated substantial due to the small size of the country and the public sector's high level of indebtedness. Unexpected economic shocks could affect the implementation of the project. The country is highly vulnerable to exogenous economic and climate shocks, such as price hikes on its high food and fuel imports and cyclones and floods. At the same time, the level of public and publicly guaranteed debt is high (71 percent of GDP), which leaves little room to absorb future shocks. To mitigate these risks, Djibouti is committed to implementing prudent fiscal policy and debt management. This project includes activities that will strengthen the country's capacity to conduct sound macroeconomic policy. The Government is committed to providing enough funds to hire skilled staff for INSTAD and complete the financing of the building. The level of funding can be lower in the case of major exogenous shocks. Relatedly, the government is actively searching for co-financing from other partners to fill the financing gap for the construction of the new building.

18. There are also risks related to low institutional capacity for implementation and sustainability, which are rated substantial. Low capacity and a lack of adequate coordination across Djibouti's public-sector entities could lead to either stalling or incoherent public policies. Strong Government commitment and continued dialogue will mitigate this risk.



19. Fiduciary risks are rated as Substantial. *Financial management*: The fiduciary environment is very weak, and the risk that required procedures will be circumvented is real. Most of the institutions established to ensure oversight of governance functions—such as the State Inspector General, the SAI (Court of Accounts), the Anti-Corruption Commission, and the judiciary—are not adequately funded, and this undermines their effectiveness. The internal control mechanisms within the Government are also weak, and there is limited participation from, or contribution from, non-state actors. The implementation arrangement of this project, its focus on public financial management (PFM), together with the Public Administration Modernization Project, will help mitigate some of the fiduciary risks. *Procurement*: the additional financing involves few, low-value, and no complex contracts, but the overall risk of the project remains substantial due to delay in procurement processing observed in the parent project as well as the uncertainty of initiating the large contract for the construction of the INSTAD building, as there is a financing gap expected from the Government counterpart.

IV. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

20. **Statistical capacity building projects are not easily measurable for a detailed cost-benefit analysis.** Official statistics are essential for effective policy design, implementation, and monitoring. The AF design aligns with international best practices and incorporates lessons learned from previous projects and evaluations.

21. **The AF funds the housing and population census, economic census, and household budget survey, which can have significant economic benefits and transformative development impacts.** Providing data and official statistics is crucial for holding the government accountable to its citizens. The private sector is unlikely to engage in producing official statistics, as there is little financial gain from it.

22. **The users of the project's output include the government, private sector, civil society, development partners, and citizens.** The AF aims to enhance and improve statistics on various areas such as economic growth, prices, the labor market, agriculture, and household welfare. This will support evidence-based policy making and monitoring of the country-level and regional policy agendas.

23. **Studies demonstrate the positive impacts of promoting open data and free access to micro and metadata, particularly in developing countries, and are crucial to establishing a new social contract.** Reports by organizations like the Organisation for Economic Co-operation and Development and the World Bank highlight the economic and social benefits of data access and sharing, including transparency, empowerment, new business opportunities, competition, cooperation, innovation, and efficiency. Data access and sharing can benefit data providers, suppliers, users, and the wider economy. While quantifying the overall benefits is challenging, sector-specific studies provide estimates of the effects of data access and sharing.

B. Technical



24. **The project follows international best practices in data collection, analysis, anonymization, and processing.** The Bank brings to this proposed project a potent combination of experience in international statistical operations, macroeconomic modeling, PFM, convening power, and leading global technical experts. The WBG's value added includes: (i) excellent relationships with the client; and (ii) technical expertise. The Poverty and Equity Global Practice has a wealth of experience supporting these types of activities, the AF will provide the INSTAD with the opportunity to hire international experts to support the implementation of these activities as well as build capacity to carry out such activities autonomously in the future. Moreover, the overall project activities will be guided by the World Bank's Statistical Performance Indicators (SPIs) and Data for Policy (D4P) initiative. The technical quality and comparability of statistics will be guaranteed through adherence to international best practices.

C. Financial Management

25. The proposed Credit will continue to be implemented in line with World Bank policies that are standard for project implementation. The MOFI will be the main implementing agency, with technical support from the Ministry of Budget. A PMU is already established within MOFI for the project's purpose. The Financial Management (FM) assessment conducted during appraisal found the FM risk, as a component of the fiduciary risk, to be rated as Substantial. With the proposed mitigating measures, MOFI will have the financial management requirements as per OP/BP 10.00 and will have an acceptable FM system, and the residual FM risk rating will be moderate.

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

27. The general accounting principles for the project will be as follows: (a) project accounting will cover all sources and uses of project funds, including payments made and expenses incurred. Project accounting will be based on accrual accounting, and (b) project transactions and activities will be separated from other activities undertaken by MOFI.

28. The project financial reporting will include unaudited Interim Financial Reports (IFRs) and yearly Project Financial Statements (PFS). IFRs should include data on the financial situation of the project. These reports should include: (i) a statement of funding sources and uses for the period covered and a cumulative figure, including a statement of the bank project account balances; (ii) a statement of use of funds by component and by expenditure category; (iii) a reconciliation statement for the DA; (iv) a budget analysis statement indicating forecasts and discrepancies relative to the actual budget; and (v) a comprehensive list of all fixed assets. The PMU will produce the IFRs every quarter and submit them to the Bank within 45 days at the end of each quarter. The annual PFS should include: (i) a cash flow statement; (ii) a closing statement of financial position; (iii) a statement of ongoing commitments; (iv) analysis of payments and withdrawals from the grant account; and (v) a complete inventory of all fixed



assets acquired under the project. (c) IFRs and PFSs will be produced based on the accounting system and submitted for an external financial audit.

29. The PMU will continue to be responsible for preparing periodic reports and maintaining the project bookkeeping and will produce annual PFS and quarterly unaudited IFRs.

