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Report No: PAD3831

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED INTERNATIONAL DEVELOPMENT ASSOCIATION CREDIT
IN THE AMOUNT OF SDR 3.7 MILLION
(US$5 MILLION EQUIVALENT)
IN CRISIS RESPONSE WINDOW RESOURCES

TO THE

REPUBLIC OF DJIBOUTI

FOR

COVID-19 RESPONSE

UNDER THE
COVID-19 STRATEGIC PREPAREDNESS AND RESPONSE PROGRAM (SPRP)

USING THE MULTIPHASE PROGRAMMATIC APPROACH (MPA)
WITH AN IBRD AND IDA FINANCING ENVELOPE OF
US$1.3BILLION IDA AND $2.7BILLION EQUIVALENT

APPROVED BY THE BOARD ON APRIL 2, 2020

Health, Nutrition & Population Global Practice
Middle East And North Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective February 29, 2020)

Currency Unit =	Djibouti Francs (DJF)
DJF178 =	US$1
US$1.37 =	SDR 1

FISCAL YEAR
January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

CAMME	Central Procurement Agency for Essential Medicines and Materials, Central Office for Centrale d'Achats des Medicaments et Materiaux Essentiels
CDC	Center for Disease Control and Prevention of the United States
CERC	Contingent Emergency Response Component
CGE	Epidemic Management Committee, Comité de gestion de l'épidemie
COVID-19	Coronavirus Disease 2019
CPF	Country Partnership Framework
DHI	Department of Health Information
DO	Development Objective
DP	Development Partner
EID	Emerging Infectious Diseases
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESRS	Environmental and Social Review Summary
FDI	Foreign Direct Investment
FM	Financial Management
FTF	Fast Track COVID-19 Facility
GDP	Gross Domestic Product
GRS	Grievance Redress Service
HMIS	Health Management Information System
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDP	Internally Displaced Person
IDSR	Integrated Disease Surveillance and Response
IEC	Information, Education and Communication
IHR	International Health Regulations
IMF	International Monetary Fund
IPF	Investment Project Financing
JEE	Joint External Evaluation
M&E	Monitoring and Evaluation
MOH	Ministry of Health
MPA	Multiphase Programmatic Approach
OCNNA	National Nutrition and Food Coordination Authority, Organe de coordination nationale pour nutrition et alimentation
OIE	World Organization for Animal Health
PAD	Project Appraisal Document
PCR	Polymerase Chain Reaction
PDO	Project Development Objective
PHEIC	Public Health Emergency of International Concern

PPE	Personal Protective Equipment
PPSD	Project Procurement Strategy for Development
PSC	Project Steering Committee
RFQ	Request for Quotation
SARS	Severe Acute Respiratory Syndrome
SDG	Sustainable Development Goals
SPRP	Strategic Preparedness and Response Program
STEP	Systematic Tracking of Exchanges in Procurement
WBG	World Bank Group
WHO	World Health Organization

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Djibouti	Djibouti COVID-19 Response	
Project ID	**Financing Instrument**	**Environmental and Social Risk Classification**
P173807	Investment Project Financing	Substantial

Financing & Implementation Modalities

[✓] Multiphase Programmatic Approach (MPA)	[✓] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[ ] Fragile State(s)
[ ] Disbursement-linked Indicators (DLIs)	[✓] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[✓] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	

Expected Project Approval Date	Expected Project Closing Date	Expected Program Closing Date
02-Apr-2020	31-Mar-2023	31-Mar-2025

Bank/IFC Collaboration

No

MPA Program Development Objective

The Program Development Objective is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

MPA Financing Data (US$, Millions)

MPA Program Financing Envelope	4,100.00

Proposed Project Development Objective(s)

To prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

Components

Component Name	Cost (US$, millions)
Emergency COVID-19 Response	2.40
Strengthening Overall Healthcare Services and Clinical Capacity for Emergency COVID-19 Response	1.85
Implementation Management and Monitoring and Evaluation	0.50
Contingent Emergency Response Component	0.00
Contingency (5%)	0.25

Organizations

Borrower:	The Republic of Djibouti
Implementing Agency:	Ministry of Health

MPA FINANCING DETAILS (US$, Millions)

Board Approved MPA Financing Envelope:	0.00
MPA Program Financing Envelope:	4,100.00
of which Bank Financing (IBRD):	2,700.00
of which Bank Financing (IDA):	1,400.00
of which other financing sources:	0.00

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

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

DETAILS

World Bank Group Financing

International Development Association (IDA)	5.00
IDA Credit	5.00

IDA Resources (in US$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Djibouti	5.00	0.00	0.00	5.00
Crisis Response Window (CRW)	5.00	0.00	0.00	5.00
Total	**5.00**	**0.00**	**0.00**	**5.00**

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2020	2021	2022	2023
Annual	2.00	1.60	0.80	0.60
Cumulative	2.00	3.60	4.40	5.00

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Climate Change and Disaster Screening

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

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Substantial
8. Stakeholders	Moderate
9. Other	
10. Overall	Moderate
Overall MPA Program Risk	High

COMPLIANCE

Policy

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

[ ] Yes [✓] No

Does the project require any waivers of Bank policies?

[ ] 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	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).

Legal Covenants

Sections and Description

The Recipient shall by no later than one (1) month, after the Effective Date, prepare and adopt a Project implementation manual ("Project Implementation Manual") containing detailed guidelines and procedures for the implementation of the Project, including with respect to: administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures, a grievance redress mechanism, personal data collection and processing in accordance with the applicable WHO and national guidelines, roles and responsibilities for 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.

Sections and Description

Adopt an Operations Manual for the Contingency Emergency Response Component (CERC) ("CERC Operations

Manual"), to be approved by IDA, no later than six (6) months after the Effective Date.

Conditions

I. PROGRAM CONTEXT

1. This Project Appraisal Document (PAD) describes the emergency response to the Republic of Yemen under the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), approved by the World Bank's Board of Executive Directors on April 2, 2020. The overall Program financing envelope includes International Development Association (IDA) US$1.3 billion and of International Bank for Reconstruction and Development (IBRD) US$2.7 billion.

A. MPA Program Context

2. **An outbreak of the coronavirus disease (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China**. Since the beginning of March 2020, the number of cases outside China has increased thirteenfold and the number of affected countries has tripled. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spreads across the world. As of March 25, 2020, the outbreak has resulted in an estimated 450,307 cases and 20,664 deaths in 199 countries.

