I. Introduction and Context

Country Context

Togo is emerging from a long crisis. The decade of the 1990s and the first half of the 2000s were marked by political and social tensions that weakened the economy and hampered development. During recent years, however, the socio-political situation has improved considerably. Democratic parliamentary elections took place in 2007 followed by presidential election in 2010, and both were considered fair by the international community. The new government has engaged in a process of reforms aimed at pursuing economic development and poverty reduction.

Despite recent progress, Togo’s growth has remained slow, with real per capita income growth stagnating at -0.1 percent on average in 2004-2008 and increasing to 0.7 percent in 2009-2010. The food and fuel price crisis in 2007-2008, the devastating floods in 2008 and the repercussion of the global economic recession in 2009-2010 contributed to delay the economic recovery. According to the most recent survey data (QUIBB 2006), about 62 percent of the population lives below the poverty line, with a poverty headcount in rural areas above 74 percent. The shocks that affected Togo in 2008-2010 have likely contributed to worsen monetary poverty from the already high levels reported by the national survey of 2006.

Sectoral and Institutional Context

The socio-political crisis that affected Togo’s economy for many years hampered government capacity to deliver basic social services to the majority of its population. Expenditures on health, education and other social programs have been low, with 2003-08 yearly average expenditures for health at 1.7 percent of GDP (against 2.9% for SSA) and for education at 4.6 percent of GDP (against 3.8 percent for SSA). In particular, social safety nets are very limited in size and scope, covering less than 10% of the poor and leaving both poor and not-so-poor highly vulnerable to shocks.

The Government adopted in 2009 a full Poverty Reduction Strategy Paper (PRSP) covering the period 2009-11. Specifically, the PRSP aims at (a) developing human capital and improving basic social services, including social protection (Pillar III) and (b) reducing regional imbalances and promoting community development (Pillar IV). A community-driven development (CDD) approach to deliver basic social services and social safety nets is therefore in line with the Government poverty reduction strategy as it contributes to the objectives of improving access to social services, increasing social protection and promoting community development.

Relationship to CAS

The Togo Interim Strategy Note FY12-13 has three key pillars: (i) deepening the economic recovery process and promoting sustainable development; (ii) supporting economic governance and transparency; and (iii) addressing urgent poverty reduction and social needs. The proposed project will contribute to the third ISN objective #Addressing urgent poverty reduction and social needs#, and in particular outcome 3.1 #Improved access of communities to basic social and local development services# and outcome 3.3 #Improved access to social protection services#.

II. Proposed Development Objective(s)

Proposed Development Objective(s)

The proposed Project Development Objective is to provide poor communities with improved basic socio-economic infrastructures and greater access to social safety nets.

Key Results
(i) Direct project beneficiaries (number) of which female (%)
a. Beneficiaries with increased access to socio economic infrastructures (broken down by type of infrastructure)
b. Beneficiaries with access to cash transfer programs
c. Beneficiaries with access to labor intensive public works (LIPW) programs

(II) Repartition of regional funding for community sub-projects and social safety nets based on poverty targeting criteria (% of average discrepancy)

(II) Community sub-projects functioning one year after completion (%)

(IV) Households receiving cash transfer on schedule (%)

III. Preliminary Description

Concept Description

The proposed Community Development and Safety Net Project (PDCplus) will build on the Community Development Project (PDC) and continue most of its activities, as well as contribute to the development of the building blocks for a more comprehensive and scalable safety net. Given the unmet needs of the rural population and the successful track-record of the PDC, the main focus will remain on the provision of basic community infrastructure using a CDD approach whereby beneficiaries themselves select, plan and implement community sub-projects in a participatory way, with the help of local NGOs. Collaboration with sectoral ministries and their representation at the regional level ensures consistency with sector policies and discourages investments with recurrent costs that cannot be met. The decentralized implementation set-up (see below) as well as the strong involvement of local authorities contributed to increase local ownership and improve governance. Resources for sub-projects will continue to be targeted using a formula based on poverty rates (new poverty estimates should be available before appraisal) and population size. The main lesson on CDD that can be learned from the ongoing PDC is the need to set objective criteria for the selection of communities that benefit from sub projects. The number of communities that requested AGAIB support was extremely high during the first CDP and AGAIB were able to respond only to about 10% of demands. This requires having objective criteria to prioritize communities.

The PDC ($17.2M) benefitted from additional financing from two trust funds: the Food Price Crisis Response ($7M) and the Crisis Response Window ($8.7M). This funding made it possible for the Government to test two safety net mechanisms as an initial response to the ongoing food and fuel crisis: (a) a LIPW program, consisting primarily of rehabilitation of degraded lands and reforestation, and (b) a school feeding program. Both programs are still ongoing and will continue until June 2013. It is proposed that the PDCplus continues supporting the LIPW program, possibly with a focus on youth and/or natural disaster mitigation as well as a slightly modified approach to integrate lessons from the PDC. Urban areas may also be targeted. The main lessons learned from the LIPW implemented during the PDC are: (a) selecting project sites that are not too remote from villages to avoid challenges associated with recruiting labor; (b) selecting activities that can be implemented during the dry season; and (c) revising the payment system and making it more appropriate to rural settings.

The school feeding program implemented under the PDC received high marks from WFP, which is planning to adopt the same methodology to launch its own school feeding program in Togo. Given the limited budget available, this sub-component would not be financed under the proposed project (but additional funding for up to $7M could possibly be obtained from the Japan Social Development Fund). On the other hand, the Government is very interested in testing a targeted cash transfer program with a view to developing a more comprehensive safety net system, and a feasibility study has been commissioned to that effect (final findings should be available by end September). This initiative would complement the set of social protection instruments the Government can use to address vulnerability and chronic poverty of the population, in particular by targeting vulnerable children (the age brackets to target and whether to add conditionalities have not yet been determined). A targeted cash transfer program has never been piloted in the country. Various ad hoc and short-term projects are implemented to address the urgent needs of vulnerable children, mainly by providing nutritional or in kind support to poorest children. However long-term responses to increase the capacity of the households to face shocks do not exist and children remain in a situation of extreme vulnerability. According to preliminary findings of feasibility study, a cash transfer program would be appropriate to complement existing interventions by providing regular cash support to households, thus making them capable of increasing their resilience and investing in the wellbeing and human capital of their children. Given the very encouraging results of cash transfers throughout the world, and assuming a positive assessment from the feasibility study, the PDCplus would finance a pilot cash transfer program based on outcomes of discussions with the government during the preparation mission.

Tentative budget allocations to project components would be as follows:

a) Component 1: community sub-projects (50%)
b) Component 2: social safety nets (38%): (a) LIPW (18%) and (b) cash transfers (20%)
c) Component 3: project management and capacity building (12%)

The PDCplus is expected to have similar safeguards requirements as in the PDC. In this regard, OP4.01 (environmental assessment) and OP4.12 (involuntary resettlement) are triggered. The fact the LIPW will involve reforestation triggers OP 4.36
(Forests). At the stage of project preparation, the location and sites of the activities are not known with certainty. Thus the existing safeguards instruments of the PDC that is the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF) will revised and updated; and disclosed in-country and at the infoshop prior to appraisal.

IV. Safeguard Policies that might apply

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V. Tentative financing

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