30. The project's financial statements will be audited annually and will cover all aspects of the project, including uses of funds and committed expenditures. The audit will also cover financial operations, internal control, and financial management systems as well as comprehensive of the statement of expenditures. The annual audit report will include: (i) the auditor's opinion on the project's annual financial statements; (ii) a management letter on the project's internal controls; and (iii) a limited yearly review opinion on the IFRs. The annual reports will be submitted to the World Bank within six months from the closure of each fiscal year, and the limited review opinion will also be submitted to the World Bank with the IFRs.

31. **The financial management performance of the parent project has been consistently rated Moderately Satisfactory**, with the most recent FM performance as of January 2024 maintaining that rating. There are no overdue audit reports, with the most recent audit report due on June 30, 2023 already submitted.

D. Procurement

32. **Applicable Procurement Rules and Procedures as well as Institutional arrangements** for the parent project remain unchanged for this additional financing.

33. **Procurement capacity.** The parent project has experienced disruptions in institutional arrangements, including turnover of key personnel, which caused delays in project implementation, including procurement processing. However, the situation has now stabilized, with a procurement specialist and their assistant fully operational. There has also been a gradual improvement in procurement handling capacity, although some hands-on support is still required.

34. **Scope of Procurement:** The additional financing (in the total amount of \$5 million) will primarily complement the ongoing activities of the parent project, specifically related to the population census, economic census, and household surveys. Most expenditures for these activities are per se operational costs, and financial management procedures will be followed. According to the current update of the procurement plan for the additional financing, procurement will involve one contract for goods and seven contracts for individual consultants, with a total estimated amount of approximately \$0.5 million.

35. **Main Procurement Risk and Mitigation Measures:** The scope of the additional financing, as mentioned above, is not inherently complex, with contracts of very low value (equivalent to or less than \$100,000 per contract). However, the procurement risk encompasses both the parent and additional financing. Currently, the risk level is classified as "substantial," primarily due to potential delays in procurement and uncertainty regarding the completion of the large contract for the construction of the INSTAD building³, as there is a financing gap expected from the Government counterpart. To mitigate this

³ The construction of the INSTAD building is not financed under the current AF.



risk, the Bank is engaged in dialogue with the Government to explore alternative options. Additionally, the Bank will continue to provide capacity building support to the project implementing unit.

E. Legal Operational Policies

| | Triggered? |
|---|------------|
| Projects on International Waterways OP 7.50 | No |
| Projects in Disputed Areas OP 7.60 | No |

F. Environmental and Social

36. 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, a lack of security, physical and moral harm or conflicts, and/or some degree of OHS risks that include road accidents.

37. INSTAD has established and maintained an organizational structure with qualified staff and resources to support the management of environmental and social (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 Environmental and Social Commitment Plan (ESCP). As activities advance, the E&S Specialist will work full-time to manage the E&S risks and impacts of both the parent project and AF activities consistent with the ESCP. Moreover, to increase the performance rating, an action plan has been developed in collaboration with the INSTAD agency, featuring key components such as the appointment of a full-time E&S specialist and the establishment of "boite a doléance" in every arrondissement in Djibouti city and the prefecture in the region. The plan includes activities to enhance communication and stakeholder engagement, including frequent organized consultations with various stakeholders, payment for posters to be displayed, and the creation of an online form for feedback or complaints on the project's website. Furthermore, the initiative involves the distribution of small cards with the grievance mechanism contact phone numbers to the public during the census, planning public outreach events through radio, television, and social media to inform the public about their activities. Additionally, new workers are set to receive training on the grievance mechanism, the code of conduct, and related issues as part of their core training. Contracts for workers will include E&S clauses, such as adherence to the code of conduct. Finally, the PMU will prepare a good quality regular progress report in due time, with support and guidance from the Bank team.



During the preparation of the AF, the ESCP and the stakeholder engagement plan (SEP) were updated and disclosed, and the labor management procedures (LMP) is being updated and will be finalized and disclosed prior to project activities. Those instruments reflect the E&S lessons learned from the parent project as well as realities on the ground, ensuring that all risks are reflected in the documents and proposed mitigation measures are included.

G. Paris Alignment

38. **The operation is aligned with the goals of the Paris Agreement on both mitigation and adaptation.** Djibouti's Nationally Determined Contributions (NDC) seek to protect the most vulnerable groups (including rural populations and poor households, among others) and strengthen their resilience in the face of climate change shocks. The green economy strategy, building on the national adaptation plan and the national adaptation program of action, requires viable data and statistics in order to bolster an evidence-based policy making environment. As such, the outputs and development objectives of this project (including the parent project) align with the goals of the Paris agreement and Djibouti's climate adaptation and mitigation plans to generate the necessary inputs for policy making.

H. Assessment and Mitigation of Adaptation Risks:

39. **Climate change could pose potentially considerable risks in Djibouti.** AF activities are designed to support the National Statistics System to provide the basis for key, essential analysis on impacts and adaptation strategies to address them. This involves supporting the creation and provision of all the essential data underpinning adaptation, from population and enterprise censuses and national accounts data to household budget surveys able to capture how families across the income distribution are affected by droughts, floods, and climate shocks, among others.

40. **A climate and disaster risk screening (CDRS) was carried out for the parent project, and the assessment remains the same.** While most of the identified risks related to the construction component of the parent project (outside the scope of the AF), extreme heat continues to be a risk to the delivery of the project outcome. Mitigation measures are taken to reduce this risk, such as carrying out survey work in cooler months and analytical/preparatory work for the censuses and surveys during the hot season. As the Country Climate and Development Report (CCDR) is under preparation, it will review the pressing climate risks in much more depth.

41. **Assessment and Mitigation of Mitigation Risks:** The project design in relation to the AF activities will have little impact on greenhouse gas emissions. The only risks posed by the activities of the AF are the use of vehicles to collect data for population and enterprise censuses and the household survey. Where possible, the design of these activities is such that communal transport is considered (e.g., buses) to transport enumerators heading to the same location. This is particularly true in Djibouti City. Concurrently, the parent project fosters the adoption of mitigation measures and low-carbon strategies (such as green construction) with a focus on the use of renewable energy sources and energy-efficient equipment as long as they are developmentally, economically and technically feasible.