3. **COVID-19 is one of several emerging infectious diseases (EID) outbreaks in recent decades that have emerged from animals in contact with humans, resulting in major outbreaks with significant public health and economic impacts.** The last moderately severe influenza pandemics were in 1957 and 1968; each killed more than a million people around the world. Although countries are now far more prepared than in the past, the world is also far more interconnected, and many more people today have behavior risk factors such as tobacco use[1] and pre-existing chronic health problems that make viral respiratory infections particularly dangerous[2]. With COVID-19, scientists are still trying to understand the full picture of the disease symptoms and severity. Reported symptoms in patients have varied from mild to severe, and can include fever, cough and shortness of breath. In general, studies of hospitalized patients have found that about 83% to 98% of patients develop a fever, 76% to 82% develop a dry cough and 11% to 44% develop fatigue or muscle aches[3]. Other symptoms, including headache, sore throat, abdominal pain, and diarrhea, have been reported, but are less common. While 3.7% of the people worldwide confirmed as having been infected have died, WHO has been careful not to describe that as a mortality rate or death rate. This is because in an unfolding epidemic it can be misleading to look simply at the estimate of deaths divided by cases so far. Hence, given that the actual prevalence of COVID-19 infection remains unknown in most countries, it poses unparalleled challenges with respect to global containment and mitigation. These issues reinforce the need to strengthen the response to COVID-19 across all IDA/IBRD countries to minimize the global risk and impact posed by this disease.

4. This project is prepared under the global framework of the World Bank COVID-19 Response financed under the Fast Track COVID-19 Facility (FTF).

B. Updated MPA Program Framework

5. Table 1 provides an updated overall MPA Program framework.

[1] Marquez, PV. 2020. "Does Tobacco Smoking Increases the Risk of Coronavirus Disease (Covid-19) Severity? The Case of China." *http://www.pvmarquez.com/Covid-19*
[2] Fauci, AS, Lane, C, and Redfield, RR. 2020. "Covid-19 — Navigating the Uncharted." New Eng J of Medicine, DOI: 10.1056/NEJMe2002387
[3] Del Rio, C. and Malani, PN. 2020. "COVID-19—New Insights on a Rapidly Changing Epidemic." JAMA, doi:10.1001/jama.2020.3072

Table 1. MPA Program Framework

#	Project ID	Sequential or Simultaneous	Phase's Proposed DO*	IPF, DPF or PforR	Estimated IBRD Amount ($ million)	Estimated IDA Amount ($ million)	Estimated Other Amount ($ million)	Estimated Approval Date	Estimated Environmental & Social Risk Rating
1.	Djibouti	Simultaneous	Please see relevant PAD	IPF	00.00	5.00		TBC	Substantial

All projects under SPRP are assessed for ESF risk classification following the Bank procedures and the flexibility provided for COVID-19 operations.

C. Learning Agenda

6. The project will support adaptive learning throughout the implementation and from local and international partners. The areas identified for learning for the project are as follows:

- Forecasting: Assessment of the economic impact of the COVID-19 in the context of Djibouti
- Technical: Cost and effectiveness assessments of prevention and preparedness activities; research may be financed for the re-purposing of existing anti-viral drugs and development and testing of new antiviral drugs and vaccines
- Supply chain approaches: Assessments may be financed on options for timely distribution of medicines and other medical supplies
- Social behaviors: Assessments on the compliance and impact of measures such as social distancing instituted in Djibouti
- Communication: Assessments on the impact and effectiveness of different communications

II. CONTEXT AND RELEVANCE

A. Country context

7. Djibouti is a small lower middle-income country situated in the Horn of Africa. It is home to a population of about 1 million people and has borders with fragile and conflict-affected countries like Somalia, Eritrea, and Yemen. The country's population is highly concentrated in the capital city, Djibouti city, with more than 85% of the citizens living in urban areas. Owing to its modern logistics infrastructure and proximity with the larger and landlocked Ethiopia, Djibouti has experienced steady growth in recent years. Its annual real GDP increased on average by 4.4% in per capita terms in the last two decades, taking its nominal GDP per capita to US$3,000 in 2018. The economy is highly concentrated on the service sector with trade and logistics constituting the bulk of the economy with close to 45% of GDP. The stability of the country in a regional context marked by violent conflicts partly explains this economic surge, driven by the presence of military bases, port-related activities, as well as an increase in Foreign Direct Investments (FDI) with the building of public infrastructure. With no agriculture and industry, Djibouti depends almost entirely on the global supply chain and imports for its food consumption and medicines.

8. Despite the strong economic growth, challenges remain in reducing poverty in the country. Growth is clouded by several pockets of poverty across different geographic areas. According to the latest poverty assessment (EDAM 2017), close to 21% of the population live in extreme poverty. The densely populated district of Balballa in Djibouti

city alone account for 32% of the poor in the country. Informal settlements and successive waves of displaced populations from the regions have increased the demand for new services in Balballa but also challenged local authorities to respond and plan adequately to soaring needs for social infrastructure, contributing further to the poverty level. Extreme poverty averages 45% in remote areas of the country. The cost of providing basic services outside urban areas remains high and is further exacerbated by the movement of nomadic and rural populations.

9. The large influx of refugees and the protracted humanitarian crisis in the region has strained an already fragile health system in Djibouti and have further stretched the limited capacity of the health system to provide basic health and nutrition services. As of January 2020, Djibouti is hosting 30,794 registered refugees and asylum-seekers, mostly from Ethiopia, Eritrea, Somalia and Yemen. Most of the refugees are hosted in Ali-Addeh, and Holl Holl refugee camps in the Ali Sabieh region, and Markazi refugee camp in the Obock region. In addition, the government estimates that around 150,000 people (about 15 percent of the population) live in refugee-like situations, sharing similar characteristics with refugees, although not officially registered with the UNHCR as refugees. They are mainly settled in the urban slums of Balballa in Djibouti city. The protracted presence of these displaced people including unregistered refugees has put significant pressure on domestic resources including on the provision of health services. The government has committed to addressing the increasing health needs of refugees and host communities by (i) improving the quality of basic health services in refugee affected health zones by enhancing existing health facilities and training additional health personnel; (ii) integrating health facilities in refugee camps, under the management of the United Nations High Commissioner for Refugees (UNHCR), into the National public health system. In January 2018, the Ministry of Health (MOH) officially signed an agreement with UNHCR to take over the provision of health services for refugees.[4]; (iii) strengthening the national epidemiological and endemic surveillance and monitoring systems by equipping laboratories, training staff and establishing an early warning system; and (iv) include refugees into the national healthcare system and extending health insurance coverage to them.

10. Djibouti is highly vulnerable to prolonged droughts and flooding. The recent floods in November 2019 have had an impact on the living conditions in the spontaneous settlements of the capital city. According to a government-led Interagency Rapid Assessment, an estimated 250,000 people (one fourth of the population) were affected by the floods in November 2019. The most severe impact of the rains occurred in Djibouti city, where an estimated 200,000 people were impacted and 120,000 people, including migrants, refugees and Internally displaced persons (IDPs), required urgent life-saving assistance. The devastating consequences are most acutely felt by those most vulnerable, including those living in extreme poverty and people on the move (refugees, migrants and internally displaced people). Housing is the sector most affected by the recent floods, with nearly USD 16 million of estimated damage (i.e. 35% of the total estimated losses) and estimated needs of USD 25 million for reconstruction and recovery. Housing damages were concentrated in a small number of neighborhoods, especially in lower income neighborhoods, including the old city and the informal neighborhoods of Balbala. The floods damaged 14 health centers and three administrative buildings, hampering their functions and the provision of health services. The risk of communicable diseases, including malaria, vector-borne and water-borne diseases, has increased due to damage to sanitation and sewage systems. The impact of the floods on the health sector was estimated at more than US$5 million for infrastructure reconstruction, restoration of services and emergency preparedness and risk reduction.

