I. Introduction and Context

Country Context

Djibouti is a small low-income country that is resource scarce with a rent economy that is overly dependent on its port and Foreign Direct Investments (FDI). The Government of Djibouti is exploring ways to diversify the economy through the development of the private sector and industries such as tourism, fishing, transport and financial services. In order to boost growth in these sectors, the Government aims to overcome the deep structural barriers such as the lack of basic infrastructure, the high labor cost and the lack of skilled workers through greater investments in infrastructure, private sector development and human capital.

Djibouti is endowed with a large young population which could be the engine for economic growth and social development. Almost 40 percent of its 850,000 population are under the age of 15. Poor in natural resources and with a relatively young population, Djibouti’s development will have to depend on its human resources. According to the latest UNDP rating, Djibouti ranks 150 out of 172 countries in its Human Development Index.

Despite the recent economic growth, Djibouti has remained locked in a trap of high unemployment, unequal income distribution, high poverty rates, and low social development indicators. Foreign Direct Investments have grown substantially in the past years but have not trickled down to the poor. Only a few jobs have been created, and the impact of growth on poverty alleviation has been limited as reflected by 42 percent absolute and 75 percent relative poverty rates, and a very low level of human development as indicated by a life expectancy of 49 years, which is among the lowest in the world.

Sectoral and Institutional Context

Despite improvements in the health status in the last few years, the health indicators remain among the lowest in the world and Djibouti may not achieve the health-related Millennium Development Goals (MDGs). Despite the Infant Mortality Rate (IMR) and Under 5 years of age Mortality Rate (U5MR) reduction of 35 percent and 27 percent from 2002 level, respectively, they are still among the highest in the region at an IMR of 67 and U5MR of 94 per 1000 live births in 2006. The maternal mortality ratio is estimated at 546 per 100,000 live births. The tuberculosis rate of 588 cases per 100,000 persons is among the highest in the world. In terms of capacity, despite the improvement in the availability of health service providers, increased drug availability, and the increase in management capacity, the sector is still in dire need of strengthening its health service delivery system and management capacity in order to achieve the MDGs.

In 2004, Djibouti developed a Poverty Reduction Strategy Paper (PRSP) that identified an ambitious four-pronged strategy. In 2007, the President launched the “National Initiative for Social Development” (Initiative Nationale de Développement Social - INDS) in order to mitigate the social risks associated with the highly unequal economic development. The INDS defined the new broad social objectives in terms of access to basic social services, employment generation and assistance to the most vulnerable groups.

In March 2008, the Ministry of Health (MOH), through its own resources, completed its second National Health Development Plan “Plan National de Développement de la Santé – PNDS II” for the period 2008 – 2012. The plan has five strategic pillars: (i) improving the organization, management, and operation of the health system; (ii) adapting the operation and the quality of health services to the needs of the population; (iii) adapting the financing and use of financial resources to the needs of the health system; (iv) developing the human resources according to the needs of the health system; and (v) improving the availability, access, and rational use of quality drugs.
The Bank has been supporting the Government of Djibouti (GOD) in key economic and social development programs. The Bank has worked in close collaboration with the GOD on the analysis of the macroeconomic situation and on policy recommendations for the future of Djibouti through a combined set of analytical and operational work. In addition, the Bank has been supporting a wide range of sectors and programs, including social development and public works, flood emergency rehabilitation, urban poverty reduction, power access and diversification, and school access and improvement.

The Bank has been the key and largest supporter of the health sector and the AIDS, TB, and Malaria Control program since 2001. The Bank has been the leading donor in the health sector through two major projects: The Health Sector Development Project (HSDP) in the amount of US$22 million which is scheduled to close on June 30, 2012, and the HIV/AIDS, Malaria and Tuberculosis (TB) Control Project, in the amount of US$12 million, which closed in 2008.

Bank support would consolidate the gains achieved in the Bank-financed projects and would contribute to the Government’s PRSP, INDs, and PNDS II as well as fostering coordination with donors. The proposed Bank operation will draw on the lessons learned from the two projects in its support to the Government’s health program.

Relationship to CAS
The Bank’s Country Assistance Strategy (CAS) also highlights improvements in coverage and quality of health care as one of the priority areas. The 2009-2012 CAS has four pillars. The second pillar seeks to develop human resources and improve access to basicservices, notably for women and youth. In particular, the aim is: (i) to improve access to education, while increasing the quality of education services, reducing gender and geographic disparities in the sector and improving the management of the sector; (ii) to improve the coverage and quality of health care; (iii) to reduce unemployment through the development of labor intensive activities, micro-finance and other funding mechanisms, small and medium enterprises promotion, and job training and insertion; and (iv) to increase access to other essential services such as water, energy and communication.

As such, the activities proposed under the Project are consistent with the CAS objective and will contribute specifically to the objective of improving the coverage and quality of health care under Pillar 2.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The project development objective is to improve utilization of quality health care services for maternal and child health and communicable disease control programs (HIV/AIDS, Tuberculosis and Malaria).

Key Results (From PCN)

The key results are to (i) improve access to quality child health services that contribute to a reduction in infant and child mortality rates (MDG4); (ii) improve access to quality maternal health services that contribute to a reduction in the maternal mortality ratio (MDG5); and (iii) improve access to preventive services that control the HIV/AIDS epidemic and other prevalent communicable diseases (MDG6).

III. Preliminary Description

Concept Description

Building on the reform efforts in the health sector and on the achievements of the current Health Sector Development Project, the proposed Project would provide financial and technical assistance to further improve the health sector performance.

The Project would have the following two components:

Component One: Improving health service delivery performance (US$5.0 million): this component will support the delivery of sustainable improvements in: (i) child health services such as immunization, Integrated Management of Childhood Illnesses (IMCI), and treatment of malnutrition; (ii) maternal child health services such as prenatal care, family planning, skilled-attended delivery, and emergency obstetric care; and (iii) prevention and treatment services of HIV/AIDS and other prevalent communicable diseases such as Voluntary Counseling and Testing (VCT), Directly Observed Treatment Short-course (DOTS), and malaria cases. This component will finance incentives to health providers for specific quantifiable outputs of the health facilities that are directly linked to the achievement of the health-related MDGs, through a “Results-based Financing” (RBF) mechanism.

Component Two: Strengthening health systems, program management and monitoring and evaluation capacity (US$2.0 million): this component will support activities aimed at strengthening the MOH management capacity and improving the performance of the different health systems in support of health services. These include different MOH Directorates such as the health regions, health promotion, human resources, and information systems directorates. This component will also support the Project Management Unit (PMU) in managing project activities and fiduciary functions, including financial management, procurement, and environment. The component will also strengthen the monitoring and evaluation of the program, including financing independent technical audits to validate and verify the achievements of health facilities outputs on a quarterly basis, and independent health surveys on a bi-annual basis, as well as health facility and client satisfaction surveys. Specifically, this component would provide the necessary funds for minor civil works, limited medical equipment, office equipment, office supplies, capacity building, and technical assistance, and will support demand creation activities such as social mobilization and community outreach.
IV. Safeguard Policies that might apply

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