I. Gender



42. **This project will continue to build on the foundation of past efforts by the World Bank and other partners to support National Statistics Offices (NSOs) to produce further gender-disaggregated indicators.** The lack of relevant and recent data and statistics constrains the appropriate assessment of the extent of gender disparities in Djibouti - preventing adequate policy formulation to address those gaps. The improvement of gender statistics will be achieved by introducing gender dimensions in surveys and statistics from administrative sources, using the most recent data collection methodologies and tools. Djibouti NSO has benefited from the support of the Strengthening Gender Statistics project to identify gender data gaps.

43. **The proposed AF will finance several surveys that will allow Djibouti to more than significantly increase the number of gender indicators available.** These include a Household Budget Survey (EDAM5), a Population Census, and an enterprise census. Surveys supported by the AF project, along with technical assistance for gender indicator calculation, will increase the number of available indicators. The indicators sought correspond to the United Nations Statistics Division (UNSD) minimum list of gender indicators, grouped into five domains: (i) Economic structures, participation in productive activities and access to resources; (ii) Education; (iii) Health and related services; (iv) Public life and decision-making; and (v) Human rights of women and girl children. The baseline assessment shows that only two of the relevant gender indicators are available, with the objective of reaching a minimum of 20 by the end of the project.

J. Citizen Engagement

44. **Citizen engagement is central to the design of the parent project and the activities funded by the AF.** This includes three key pillars. 1) data user satisfaction measured through a satisfaction survey and published on the INSTAD website; 2) satisfaction survey among the various beneficiaries of the project; and 3) consultations with relevant stakeholders on the design of questionnaires and awareness-raising campaigns to motivate respondents to surveys and censuses and highlight the value added of their responses to policy making and making their voices heard through official statistics. In May 2023, a satisfaction survey was conducted among users of the INSTAD website. The survey aimed to gather feedback on the information users were seeking, their satisfaction with the available information, its usefulness, and its quality. Additionally, users had the opportunity to provide further information about their experience with the INSTAD website. These results are used to identify gaps in the dissemination of data. The project implementation will bolster the response to this feedback once the data is collected and ready to be disseminated. Moreover, a second survey of the various project beneficiaries, closely involved in project implementation was conducted to measure the impact of the project and its progress on the beneficiary departments. Most respondents were satisfied with their interaction with the PMU team and the delays in managing issues. Some improvements were pointed out in relation to the coordination of the project, the project's proactivity, and the dissemination of data. Moreover, the project implementation has gone beyond these requirements to measure satisfaction and seek feedback from enumerators who work on the project to identify difficulties and constraints in fieldwork and attempt to address them. The improvement of INSTAD's response to the feedback received from data users is a core aspect of building its capacity, and the technical support for implementation from the Bank team will continue to reinforce this aspect.

V. WORLD BANK GRIEVANCE REDRESS



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



VI SUMMARY TABLE OF CHANGES

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

VII DETAILED CHANGE(S)

COMPONENTS

| Current Component Name | Current Cost (US\$, millions) | Action | Proposed Component Name | Proposed Cost (US\$, millions) |
|---|-------------------------------|---------|--|--------------------------------|
| Strengthening the capacity of the National Institute of Statistics of Djibouti (INSD) to produce and disseminate timely and reliable statistics in a sustainable manner | 11.80 | Revised | Strengthening the capacity of the National Institute of Statistics of Djibouti (INSD) to produce and disseminate timely and reliable statistics in a | 16.50 |



| | | | | |
|---|--------------|---------|---|--------------|
| | | | sustainable manner | |
| Modernizing the Recipient's selected economic and fiscal management tools and processes | 3.80 | | Modernizing the Recipient's selected economic and fiscal management tools and processes | 3.80 |
| Project Management | 1.40 | Revised | Project Management | 1.70 |
| TOTAL | 17.00 | | | 22.00 |

DISBURSEMENT ARRANGEMENTS

Change in Disbursement Arrangements

Yes

Expected Disbursements (in US\$)

| Fiscal Year | Annual | Cumulative |
|-------------|--------------|---------------|
| 2020 | 0.00 | 0.00 |
| 2021 | 750,000.00 | 750,000.00 |
| 2022 | 1,535,911.19 | 2,285,911.19 |
| 2023 | 1,812,232.20 | 4,098,143.39 |
| 2024 | 1,531,457.38 | 5,629,600.77 |
| 2025 | 6,785,119.00 | 12,414,719.77 |
| 2026 | 7,585,280.23 | 20,000,000.00 |
| 2027 | 0.00 | 20,000,000.00 |

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

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



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

LEGAL COVENANTS – AF Economic Management and Statistics Development for Policy Making (P181612)

Sections and Description

Dated Covenants:

Schedule 2 Section I A.1

1. Ministry of Finance (MoF)

(a) The Recipient shall designate the overall Project implementation and coordination to the MoF, including the technical implementation of Parts 1.1 A, 2, 3 of the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable the MoF to perform its functions. To this end, The Recipient shall ensure that MoF, coordinates with the INSTAD and the MoB, in accordance with adequate implementation arrangements as defined in the Project Operations Manual.

(b) To facilitate the day-to-day implementation of Project activities, the MoF shall maintain at all times during the implementation of the Project within MoF, the Project Management Unit (“PMU”) with a composition, mandate, staffing and other resources satisfactory to the Association, all in accordance with the provisions of the Project Operations Manual. To this end, the Recipient, through the MoF shall maintain throughout Project implementation; a finance officer, with qualifications, experience and terms of reference satisfactory to the Association.

(c) The Recipient, through MoF, shall maintain an accounting software, acceptable to the Association.