B. Sectoral and Institutional Context

11. Health outcomes in Djibouti have improved in recent years. However, challenges remain, including shortages of

[4] UNHCR (2018). Djibouti factsheet. Source: *http://reporting.unhcr.org/sites/default/files/UNHCR Djibouti Fact Sheet - January 2018pdf*

qualified health care workers (there are 10 skilled healthcare professionals per 10,000 population in Djibouti), disparities in access to healthcare services (urban versus rural or nomad; male versus female; poorest versus richest quintiles of the population), drug stockouts and equipment shortages, and low quality of care. Densely populated areas like the slum of Balballa lack basic infrastructure and face repeated health outbreaks such as malaria and other vector and water-borne illnesses. The slums are prone to rapid spread of communicable diseases, registering for example the majority of the 44,000 cases of malaria contracted in the first 10 month of 2019. These informal settlements pose challenges to both the provision of health care services and to prevention measures including self-isolation and social distancing in cases of epidemics. The government has recently launched the National Health Development Plan for 2020-2024 that focuses on four strategic priorities: (i) expanding quality care in all regions; (ii) reducing regional disparities; (iii) strengthening health financing and the Health Management Information System (HMIS); and (iv) reducing the prevalence of diseases.

12. As requested by the Government of Djibouti, the WHO conducted a Joint External Evaluation (JEE) of International Health Regulations (IHR) Core Capacities in July 2018, bringing together government officials, national experts, international experts, the Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE), and the Center for Disease Control and Prevention of the United States (CDC). The JEE acknowledged areas of strengths such as the presence of a legal framework for crisis management and specific plans for certain diseases, as well as the good performance of the Expanded Program for Immunization, particularly in the urban areas. The JEE was also an opportunity to identify areas to be improved, including: coordination especially between actors in different sectors; the surveillance system to monitor events in human and animal health and disseminate epidemiological reports at different levels; need for a health human resources strategy; points of entry training and coordination; and risk communication. As immediate next steps, developing emergency plans and associated procedures and strengthening cross-sectoral coordination were recommended. The National Action Plan for Health and Security (2019-2023), which was developed in August 2019 and is estimated to cost US$13.5 million, has not yet been implemented due to lack of financing.

13. After WHO declared COVID-19 as a Public Health Emergency of International Concern (PHEIC), the government immediately prepared the first draft of the Djibouti COVID-19 Preparedness and Response Plan. The plan was recently updated and costed with support from WHO and close involvement of development partners (DPs). Bouffard Hospital, which is currently unused and is due to be converted to a maternal and child hospital with support from the Islamic Development Bank, has been converted to a quarantine site. Another quarantine site is to be set at Arta Hospital (regional hospital managed by the national social security fund, Caisse Nationale de Sécurité Sociale). The government has put in place a crisis committee to coordinate multisectoral COVID-19 efforts, which is following closely on the evolution of COVID-19 and putting in place the appropriate responses. In addition, the government has also put in place several measures to screen travelers coming by sea and land and has suspended all international flights to and from Djibouti. A communication system connecting health facilities at different levels to the central government has been put in place to alert the public. A hotline has been established and Information, Education and Communication (IEC) materials and messages have been developed and are being disseminated.

14. The country remains highly prone to the COVID-19 threat. Djibouti is not only vulnerable to imported cases of diseases but also has the potential to spread diseases further in the region and beyond if they are not managed and contained first within its borders. It has borders and close economic ties with Ethiopia as well as strong business ties with China, heightening the risk of contamination. The country depends heavily on food imports for its consumption and relies on its ports for almost 20% of its GDP. As the regional gateway and logistics base, Djibouti's various economic and humanitarian corridors have remained open to maintain its economic lifeline but also to respond to

demand from neighboring countries. Close to 95% of Ethiopian imports and exports transit through Djibouti and stocks of essential medicines and food destined for Yemen are stored in warehouses in Djibouti. While international travel in and out of Djibouti has been suspended, cargo flights, merchandise trains, and the ports are still operating. In addition, given Djibouti's geostrategic location, many countries have their military bases there, including the US, China, Spain, France, and Japan[5].

15. Djibouti confirmed its first case of COVID-19 on March 18, 2020. A Spanish national, and a member of the Spanish special forces unit arrived in Djibouti on March 14 by private jet. The individual did not come into contact with Djiboutians and was confined in the French military base. As of March 26, 2020, there are 11 confirmed cases of COVID-19 and 43 people are in quarantine at the Bouffard Hospital.

C. Relevance to Higher Level Objectives

16. The project is aligned with World Bank Group (WBG) strategic priorities, particularly the WBG's mission to end extreme poverty and boost shared prosperity in a sustainable manner. The focus on preparedness is also critical to achieving Universal Health Coverage. It is also aligned with the World Bank's support for national plans and global commitments to strengthen pandemic preparedness through three key actions under Preparedness: (i) improving national preparedness plans including organizational structure of the government; (ii) promoting adherence to the International Health Regulations (IHR); and (iii) utilizing international framework for monitoring and evaluation of IHR. The economic rationale for investing in the MPA interventions is strong, given that success can reduce the economic burden suffered both by individuals and countries. The project complements both WBG and development partner investments in health systems strengthening, disease control and surveillance, attention to changing individual and institutional behavior, and citizen engagement. Further, as part of the proposed IDA19 commitments, the World Bank is committed to "support at least 25 IDA countries to implement pandemic preparedness plans through interventions (including strengthening institutional capacity, technical assistance, lending and investment)." The project contributes to the implementation of IHR (2005), Integrated Disease Surveillance and Response (IDSR), and the OIE international standards, the Global Health Security Agenda, the Paris Climate Agreement, the attainment of Universal Health Coverage and of the Sustainable Development Goals (SDG), and the promotion of a One Health approach. It also contributes to the implementation of the enlarged Middle East and North Africa (MENA) strategy's resilience pillar aiming to build human capital through better health care systems and providing services to most vulnerable populations, including refugees, migrants and internal displaced people. This Project is aligned with the pillar on human capital in the forthcoming Country Partnership Framework (CPF) for FY20-FY25.

17. The WBG remains committed to providing a fast and flexible response to the COVID-19 epidemic, utilizing all WBG operational and policy instruments and working in close partnership with government and other agencies. Grounded in One-Health, which provides for an integrated approach across sectors and disciplines, the proposed WBG response to COVID-19 will include emergency financing, policy advice, and technical assistance, building on existing instruments to support IDA/IBRD-eligible countries in addressing the health sector and broader development impacts of COVID-19. The WBG COVID-19 response will be anchored in the WHO's COVID-19 global Strategic Preparedness and Response Plan (SPRP) outlining the public health measures for all countries to prepare for and respond to COVID-

[5] Total revenues from military bases are estimated at US$120 million annually or about 4% of GDP in 2018. The closing of the port or cessation of cargo coming into Djibouti will have devastating impacts for Djiboutian economy as well as other countries in the region that depend on Djibouti given its geostrategic location in the Horn of Africa.