(d) The Recipient, through MoF, shall maintain throughout Project implementation; an external auditor, with qualifications, experience and terms of reference satisfactory to the Association.

(e) In order to ensure the proper oversight of the Project and coordination among the Recipient’s ministries and agencies involved in the Project, the Recipient shall maintain throughout Project implementation, with terms of reference, mandate, composition and resources satisfactory to the Association, a steering committee co-chaired by Recipient’s minister of finance and minister of budget or their representatives, as further detailed in the Project Operations Manual (“Steering Committee”). To this end, the Steering Committee shall meet biannually, approve Annual Plans and Budgets, oversee Project Implementation, and provide overall guidance.

Schedule 2 Section I A.2

2. INSTAD

(a) The Recipient, through MoF, shall designate the technical implementation of Parts 1.1.B and 1.2 of the Project (“INSTAD’s Respective Part of the Project”) to INSTAD.



(b) In order to ensure the effective technical implementation of INSTAD’s Respective Part, the Recipient, through MoF, shall maintain the implementation agreement INSTAD, (“Implementation Agreement”) entered into under terms and conditions approved by the Association, which shall continue to include:

(i) the obligation of the INSTAD to carry out its Respective Part of the Project in coordination with the Project PMU, with due diligence and efficiency, in conformity with appropriate administrative, social and environmental aspects, financial and technical practices, including the Procurement Regulations, Anti-corruption Guidelines and the Environmental and Social Standards, and in accordance with the Project Operations Manual, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the Project;

(ii) the obligation of the INSTAD to comply with record keeping, auditing and reporting requirements set forth in this Agreement (operations, resources and expenditure) for the Project;

(iii) the obligation of the INSTAD, at the request of the Recipient or the Association, to exchange views with the Recipient and the Association with regards to the progress of the Project and the performance of its obligations under the Implementation Agreement;

(iv) the obligation of INSTAD to prepare and submit biannually, a progress report to the Recipient and the Association, as further detailed in the Project Operations Manual; and

(v) the obligation of the INSTAD to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project, or the performance of its obligations under the Implementation Agreement.

(c) The Recipient shall continue to exercise its rights under the Implementation Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

(d) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Implementation Agreement or any of its provisions.

(e) In the event of any conflict between the provisions of the Implementation Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Schedule 2 Section I A.3

3. Ministry of Budget (MoB)

(a) In order to ensure effective implementation of Part 2 of the Project, The Recipient, through the MoF, shall coordinate with MoB, in accordance with adequate implementation arrangements as defined in the Project Operations Manual.

Schedule 2 Section I B

1. Implementation Covenants

(a) The Recipient shall no later than one (1) month, after the Effective Date, revise and update in accordance with terms of reference acceptable to the Association the Project operations manual (“Project Operations Manual” or “POM”) containing detailed guidelines and procedures for the implementation of the Project, including with respect to: (i) technical, administrative, procurement, accounting, , personal data collection and processing in accordance with international best standards, financial management matters, environmental and social standards, and monitoring and evaluation arrangements (ii) sample formats for annual reports; (iii) detailed coordination mechanisms on cross-sectoral collaboration with MoF, MoB, INSTAD and all Recipient agencies and entities involved in Project implementation and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Association.

(b) The Recipient shall carry out the Project in accordance with the Project Operations Manual.



(c) The Recipient shall ensure that the Project Operations Manual is not amended, suspended, repealed or abrogated without the prior written approval of the Association.

2. Work Plans and Budget

For purposes of implementation of the Project, the Recipient shall:

- (a) prepare each year a draft containing all activities and expenditures to be included in the Project for the following year of Project implementation, of such scope and detail as the Bank shall have reasonably requested;
- (b) furnish to the Bank, as soon as available, but in any case, not later than December 15 of each year, the consolidated annual work plan and budget referred to in paragraph 1 above, for their review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one month after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Bank (each an “Annual Work Plan and Budget”) are eligible to a financing from the proceeds of the Financing;
- (c) ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets, provided, however, that in case of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail; and
- (d) except as the Bank shall otherwise agree, the Beneficiary shall not amend, abrogate or waive any provision of the Annual Work Plan and Budget.

Schedule 2 Section I C

Environmental and Social Standards.

- 1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
- 2. Without limitation upon paragraph 1 above, The Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
 - (d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Association shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.

Section IV. Other Undertakings

- 1. The Recipient shall ensure that the collection of any Personal Data carried out under the Project follows international good standards for data collection, including those for data confidentiality and protection, and uses principles of inclusiveness and security.
- 2. The Recipient shall ensure that no Personal Data collected under the Project, is used in a manner inconsistent with the Project Development Objectives.



Conditions

| Type | Financing source | Description |
|--------------|------------------|---|
| Disbursement | IBRD/IDA | Notwithstanding the provisions of Section III Part A of the legal agreement, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 760,000 may be made for payments made up to twelve (12) months prior to this date for Eligible Expenditures under Category (1). |



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Djibouti

AF Economic Management and Statistics Development for Policy Making

Project Development Objective(s)

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.

Project Development Objective Indicators by Objectives/ Outcomes

| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|---|-----|----------|----------------------|-------|------------|
| | | | 1 | 2 | |
| Project Development Objective | | | | | |
| Number of reports/publications disseminated on a government's official website as per the adopted statistical release calendar (Number) | | 13.00 | 54.00 | 78.00 | 112.00 |
| Of which INSD (Number) | | 13.00 | 22.00 | 30.00 | 45.00 |
| Of which Department of Planning (Number) | | 0.00 | 4.00 | 8.00 | 12.00 |
| Of which Department of External Financing (Number) | | 0.00 | 4.00 | 8.00 | 12.00 |



| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|---|-----|----------|----------------------|-------|------------|
| | | | 1 | 2 | |
| Of which Department of Debt (Number) | | 0.00 | 12.00 | 20.00 | 28.00 |
| Of which Department of Budget (Number) | | 0.00 | 12.00 | 12.00 | 15.00 |
| Number of ministries with approved budget anchored to a Medium-Term Expenditure Framework (Number) | | 0.00 | 0.00 | 0.00 | 3.00 |
| Percentage of contracted loan that are included in the Medium-Term Debt Strategy (MTDS) (Percentage) | | 0.00 | 0.00 | 30.00 | 50.00 |
| Number of statistical quality assessments conducted, and quality assessment reports or certificates issued (Number) | | 0.00 | 0.00 | 1.00 | 2.00 |

Intermediate Results Indicators by Components

| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|--|-----|-------------|-----------------------------------|--------------------|---|
| | | | 1 | 2 | |
| Strengthening the capacity of the National Institute of Statistics of Djibouti (INSD) (Action: This Component has been Revised) | | | | | |
| Steps taken for the construction of an energy efficient building (Text) | | Not started | The construction company is hired | Building completed | INSD's personnel have moved into the building |
| Number of statutory meetings held by the Superior Council of Statistics (SCS) per year (Number) | | 0.00 | 2.00 | 2.00 | 2.00 |
| Performance contract between INSD and MoFI signed (Yes/No) | | No | Yes | Yes | Yes |



| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|--|-----|----------|----------------------|-------|------------|
| | | | 1 | 2 | |
| Number of new staffs hired by INSD (Number) | | 0.00 | 10.00 | 30.00 | 60.00 |
| Percentage of women among new staffs hired by INSD (Percentage) | | 0.00 | 30.00 | | 30.00 |
| Number of INSD staff trained in the regional francophone schools of statistics (Number) | | 0.00 | 10.00 | | 30.00 |
| Percentage of women among INSD staff trained in the regional francophone schools of statistics (Percentage) | | 0.00 | 50.00 | 50.00 | 50.00 |
| Number of UNSD Minimum List gender indicators available using data collected within the past 5 years (Number) | | 5.00 | 10.00 | 12.00 | 20.00 |
| Number of download requests of micro-datasets (anonymized) of Census/surveys that are publicly available on INSD data access portal (Number) | | 25.00 | | | 70.00 |
| Delay in the publication of final national accounts (Comptes nationaux définitifs) (Years) | | 6.00 | 6.00 | 4.00 | 2.00 |
| Number of reports with the results of survey on user satisfaction with statistics are published on INSD website (Number) | | 0.00 | 1.00 | | 2.00 |
| Percentage of beneficiaries reportedly satisfied with the progress of the project (Percentage) | | 0.00 | 50.00 | | 90.00 |
| Release of microdata for public dissemination in the last 5 years (Number) (Number) | | 0.00 | | | 4.00 |
| Action: This indicator is New | | | | | |



| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|---|-----|----------|----------------------|---|------------|
| | | | 1 | 2 | |
| Of which, one household budget survey (e.g. EDAM) collected in the last 5 years (Number) | | 0.00 | | | 1.00 |
| Action: This indicator is New | | | | | |
| Of which, one sample of the population census data, anonymized, released for public use, collected within the last 5 years (Number) | | 0.00 | | | 1.00 |
| Action: This indicator is New | | | | | |
| Of which, one anonymized representative sub-sample of the enterprise census, collected within the last 5 years (Number) | | 0.00 | | | 1.00 |
| Action: This indicator is New | | | | | |
| Of which, a geospatial dataset based on the census cartography (Number) | | 0.00 | | | 1.00 |
| Action: This indicator is New | | | | | |
| Release a report on Climate and Vulnerability Assessment of the population in Djibouti (Yes/No) | | No | | | Yes |
| Action: This indicator is New | | | | | |
| Modernizing the Recipient's selected economic and fiscal management tools and processes | | | | | |
| Number of relevant policy notes/documents that refer to the macroeconomic model's outputs | | 0.00 | | | 5.00 |



| Indicator Name | PBC | Baseline | Intermediate Targets | | End Target |
|--|-----|----------|----------------------|---|------------|
| | | | 1 | 2 | |
| (Number) | | | | | |
| Number of policy notes based on the macroeconomic simulation model's output (Number) | | 0.00 | | | 5.00 |
| Percentage of external loan exceeding US\$50 million signed with the approval of the CNEP (Percentage) | | 0.00 | 30.00 | | 80.00 |

Monitoring & Evaluation Plan: PDO Indicators

| Indicator Name | Definition/Description | Frequency | Datasource | Methodology for Data Collection | Responsibility for Data Collection |
|--|------------------------|-----------|--|---------------------------------|------------------------------------|
| Number of reports/publications disseminated on a government's official website as per the adopted statistical release calendar | | Annual | Government's official website | | World Bank |
| Of which INSD | | Annual | INSD's website | | World Bank |
| Of which Department of Planning | | Annual | Department of Planning's website | | World Bank |
| Of which Department of External Financing | | Annual | Department of External Financing's website | | World Bank |



| | | | | | |
|--|--|--------------------|-------------------------------------|--|-----------------------------|
| Of which Department of Debt | | Annual | <i>Department of Debt's website</i> | | World Bank |
| Of which Department of Budget | | Annual | Department of Budget's website | | World Bank |
| Number of ministries with approved budget anchored to a Medium-Term Expenditure Framework | | Annual | Law of Finance for 2024 | | <i>Department of Budget</i> |
| Percentage of contracted loan that are included in the Medium-Term Debt Strategy (MTDS) | | Annual | MTDS for following year | | DDP |
| Number of statistical quality assessments conducted, and quality assessment reports or certificates issued | | Once every 2 years | Annual activity report of INSD | | INSD |