19 and sustain their efforts to prevent future outbreaks of emerging infectious diseases.

III. PROJECT DESCRIPTION

18. The proposed emergency operation includes four components to strengthen the MOH's capacity to respond to the COVID-19 outbreak and potential future pandemics by enhancing the capacity to prevent further transmission, detecting cases at early stages, and providing appropriate and timely care for those affected by the current COVID-19 outbreak. This operation will provide funding also for streamlined and harmonized support to the MOH complementing and exploiting synergies with other partners' support. The activities to be funded under the project will help operationalize some elements that are part of the inter-agency plan, complementing, expanding and intensifying the responses rapidly. They will consist of a group of interventions based on the country's epidemiological and institutional needs and assessed options for meeting them. Given the evolution of the pandemic and the changing landscape, the Bank will review the procurement plans to ensure efficiency and alignment with Djibouti's National COVID-19 Preparedness and Response plan, and technical assistance and funding from other donors. The project focuses on responding to the COVID-19 emergency response to support urgent medical needs; but will also support prevention and preparedness to future waves of the pandemic. This project will be implemented under the Investment Project Financing Bank Policy paragraph 12 (that enables the application of the Bank Procedure, "Preparation of Investment Project Financing (IPF) - Situations of Urgent Need of Assistance or Capacity Constraints"), as per the FTF supporting a number of flexibilities that support rapid implementation of the project.

A. Development Objectives

19. The project objectives are aligned to the results chain of the COVID-19 Strategic Preparedness and Response Program (SPRP).

20. **PDO Statement:** To prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

The PDO will be monitored through the following PDO level outcome indicators:

- Number of suspected cases of COVID-19 cases reported and investigated based on national guidelines; and
- Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents

B. Project Components

21. The project will focus primarily on the immediate needs and timely response to the COVID-19 outbreak in Djibouti, while at the same time strengthening health system preparedness. The project will include the following four components:

22. **Component 1: Emergency COVID-19 Response (US$2.4 million):** The aim of this component is to slow down and limit as much as possible the spread of COVID-19 in the country and in neighboring countries. This will be achieved through providing immediate support to enhance case detection, confirmation, recording and reporting, as well as contact tracing and risk assessment and mitigation. Specifically, this component will strengthen epidemiological surveillance systems, including indicator-based, community event-based, and sentinel surveillance. In addition, it will support the strengthening of health information systems, such as Logistics Management Information System. It will also develop guidelines and establish standardized sample collection methods, channeling and transportation, and

determining sites in need for introduction of point of care diagnostics. Further, the component will support the procurement of essential equipment and consumables for laboratory and diagnostic systems, such as Polymerase Chain Reaction (PCR) machines, sample collection kits, test kits, and other equipment and supplies for COVID-19 testing and surveillance (including Personal Protective Equipment for surveillance workers) to ensure prompt case finding and local containment. It is important to highlight, however, that all inputs can only be financed if they are in alignment with WHO guidelines and standards for combating COVID-19. In addition, the component will support strengthening of detection capacity through updated training of existing surveillance workers and improving reporting by frontline health workers using existing surveillance information.

23. Further, this component will support the design and implementation of effective public health measures to prevent contagion and will also support the development and implementation of associated communication among hospitals, local authorities and national health ministry to ensure coordination and information flow and case detection system as well as behavior change interventions to support key prevention behaviors among women and men. Community mobilization and participation in prevention and control measures will also take place through existing community institutions, including women's organizations in the most vulnerable areas of the country. Finally, the component will also support activities to enhance multisectoral response and action, including inter alia: the operations of command rooms at the central and regional levels; implementation of risk communication and community engagement campaigns, and as a means to also address the increased risks of gender based violence during crisis situations these campaigns will embed messages related to healthy conflict resolution and parenting, stress and anger management; implementation of containment strategies, including port-of-entry interventions and operation of rapid response teams. Responding to the emergency will require mobilization of different stakeholders and an effective coordination of the Ministry of Health.

24. **Component 2: Strengthening Overall Healthcare Services and Clinical Capacity for Emergency COVID-19 Response (US$1.85 million):** The aim of this component is to strengthen essential healthcare service delivery to be able to provide the best care possible for people who become ill. The component will support the strengthening of selected health facilities and establishment and equipping of quarantine and treatment centers, so that they can manage COVID-19 cases. This would also include minor civil works and retrofitting of isolation rooms in such facilities and treatment centers, as well as warehouses using energy efficiency measures and solar panels when available. In addition, strengthened clinical care capacity will be achieved through development (as needed) and training of health personnel on treatment guidelines, and hospital infection control interventions. From another perspective, this component will support the procurement of essential additional inputs for treatment such as ventilators, pulse oximeters, laryngoscopes, oxygen generators, and other equipment/supplies for COVID-19 case management, as well as medicines (to avoid stock-outs) and vaccines (when they become available). As mentioned in the previous component, inputs will only be financed if they are in alignment with WHO guidelines and standards for combatting COVID-19. It will also finance the procurement of Personal Protective Equipment (PPE), disinfectants and other commodities for infection prevention and control. Furthermore, under this component, inputs and investments needed to ensure continuity of clinical care, including safe access to waste management (including the purchasing of an incinerator), electricity, safe water and sanitation of hospitals will be provided. Finally, this component will also finance hiring medical and non-medical short-term consultants to respond to a surge in demand for services due to the COVID-19 pandemic in selected hospitals.

25. **Component 3: Implementation Management and Monitoring and Evaluation (US$0.5 million):** This component will finance necessary human resources and running costs for the project, including: (i) support for procurement, financial management, environmental and social risk management, monitoring and evaluation, and

reporting; (ii) recruitment and training of necessary staff; (iii) operating costs; and (iv) financing third party monitoring arrangements. Support for the strengthening of public structures for the coordination and management of the project would be provided, including central and local (decentralized) arrangements for coordination of activities, financial management, procurement and social and environmental aspects. This component would also support monitoring and evaluation (M&E) of prevention and preparedness, building capacity for clinical and public health research, and joint-learning across and within countries. As may be needed, this component will also support third-party monitoring of progress. Data collection and monitoring will be done in a sex- and age-disaggregated manner to contribute to a better understanding of the demographic profile of the affected population.

26. **Component 4: Contingent Emergency Response Component (CERC) (US$0)** – In the event of an eligible crisis or emergency, the project will contribute to providing immediate and effective response to said crisis or emergency.

27. Given the uncertainties associated with the scale and trajectory of the COVID-19 outbreak, approximately 5 percent of the resources (US$ 0.25 million) are unallocated but will be available for reallocation to the project components as needed to enable rapid redeployment within the project depending on the specific needs that may arise.

28. The country is highly vulnerable to natural disasters and is prone to drought. These threats to economic development and poverty alleviation, which are already probable, will grow in frequency and severity as temperatures increase, precipitation shifts, and sea levels rise. Djibouti's agricultural sector experiences volatile swings in rainfall, which could endanger food security. Natural capital, including the forests that cover 0.2% of the country (2015), will be at risk too. Low-income populations including refugees and IDPs are also vulnerable, as they lack the capacity to adapt to climate-induced shocks. The project contributes to reducing risks to disease outbreaks due to climate change through several interventions, especially the health system strengthening dimension. Strengthening epidemiological surveillance systems as well as health information systems will help the country detect and act against outbreaks more rapidly. Similarly, improving essential healthcare service delivery enables people to access the appropriate care, which builds resilience that is especially key for the poor who are the most vulnerable and least equipped to handle the impacts of climate change. Strengthening communication and behavior change interventions will allow households to be empowered to adapt at the time of outbreaks.

C. Project Beneficiaries

29. The expected project beneficiaries will be the entire population, including refugees, migrants, IDPs, medical and emergency personnel, medical and testing facilities, and public health agencies across the country. For immediate response to stop the transmission and allocate necessary resources for treatment of cases, the project will specifically target communities that have witnessed local transmission. The operation will also strengthen the MOH national response plan and capacity to mitigate any further outbreaks in other localities to tackle any outbreaks in other areas.

IV. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

30. The project will be implemented by the MOH according to the Djibouti COVID-19 Preparedness and Response Plan. It will aim to utilize and support existing institutions and coordinating mechanisms to enable the country to enhance its capacity on pandemic preparedness and response.

31. The Epidemic Management Committee (Comité de gestion de l'épidemie, CGE) has been established by the Ministry of Health and consists of representatives from several ministries such as Commerce, Social Affairs, Telecommunications, Interior, Transport, Defense, and Muslim Affairs, Cultures and Waqfs Assets as well as development partners (DPs). The CGE will coordinate multisectoral actions against COVID-19, meet weekly and report daily to the chair, the Minister of Health. In addition, the CGE will serve as the steering committee for the IDA-financed project, provide the overall guidance for the project, and approve work plans. The CGE is supported by the MOH and has the requisite capacity to play a coordination function at the national level as well as to serve as the steering committee for the project.

32. Under the CGE, the COVID-19 Technical Committee will handle the day-to-day implementation of activities of the project and will report to the Minister of Health on the status of the epidemic. The Technical Committee, established on January 28, 2020, is headed by the Secretary General of the MOH and includes representatives of the National Public Health Institute, hospitals, and other MOH departments. The Secretary General will serve as the project coordinator with support from existing fiduciary staff (financial management and procurement) working on the "Toward Zero Stunting project (P164164)" financed by the World Bank; and the MOH Department of Health Information (DHI). Additional MOH personnel may be assigned to work on the project and consultants recruited to provide support to the project as needed on a short-term basis and for specific time-limited tasks.

33. A safeguards focal point(s) will also be identified to ensure the proposed activities are implemented in compliance with the national and the World Bank's environmental and social frameworks. This focal point will also be responsible for monitoring and identifying specific gender aspects that may require special attention.

B. Results Monitoring and Evaluation Arrangements

34. M&E activities will be the responsibility of the DHI at the Ministry of Health working in collaboration with the Institute of Public Health. Specifically, DHI will (i) collect and compile data relating to the specific activities and relevant indicators; (ii) analyze the results; and (iii) compile the relevant performance information. DHI will perform its functions in accordance with the procedures described in the project implementation manual (to be adopted no later than one month after effectiveness) and appoint an M&E specialist. During the implementation period, the implementing agency's self-assessed results will be reviewed quarterly by an independent verification agency who will validate the quality of the data and verify the findings of the self-assessments. Data collection and analysis will be disaggregated by sex and age cohorts, when possible.

35. The World Bank will conduct regular implementation support missions with the implementing agency at least biannually to: (a) review implementation progress, challenges, and achievement of the PDO and intermediate indicators; (b) provide support for any implementation issues that may arise; and (c) discuss relevant risks and mitigation measures.

36. Given the implementation arrangements of the project and the associated risks, the Bank will draw lessons and recommendations for future World Bank financed interventions in similar contexts on aspects such as effectiveness and sustainability.

C. Sustainability

37. The sustainability of the project would largely depend on Djibouti's success to respond to the pandemic. The

extent of (i) mortality, morbidity and economic losses caused by the pandemic, and (ii) protection of health workers against COVID-19 will determine the level of its sustainability.

V. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

38. Although there are very significant gaps in knowledge of the scope and features of the COVID-19 pandemic, it is apparent that one main set of economic effects will derive from increased sickness and death among humans and the impact this will have on the potential output of the global economy. In the Spanish Influenza pandemic (1918-19) 50 million people died about 2.5% of the then global population of 1.8 billion. The most direct impact would be through the impact of increased illness and mortality on the size and productivity of the world labor force.

39. In addition to its heavy health and human toll, the COVID-19 outbreak further clouds an already fragile global economic outlook and can further set back the fight against poverty. Indeed, the total expected costs of an influenza-like pandemic are substantial, particularly the costs induced by necessary prevention measures. The economic costs of infectious disease fall into two categories: (a) the direct and indirect effects of illness, and (b) the costs induced by preventive (avoidance) behaviors adopted by citizens and by the transmission control policies implemented by governments. The cost of illness approach measures the resources used in the treatment of an infection (resources that would be free for elsewhere if the infection was averted) and the resources lost to morbidity and premature mortality. The costs incurred by preventive action largely reflect the reduced number of transactions due to lowered demand for goods and services, interruptions in the supply chain, and increased capital risk premiums. While some postponed transactions will take place when uncertainty about disease transmission is resolved and risk reduced, there are often long-term economic effects from such avoidance behaviors; at the individual level these effects may differ among men and women. With emergent illnesses where epidemiological aspects are not fully known, the prevention costs due to avoidance behavior and transmission control policies are likely to exceed the costs of illness, at least in the initial periods of the outbreak. Further, potential tightening of credit conditions, weaker growth and the diversion of expenditures to fight the outbreak are likely to cut into government revenues and governments' ability to invest to meet education, health and gender goals. The poor will be hit particularly hard. Current estimates suggest that a one percent decline in developing country growth rates traps an additional 20 million people into poverty.

40. Given the human and economic costs of the current COVID-19 outbreak, it is crucial to reinforce preparedness and response capacity to contain a potential outbreak in Djibouti. Therefore, the current project seeking to detect, mitigate risks and control the COVID-19 outbreak and other immediately reportable respiratory related disease outbreaks is a sound economic investment. One crucial lesson from the current experience is that the sooner a potential future outbreak is detected and responded to, the lower the human and economic cost will be.

B. Fiduciary

41. The proposed IDA credit will be implemented in line with World Bank fiduciary policies. The National Nutrition and Food Coordination Authority (OCNNA) has been created within the Ministry of Health to coordinate the national nutrition response and is implementing the ongoing Bank-financed Towards Zero Stunting project. A technical committee has been created within the MOH and will be responsible for project implementation including financial management and accounting and will utilize staff from OCNNA as needed.

Financial Management

42. The Financial Management (FM) assessment conducted during appraisal found the FM risk, as a component of the fiduciary risk, is rated as Moderate.

43. A single segregated Designated Account (DA) in US dollars will be opened at a commercial bank in Djibouti acceptable to the World Bank. Payments and withdrawal of eligible expenditures 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. MOH through the technical committee will be 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.