Monitoring & Evaluation Plan: Intermediate Results Indicators

| Indicator Name | Definition/Description | Frequency | Datasource | Methodology for Data Collection | Responsibility for Data Collection |
|--|------------------------|-----------|---|---------------------------------|------------------------------------|
| Steps taken for the construction of an energy efficient building | | Annual | Mission report | | World Bank |
| Number of statutory meetings held by the Superior Council of Statistics (SCS) per year | | Annual | Minutes of the meeting/ report prepared | | INSD |



| | | | | | |
|---|--|--------|--------------------------------|--|------------|
| | | | summarizing the meeting. | | |
| Performance contract between INSD and MoFI signed | | Annual | Mission report | | World Bank |
| Number of new staffs hired by INSD | | Annual | Annual activity report of INSD | | INSD |
| Percentage of women among new staffs hired by INSD | | Annual | Annual activity report of INSD | | INSD |
| Number of INSD staff trained in the regional francophone schools of statistics | | Annual | Annual activity report of INSD | | INSD |
| Percentage of women among INSD staff trained in the regional francophone schools of statistics | | Annual | Annual activity report of INSD | | INSD |
| Number of UNSD Minimum List gender indicators available using data collected within the past 5 years | | Annual | INSD website | | INSD |
| Number of download requests of micro-datasets (anonymized) of Census/surveys that are publicly available on INSD data access portal | | Annual | INSD website | | INSD |
| Delay in the publication of final national accounts (Comptes nationaux définitifs) | | Annual | INSD's website | | World Bank |



| | | | | | |
|---|---|--------|--|---|-----------------------------|
| Number of reports with the results of survey on user satisfaction with statistics are published on INSD website | | Annual | INSD's website | Data will be collected by INSD in the form of an online survey from January to March each year, to assess satisfaction in the previous calendar year. | INSD |
| Percentage of beneficiaries reportedly satisfied with the progress of the project | | Annual | Report on beneficiary assessment | Annual web survey | Project Implementation Unit |
| Release of microdata for public dissemination in the last 5 years (Number) | This indicator relates to the release of anonymized, statistically representative data, collected within the last five years. Specifically, it relates to the population census (RGPH3), enterprise census (REGED), household survey (EDAM5). | | Release of data on microdata libraries (e.g. World Bank Microdata Library, IPUMS census samples database). | Confirm the data is published online, is accessible by users, and accurate. | INSTAD |
| Of which, one household budget survey (e.g. EDAM) collected in the last 5 years | Release the anonymized and nationally representative microdata of the newest household budget survey (EDAM) collected within the last 5 years, on a microdata library (e.g. the World Bank Microdata Library) | | | | INSTAD |



| | | | | | |
|--|--|------|----------------|--|------------|
| | available on the public domain and available for users' access and use. | | | | |
| Of which, one sample of the population census data, anonymized, released for public use, collected within the last 5 years | Release nationally representative (across stratas) and anonymized microdata of the population and housing census (RGPH3) collected within the last 5 years on a microdata library (e.g. IPUMS) available in the public domain for user's access and use. The data must represent a minimum of 10% of the whole population census (RGPH3) data. | | | | INSTAD/PIU |
| Of which, one anonymized representative sub-sample of the enterprise census, collected within the last 5 years | Release a sample (at least 10% of the data) nationally representative and anonymized microdata of the enterprise census (REGED) on a microdata library (e.g. the World Bank Microdata Library) available in the public domain, for users' access and use. | | | | INSTAD |
| Of which, a geospatial dataset based on the census cartography | INSTAD to release on the INSTAD webpage a geospatial database based on | once | INSTAD Website | | INSTAD |



| | | | | | |
|---|---|--|--|--|---------------|
| | <p>the 2023 census cartography that contains data of 1) the borders of the country and the delimitations of the top three level administrative units within the country as per national delimitations (in the form of .shp files), and 2) geo-referenced data points including establishments and infrastructure (including hospitals, educational establishments, markets, and ports).</p> | | | | |
| <p>Release a report on Climate and Vulnerability Assessment of the population in Djibouti</p> | <p>The release on INSTAD webpage of a report on the climate risk and vulnerability assessment of the Djiboutian population based on the censuses and the household survey by overlaying them and correlating them with geo-spatial data on climate change (available in the public domain). This report uses socio-demographic information from the population census and household budget survey</p> | | | | <p>INSTAD</p> |



| | | | | | |
|---|---|--------|----------------------------|--|-----|
| | to overlap and correlate their risks and vulnerability to climate change. | | | | |
| Number of relevant policy notes/documents that refer to the macroeconomic model's outputs | | Annual | DEP annual activity report | | DEP |
| Number of policy notes based on the macroeconomic simulation model's output | | Annual | DEP annual activity report | | DEP |
| Percentage of external loan exceeding US\$50 million signed with the approval of the CNEP | | Annual | DDP annual activity report | | DDP |



Annex 1 - Implementation Arrangements and Support Plan

The implementation arrangements of the Additional Financing of the Economic Management and Statistical Development for Policy Making Project remain the same as those of the parent project (“Economic Management and Statistical Development for Policy Making Project”, P171777).

Financial Management Assessment

The Republic of Djibouti has a body of texts for the sound management of its public finances. The legal framework of Djibouti includes, notably: (i) the Constitution of September 4, 1992; and (ii) the law n°107/AN/00 relating to the finance laws, which fixes the rules relating to the determination of the resources and expenses, the preparation and vote on the annual budget, the execution, and the control of the budget.

The institutional framework contains the structures necessary for public financial management. The institutional framework meets the needs as regards preparation, and execution and control of the budget. However, some practices affect the efficiency of the texts. This is the case in particular for: (i) the use of the derogatory procedures of public expenditure; and (ii) a certain lack of budgetary discipline.

The AF Economic Management and Statistical Development for Policy Making Project will be implemented in Djibouti according to World Bank guidelines and through the Ministry of Finance (MOFI), with technical support from the Ministry of Budget. A Project Management Unit (PMU) has been created to handle the project execution of the parent project, and it will continue to be housed at the Ministry of Finance. The Ministry of Finance and the Ministry of Budget both have representatives on the steering committee that continues to supervise the PMU. The project funds will continue to be disbursed from the project bank account established by IDA using an advance to the designed account, direct payments, and withdrawals for eligible expenditures accompanied by supporting documents or statements of expenditure for sums less than predefined thresholds for each expenditure category, following the applicable procedures and the World Bank’s Disbursement Handbook. Interim Un-audited Financial Reports (IFRs) and Annual Project Financial Statements (PFS) will be used as a financial reporting mechanism and not for disbursement purposes. The prospective arrangements of the AF will rely on the already existing arrangements of the current project, subject to minor amendments to reflect the additional funds, including the inclusion of the AF in the scope of the annual audit.