44. The general accounting principles for the project will be as follow: (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 MOH.

45. The project financial reporting will include unaudited Interim Financial Reports (IFRs) and yearly Project Financial Statements (PFS): (a) 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; (b) the technical committee will produce the IFRs every quarter and submit 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.

46. MOH through the technical committee will be responsible for preparing periodic reports and maintaining the project bookkeeping and will produce annual Project Financial Statements (PFS) and quarterly Unaudited Interim Financial Reports (IFRs).

47. The project financial statements will be audited annually and will cover all aspects of the project, uses of funds and committed expenditures. The audit will also cover the financial operations, internal control and financial management systems and a comprehensive review of 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 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.

48. A technical and performance audit will be undertaken to verify the goods/equipment purchased and works/services rendered under the project. The TORs for the external auditor will be expanded to include the technical

audit.

Procurement

49. Procurement under the project will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016 and revised in November 2017 and August 2018 (Procurement Regulations). The project will be subject to the World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", October 15, 2006, revised in January 2011, and as of July 1, 2016. The project will use the Systematic tracking of Exchanges in Procurement (STEP) to plan, record and track procurement transactions.

50. The major planned procurement will consist of:

(i) Goods, including essential equipment and consumables for laboratory and diagnostic system (PCR machines, sample collection kits, test kits, etc.), essential inputs for treatment (ventilators, oxygen generators, etc.), vaccines (when they become available), equipment and commodities for infection prevention and control (PPE, disinfectants, etc.). All inputs will only be financed if they are in alignment with WHO guidelines and standards for combating COVID-19. Other inputs needed to ensure continuity of clinical care of hospitals will also be financed.
(ii) Works, including minor civil works and retrofitting of quarantine sites, isolation rooms in selected health facilities, treatment centers, and warehouses.
(iii) Consulting services, including medical and non-medical short-term consultants to support selected hospitals, and a technical and performance audit including of medical equipment and consumables
(iv) Non-consulting services would also be needed including for distribution of medicines and other medical supplies, community mobilization and communication.

51. Retroactive financing (for an amount not exceeding US$2 million) will be permitted for eligible expenditures incurred from January 1, 2020 to the signing of the Financing Agreement as part of the financing flexibility outlined in the applicable Bank Guidance for Procurement in Situations of Urgent need of Assistance or Capacity Constraints. The procurement procedures for the eventual contracts under the retroactive financing should be consistent with the Bank's Procurement Regulations, as specified in Section V (Para 5.1 and 5.2) of the applicable Procurement Regulations.

52. The project would use a streamlined project procurement strategy for development (PPSD) during implementation. An initial procurement plan for the first three months would be agreed with the Borrower and will be updated during implementation.

53. The proposed procurement approach prioritizes fast track emergency procurement for the emergency required goods, works, and services. Key measures to fast track procurement include use of simple and fast procurement and selection methods like direct selection with public, in particular the CAMME (Centrale d'Achats des Medicaments et Materiaux Essentiels), or private suppliers of medical equipment and consumables, shorter bidding time, use of framework agreements including existing ones, procurement from UN Agencies (including WHO), using Standard Form of Agreements with UN agencies, use of procurement agents, force account, increased thresholds for RFQ. No prior review is foreseen in this project.

54. The project may be significantly constrained in purchasing critically needed supplies and materials due to

significant disruption in the supply chain, especially for PPE. The supply problems that have initially impacted PPE are emerging for other medical products (e.g. reagents and possibly oxygen) and more complex equipment (e.g. ventilators) where manufacturing capacity is being fully allocated by rapid orders from other countries.

55. Upon the Recipient's request, the Bank has agreed to provide Bank Facilitated Procurement (BFP) to proactively assist the implementing agency in accessing existing supply chains for the agreed list of critical medical consumables and equipment needed under the project. Once the suppliers are identified, the Bank will proactively support Recipients with negotiating prices and other contract conditions. The Recipient will remain fully responsible for signing and entering into contracts and implementation, including assuring relevant logistics with suppliers such as arranging the necessary freight/shipment of the goods to their destination, receiving and inspecting the goods and paying the suppliers, with the direct payment by the Bank disbursement option available to them. If needed, the Bank may also provide hands-on support to the implementing agency in contracting to outsource logistics.

56. BFP to access available supplies may include aggregating demand across participating countries, whenever possible, extensive market engagement to identify suppliers from the private sector and UN Agencies. The Bank is coordinating closely with the WHO and other UN agencies (specifically WHO and UNICEF) that have established systems for procuring medical supplies and charge a fee which varies across agencies and type of service and can be negotiated (around 5% on average.) In addition, the Bank may help borrowers access governments' available stock.

57. In providing BFP the Bank will remain within its operational boundaries and mandate which already include expanded hands-on implementation support to help borrowers achieve the project's development objectives.

58. Procurement for goods/works and services outside this list will follow the Bank's standard procurement arrangements with the Borrower/Recipient responsible for all procurement steps (or with normal hands-on implementation support, as applicable).

C. Legal Operational Policies

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

D. Environmental and Social Standards

59. **The project will have positive environmental and social impacts as it should improve COVID-19 surveillance, case management, monitoring and containment. However, the environmental and social risks are considered Substantial.** The project could also cause adverse environmental, health and safety risks due to the dangerous nature of the pathogen and reagents and other materials to be used in the project-supported laboratories and quarantine facilities. Healthcare-associated infections due to inadequate adherence to occupational health and safety standards as suggested by WHO and CDC can lead to illness and death among health and laboratory workers. The laboratories and relevant health facilities which will be used for COVID-19 diagnostic testing and isolation of patients can generate biological waste, chemical waste, and other hazardous byproducts. The laboratories to be supported by the project will process COVID-19 and will therefore have the potential to cause serious illness or potentially lethal harm to the

laboratory staff and to the community, so effective administrative and containment controls will be put in place to minimize these risks.

60. The main social risk of the project relates to the exclusion of or insufficient attention to vulnerable groups to access information, treatment and services, or to undertake effective prevention measures (social distancing, hygiene). Among the vulnerable are households below poverty levels, individuals at higher risk of hospitalization as a result of exposure to COVID19, as well as refugees, IDPs, migrants, and asylum-seekers. The main challenge, therefore, is to make sure the procured items needed to prevent, detect and clinically manage COVID-19, are distributed in a transparent manner, ensuring equity and reaching the affected population. Another main social risk relates to the health and safety of health care providers and the community with regards to the various dimensions of project activities. Other potential social risks relate to the practices associated with medical isolation, such as mistreatment of patients and communities regarding quarantine, and the inadequate communication around the prevention and control effort of the disease.

61. **To mitigate the environmental and social risks, the Ministry of Health (MoH) will prepare an Environmental and Social Management Framework (ESMF).** The ESMF will be prepared no later than one month after effectiveness, following the relevant WHO technical guidance on COVID-19. The ESMF will have an exclusion list for project activities that may not be financed, as well as specifications to exclude activities that cannot be conducted unless the appropriate occupational health and safety (OHS) capacity and infrastructure is in place. Additionally, the ESMF will include mitigation plans such as an Infection Control and Waste Management Plan (ICWMP) and a Labor Management Procedures (LMP).