The FM team had reviewed the parent project’s Financial Management (FM) arrangement at the Ministry of Finance (MOFI). MOFI has limited experience in implementing Bank financed operations, apart from the parent project (P171777). Based on the result of the assessment of the parent project and the lessons learned from the implementation of the parent project, the FM risk, as a component of the fiduciary risk, is rated as Substantial. With the proposed mitigating measures, MOFI will have an acceptable financial management system, and the residual FM risk rating will be moderate.

In preparation of the parent project and in view of the risks identified and the weaknesses observed, the overall financial management risk was deemed to be Substantial. The risks stem from the fact that MOFI has limited experience in executing Bank financed operations. Actions have already been taken to mitigate the risks identified for the parent project, including acquiring accounting software, establishing the PMU to handle project execution, establishing a Project Operations Manual, which contains an FM chapter



describing in detail the FM procedures, including internal controls, and contracting an independent external auditor with Terms of Reference (ToRs) acceptable to the Bank to audit the Project Financial Statements (PFS). These arrangements continue to be the same for the AF, and the Project Operating Manual will be updated within 1 month of the project's effectiveness.

The auditor will continue to prepare an audit report and management letter. The project will submit the annual audit report and management letter to the Bank no later than six (6) months after the end of each fiscal year.

Financial Management and Disbursement Arrangements

Staffing: A Project Management Unit (PMU) is established at MOFI with technical support from the Ministry of Budget. The PMU comprises a project coordinator, a Financial Officer (FO) and a procurement specialist. The PMU is overseen by a steering committee, which will include representatives from the Ministry of Finance and the Ministry of Budget. The FO handles the FM aspects of the project and reports to the project coordinator. The Bank will continue to provide the necessary training to the FO on Bank FM procedures.

Internal control: The Project Operational Manual (POM), which outlines the roles, responsibilities, and functions for the implementing agency, will be updated by the PMU for the AF project within a month of its implementation. A distinct FM chapter that covers internal control processes as well as accounting and FM procedures is included in the POM.

Budgeting: MOFI prepares its budget on an annual basis. The consolidated budget of MOFI is prepared after input from the various departments. The PMU will continue to create a distinct yearly budget and disbursement plan specifically for the project. The yearly budget will still be created and delivered to the Bank in November or December of each year for the next year. Each fiscal year's distribution plan will be broken down by quarter and included with the quarterly Interim Un-audited Financial Reports (IFRs). The PMU will monitor the variances in the disbursement plan and will provide justification on any major divergence.

Project accounting system: The PMU acquired accounting software for the purpose of the project. The PMU will utilize the accounting system to record daily transactions and produce the Interim Un-audited Financial Reports (IFRs). The project Financial Officer is responsible for preparing the IFRs before their transmission to the Project Coordinator for approval. Periodical reconciliation between accounting statements and IFRs will also be done by the Financial Officer.

The general accounting principles for the project are as follows: (i) project accounting will cover all sources and uses of project funds, including payments made and expenses incurred. All transactions related to the project will be entered into the accrual accounting system.

The project accounting system will additionally record payments made from the project Designated Accounts (DA); (ii) project transactions and activities will remain separate from other MOFI-conducted activities. IFRs summarizing the commitments, receipts, and expenditures made under the project will be produced quarterly using the templates established for this purpose; and (iii) the project chart of accounts will be in compliance with the classification of expenditures and sources of funds indicated in the project cost tables and the general budget breakdown in addition to the POM. The chart of accounts should allow for data entry to facilitate the financial monitoring of project expenditures by component, sub-component, and category.



Project reporting: The project financial reporting includes quarterly IFRs and yearly Project Financial Statements (PFS). IFRs should include data on the financial situation of the project, including:

- 1) Statement of Cash Receipts and Payments by category and component.
- 2) Accounting policies and explanatory notes, including a footnote disclosure on schedules, include: (i) “the list of all signed contracts per category” showing contract amounts committed, paid, and unpaid under each contract, (ii) Reconciliation Statement for the balance of the Project’s Designated Account, (iii) Statement of Cash payments made using a Statement of Expenditures (SOE) basis, (iv) a budget analysis statement indicating forecasts and discrepancies relative to the actual budget, and (v) a comprehensive list of all fixed assets.

Every year, the external auditor ought to certify the IFRs. The IFRs should be produced every quarter and sent to the Bank within 45 days of the end of each quarter. PFS should be produced annually. The PFS should include (a) a cash flow statement; (b) a closing statement of financial position; (c) a statement of ongoing commitments; and (d) an analysis of payments and withdrawals from the project’s account; (e) a statement of cash receipts and payments by category and component; (f) reconciliation statement for the balance of the Project’s Designated Account; (g) statement of cash payments made using Statements of Expenditures (SOE) basis; and (h) the yearly inventory of fixed assets acquired under the project.

Flow of funds: Payment will be instructed by three signatures: the Project Coordinator, the Director of the External Financing Department at the MOFI and the Director of the Debt Department at the Ministry of Budget.

Funds will be transferred from the Bank based on withdrawal applications submitted by the project. The funds will be channeled from the Bank through a single segregated Designated Account (DA) in US\$ opened at a commercial bank in Djibouti acceptable to the World Bank. Advances from the IDA account will be disbursed to the designed account to be used for the project expenditures.

Audit of the project financial statements: An annual external audit of the project financial statements will cover financial transactions, internal control, and financial management systems and will include a comprehensive review of statements of expenditures (SOEs).