62. Each medical facility, isolation unit or lab will need to implement an ICWMP in line with the requirements of the ESMF. The MOH also plans to procure a second incinerator to increase the country's capacity to eliminate Infectious Health Care Waste (IHCW). During project implementation, care will be taken to select an incinerator which technical specificities are adapted to the country context and include emission-reduction features. The ESMF will adequately cover the procedures for the safe handling, storage, and processing of COVID-19 materials including the techniques for preventing, minimizing, and controlling environmental and social impacts during the operation of project supported laboratories. It will also clearly outline the implementation arrangements to be put in place by Djibouti's Ministry of Health for environmental and social risk management; training programs focused on COVID-19 laboratory biosafety, operation of isolation centers and screening posts, as well as compliance monitoring and reporting requirements.

63. Moreover, environmental and social screening tools, checklist and management plans will also be included to manage civil works associated with renovation and rehabilitation. During implementation, the risks of Sexual Exploitation, Harassment, and Abuse will be assessed, and mitigation measures put in place. In addition, given the increased risks women face of domestic violence, the project will continuously assess how to best address these aspects during implementation, through for example, the communications and outreach work with communities. The ESMF will also include guidance to minimize the risk of exclusion and ensure adequate attention on the most vulnerable groups. In addition to the ESMF, the Recipient will implement the activities outlined in the ESCP. The Recipient will also implement a Stakeholder Engagement Plan (SEP), that was prepared and disclosed before negotiation and will be updated no later than one month after effectiveness, to promote safe behaviors, minimize disinformation and inform about environmental and social risks.

VI. GRIEVANCE REDRESS SERVICES

64. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress 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 Inspection Panel which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's corporate Grievance Redress Service (GRS), please visit: *http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service*. For information on how to submit complaints to the World Bank Inspection Panel, please visit *www.inspectionpanel.org*.

VII. KEY RISKS

65. **The overall risk rating for the project is considered Moderate**. The environmental and social risks are described in Section D of Project Appraisal Summary above. Other key risks identified include:

66. **Institutional Capacity for Implementation and Sustainability risk is rated as Substantial**. As noted by the JEE of International Health Regulations core capacities, the public health systems capacity for disease outbreak response and preparedness needs strengthening. The JEE assessed the strengths and weaknesses in Djibouti in 2018 and provided a set of recommendations on areas requiring priority interventions to improve the preparedness of the health system as a whole. Some of the weaknesses included the lack of a functional mechanism for the coordination and integration of relevant sectors in the implementation of IHR; and the need to strengthen epidemic surveillance systems and laboratory capacity. Unfortunately, the recommended actions which required effective coordination between the MOH and the National Institute of Public Health were not implemented due to lack of financing. The multisectoral COVID-19 Preparedness and Response Plan was developed, and the coordination mechanisms put in place including the CGE and the Crisis Committee do address some of the gaps previously identified and will support the strengthening of multisectoral coordination mechanisms in responding to outbreaks and improve the epidemic surveillance systems. The COVID-19 Technical Committee, headed by the Secretary General of the MOH, was appointed by the Minister of Health on January 28, 2020 and will provide the stewardship and coordination needed for COVID-19 response. The Technical Committee will manage not just the IDA-financed project but other donor-financed projects on COVID-19 response. Given that the Technical Committee does not have experience managing outbreaks of this magnitude, technical support from WHO, the Bank and other partners will be necessary. In addition, to mitigate the institutional capacity risks, the Committee will work with technical and fiduciary specialists of the National Nutrition and Food Coordination Authority (OCNNA) which is the implementing unit the IDA-funded Towards Zero Stunting project. The fiduciary specialists of OCNNA are housed in the MOH. Given that OCNNA's experience in implementing the IDA project is still limited, frequent implementation support missions to monitor progress will be conducted (both in person and via videoconference), and hands-on support will be provided as needed.

67. **The procurement risks are considered as Substantial**. These include increased prices due to high global demand, supply stockout, manufactures shutdown (e.g., quarantined factory workers/factory closure, etc.), transportation disruptions, export controls in countries due to domestic consumptions, among others. To mitigate these risks, the MOH will leverage the existing arrangements by directly contracting Central Office for the Purchase of Medicines and Medical Supplies (Centrale d'achat de medicaments et matériels essentiels, CAMME) for up to US$ 2 million to supply

major medical equipment and supplies. The Bank is also in discussions with all stakeholders including UN agencies to respond to the crisis. Further flexibilities such as Direct Selection and increased threshold for Request for Quotations will help in significant reduction in procurement processing time. To further help mitigate this risk of failed procurement due to lack of sufficient global supply of essential medical consumables, if requested by the Borrower, the Bank will leverage its comparative advantage as convener and facilitate borrowers' access to available supplies at competitive prices with the BFP described in the procurement section of this document. MOH will be required to submit the quarterly reports of the inventories to the Bank. The Bank as part of supervision will also carry out sample check of the inventories.

VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework
COUNTRY: Djibouti
Djibouti COVID-19 Response

Project Development Objective(s)

To prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

Project Development Objective Indicators

Indicator Name	DLI	Baseline	Intermediate Targets		End Target
			1	2	
To strengthen Djibouti's capacity to respond to the COVID-19 pandemic					
Number of suspected cases of COVID-19 cases reported and investigated based on national guidelines (Text)		0.00	TBD	TBD	TBD
To strengthen health system preparedness to manage existing and future disease outbreaks					
Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents (Text)		1.00	5.00	10.00	10.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets		End Target
			1	2	
Emergency COVID-19 Response					
Number of health staff trained in infection prevention and control per MOH-approved protocols (Text)		50.00	1,500.00	2,000.00	2,000.00
Strengthening Overall Healthcare Services and Clinical Capacity to Respond to COVID-19					
Percentage of acute healthcare facilities with triage capacity (Percentage)		0.00	50.00	75.00	100.00
Implementation Management and Monitoring and Evaluation					
M&E system established to monitor COVID-19 preparedness and response plan (Yes/No)		No	Yes	Yes	Yes

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of suspected cases of COVID-19 cases reported and investigated based on national guidelines	Number of suspected COVID-19 cases that were reported to and investigated by the appropriate authority based on national guidelines	Every 6 months	Department of Health Information	Ministry of Health to collect and monitor cases	Ministry of Health

Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents	Cumulative number of designated laboratories equipped with supplies for COVID-19 response such as diagnostic equipment, test kits, and reagents	Every 6 months	The Technical Committee	Reporting from the Technical Committee	Ministry of Health

Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Number of health staff trained in infection prevention and control per MOH-approved protocols	Cumulative number of health workers trained in infection prevention and control according to the MOH-approved protocols	Every 6 months	Department of Health Information	Reporting of the Ministry of Health	Ministry of Health
Percentage of acute healthcare facilities with triage capacity	Denominator: the number of acute healthcare facilities Numerator: the number of acute healthcare facilities with triage capacity	Every 6 months	Department of Health Information	Reporting of the Ministry of Health	Ministry of Health
M&E system established to monitor COVID-19 preparedness and response plan	Monitoring and evaluation system is established to monitor the implementation of the COVID-19 preparedness and response plan	Ongoing	Department of Health Information	Reporting of the Ministry of Health	Ministry of Health