An external auditor will continue to be appointed according to terms of reference acceptable to the Bank and should conduct the audit in accordance with international auditing standards. The auditor should produce: (i) an annual audit report including his opinion on the project’s annual financial statements; (ii) a management letter on the project’s internal controls; and (iii) a limited review opinion on the IFRs on a yearly basis. The annual reports will be submitted to the World Bank within six months from the closure of each fiscal year, and the limited review opinion will be submitted to the Bank along with the yearly audit report.

Flow of information: The PMU will be responsible for preparing periodic reports on project implementation progress and on both physical and financial achievements. These reports will be based on project activity progress (by component and expenditure category), including technical and physical information reported on a quarterly basis.

The PMU will continue to maintain the project bookkeeping and produce annual PFSs and quarterly IFRs.

Summary of actions to be implemented:



| Actions | Deadline |
|---|---|
| Update the POM | One month from effectiveness |
| Hire an external auditor with ToRs acceptable to the Bank | As per current practice in the parent project |

Disbursement

The IDA funds are disbursed according to World Bank guidelines and should be used to finance project activities.

The proceeds of the project are disbursed in accordance with the traditional disbursement procedures of the Bank and are used to finance activities through the disbursement procedures currently used: i.e., Advances, Direct Payment, Reimbursement accompanied by appropriate supporting documentation (Summary Sheets with records and/or Statement of Expenditures (SOEs)) in accordance with the procedures described in the Disbursement Letter and the Bank's "Disbursement Guidelines". The ceiling of the project Designated Account (DA) is set at US\$ 750,000. The IFRs and the PFS are used as a financial reporting mechanism, and not for disbursement purposes. The minimum application size for direct payment, reimbursement will be equal to 20% of the ceiling advance.

Allocation of the Additional Credit's Proceeds:

| Category | Amount Allocated (US\$) | Percentage of Expenditures to be Financed (inclusive of taxes) |
|--|--------------------------------|---|
| (1) Goods, works, non-consulting services, and consulting services, Training, and Operating Costs, for of the Project except Part 1.1(A) for the Project | 5,000,000 | 100% |
| Total | 5,000,000 | |

Designated Account

On behalf of the PMU, the Department of External Financing has opened a segregated DA in a commercial Bank in Djibouti acceptable to the World Bank in US dollars to cover the project's share of eligible project expenditures. The ceiling of the DA is US\$ 750,000 of the credit's amount. The PMU continues to be responsible for submitting monthly replenishment applications with appropriate supporting documentation.

Statement of Expenditures (SOEs):

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

- Statement of Expenditures (Annex of the Disbursement Letter)
- Form of payments for contracts subject to the World Bank's prior review (attachment xx of the Disbursement Letter).
- Bank reconciliation statement (Annex of the Disbursement Letter)



For requests for direct payments: records evidencing eligible expenditures, e.g., copies of receipts, copies of suppliers' invoices, are required above the minimum application size.

Governance and anti-corruption

Fraud and corruption may affect the Project resources, thus negatively impact the Project outcomes. The World Bank FMS worked closely with Project's Task Team Leader (TTL) as well as the project's consultants and developed with the team an integrated understanding of possible vulnerabilities and agreed on actions to mitigate the risks. The above proposed fiduciary arrangements, including POM with a detailed FM chapter, reporting, auditing and review arrangements, are expected to address the risk of fraud and corruption that are likely to have a material impact on the project outcomes.

Supervision Plan: The financial management of the project will continue to be supervised by the Bank in conjunction with its overall supervision of the project and conducted at least three times a year.

Supporting Documentation and Record Keeping: All supporting documentation was obtained to support the conclusions recorded in the FM assessment.

Procurement

Applicable procurement rules and procedures: procurement will continue to be carried out in accordance with the "World Bank Procurement Regulations for IPF Borrowers" (Fifth edition, September 2023); "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants" (dated October 15, 2006 and revised as of July 1, 2016); and provisions stipulated in the Financing Agreement. As they stand now, the Recipient own national open competitive procurement arrangements do not yet meet the requirements set out in paragraph 5.4 of the Procurement Regulations, hence, those procurements will use the World Bank procurement procedures and standard documents. When other national procurement arrangements other than national open competitive procurement arrangements (i.e. requests for quotations and direct selection) are applied by the Recipient, such arrangements will be subject to paragraph 5.5 of the Procurement Regulations. To streamline procurement processes, the project will continue to utilize the STEP system for planning, recording, tracking procurement transactions, contract management, and record keeping.

Procurement arrangements for delivery of value for money in achieving the PDOs: The Ministry of Finance will continue to carry out the project in accordance with the current institutional framework, with technical assistance from the Ministry of Budget. Other departments will be involved, particularly the Djibouti national institute of statistics (INSTAD) in preparing TORs and controlling the quality of the deliverables. A Project Management Unit (PMU) is already established within MOFI for the project's purpose and has a procurement officer who will continue to serve for the remaining duration of project implementation.

The additional financing (a total of \$5 million) will primarily complement the ongoing activities of the parent project, specifically related to the population census, economic census, and household surveys. Most expenditures for these activities are per se operational costs, and financial management procedures will be followed. According to the current update of the procurement plan for the additional financing, procurement will involve one contract for goods and seven contracts for individual consultants, with a total estimated amount of approximately \$0.5 million.



Procurement risk and mitigation measures. The scope of the additional financing, as mentioned above, is not inherently complex, with contracts of very low value (equivalent to or less than \$100,000 per contract). However, the procurement risk encompasses both the parent and additional financing. Currently, the risk level is classified as "substantial," primarily due to potential delays in procurement and uncertainty regarding the completion of the large contract for the construction of the INSTAD building (under the parent project), as there is a financing gap expected from the Government counterpart. To mitigate this risk, the Bank is engaged in dialogue with the Government to explore alternative options. Additionally, the Bank will continue to provide capacity building support to the project implementing unit.