ANNEX 1: PROJECT COSTS

COUNTRY: Djibouti
Djibouti COVID-19 Response

COSTS AND FINANCING OF THE COUNTRY PROJECT

Program Components	Project Cost	IBRD or IDA Financing	Trust Funds	Counterpart Funding
Emergency COVID-19 Response	2.4	2.4		
Strengthening Overall Healthcare Services and Clinical Capacity to Respond to COVID-19	1.85	1.85		
Implementation Management and Monitoring and Evaluation	0.5	0.5		
Contingent Emergency Response Component	0	0		
Unallocated (5% contingency)	0.25	0.25		
Total Costs	5.0	5.0		
Total Costs	5.0	5.0		
Front End Fees				
Total Financing Required	5.0	5.0		

ANNEX 2: FINANCIAL MANAGEMENT

COUNTRY: Djibouti
Djibouti COVID-19 Response

Financial Management Assessment

1. The World Bank reviewed the financial management arrangements at Ministry of Health (MOH). Currently, MOH is implementing a IDA-financed Improving Health Sector Performance Project through a Project Implementation Unit (PIU) and an IDA-financed Towards Zero Stunting Project implemented by the National Nutrition and Food Coordination Authority (OCNNA) which is a department within the MoH. For the proposed project, the Epidemic Management Committee (Comité de gestion de l'épidemie, CGE) has been established by the Ministry of Health, consisting of representatives from several Ministries such as Commerce, Social Affairs, Telecommunications, Interior, Transport, Defense, and Muslim Affairs, Cultures and Waqfs Assets.

2. Under the CGE, the COVID-19 Technical Committee will handle the day to day implementation of activities of the project and will report to the Minister of Health on the status of the epidemic. The Technical Committee, established on January 28, 2020, is headed by the Secretary General of the MOH and includes representatives of the National Public Health Institute, hospitals, and other MOH departments. The Secretary General will serve as the project coordinator with support from the fiduciary staff (financial management and procurement) working on the Toward Zero Stunting project (P164164); and the MOH Department of Health Information (DHI). Additional MOH personnel may be assigned to work on the proposed project and consultants recruited to provide support to the project as needed on a short-term basis and for specific time limited tasks.

3. In view of the risks identified and the planned mitigation measures, the overall financial management risk is deemed to be Moderate. The following risks are identified: (i) the MOH has no accounting software to record the daily transactions and produce the required financial information; (ii) the MOH has limited human resource capacity; (iii) the MOH has limited internal controls; and (iv) the MOH falls under the audit purview of the Supreme Audit Institution (SAI). The SAI has a limited role in auditing public institutions and has no experience in auditing Bank-financed projects. The SAI may not specifically audit the project as part of the MOH's operations, which would give limited assurance about the project's use of funds.

4. Based on the risks identified, the following measures have been agreed upon (i) the project will utilize fiduciary staff from OCNNA working on the IDA-financed Towards Zero Stunting project and the MOH will assign additional staff or recruit short-term consultants as needed; (ii) the project will utilize the accounting software already acquired by OCNNA and will open a module for the purpose of the project and will utilize the software to record the daily transactions and produce the Interim Un-Audited Financial Reports (IFRs). The format of the IFRs will be agreed upon with the Bank. The IFRs will be submitted to the Bank no later than 45 days after the end of each quarter; (iii) for the purpose of the project, the technical committee will develop an operational manual (revising the existing manual for the Toward Zero Stunting project) which will contain a FM chapter describing in detail the FM procedures, including internal controls; and (v) the technical committee will hire an independent external auditor, using Terms of References (ToRs) acceptable to the Bank, to audit the Project Financial Statements (PFS). The auditor will 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. In addition, a technical and performance audit will be undertaken to verify all goods purchased and works/services done.

Financial Management and Disbursement Arrangements

5. *Staffing*: The MOH through the technical committee will utilize existing staff working in the Towards Zero Stunting Project to implement the proposed project. A Financial Officer (FO) is already assigned and will be handling the FM aspects of the project. The FO is already familiar with the FM procedures of the Bank. Additional staff will be recruited as needed. The Bank will provide the necessary support to the FO regarding Bank FM procedures.

6. *Budgeting*: For the purpose of the project, the technical committee will be preparing a separate annual budget and disbursement plan. The budget will be prepared on an annual basis and submitted to the Bank in November/December of each year covering the subsequent year. The disbursement plan will cover each fiscal year and will be divided by quarter and submitted with the quarterly Interim Un-Audited Financial Reports (IFRs). The technical committee will monitor the variances in the disbursement plan and provide justification for any major divergence(s).

7. *Project accounting system*: MOH through the technical committee will utilize the accounting software at OCNNA and will open a new module for the purpose of the project. The software will be utilized to record daily transactions and produce the Interim Un-Audited Financial Reports (IFRs) for all categories. The project Financial Officer will be responsible for preparing the IFRs before their transmission to the Project Coordinator for approval. Periodic reconciliation between accounting statements and the IFRs will also be done by the Financial Officer.

8. 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; (ii) the International Public-Sector Accounting Standards (IPSAS) cash basis will be followed; and (iii) all transactions related to the project will be entered into the accounting system.

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

1) A Statement of Cash Receipts and Payments by category and component.

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

11. The project IFRs should be produced by technical committee every quarter and sent to the Bank within 45 days from the end of each quarter. The PFS should be produced annually. The PFS should include: (i) a cash flow statement; (ii) a closing statement of financial position; (iii) a statement of ongoing commitments; (iv) an analysis of payments and withdrawals from the project’s account; (v) a statement of cash receipts and payments by category and component; (vi) a reconciliation statement for the balance of the Project’s Designated Account; (vii) a statement of cash payments made using the Statements of Expenditures (SOE) basis; and (viii) the yearly inventory of fixed assets acquired under the project.

12. *Internal control*: For the purpose of this project, MOH through the technical committee will prepare a Project Operational Manual (POM), by revising the manual that exists for the Towards Zero Stunting project, which will define the roles, functions and responsibilities for the implementing agency. The POM will contain a separate FM chapter detailing the FM and accounting procedures and will also include internal controls procedures.

13. *Flow of funds:* Payment shall require three signatures: The Secretary General of MOH, the Director of the External Financing Department at the MoF and the Director of the Debt Department at the Ministry of Budget. The funds will be channeled from the Bank through the single segregated Designated Account (DA) in US dollars opened at a commercial bank in Djibouti acceptable to the World Bank. Advances from the IDA account will be disbursed to the designed account and used for project expenditures.

14. *Audit of the project financial statements*: An annual external audit of the project financial statements will cover the financial transactions of all categories, internal controls and financial management systems. It will also include a comprehensive review of statements of expenditures (SOEs). An external auditor will be appointed according to a Terms of Reference acceptable to the Bank. The audit should be conducted in accordance with international auditing standards. The auditor should produce: (i) an annual audit report including his/her opinion on the project's annual financial statements; (ii) a management letter on the project internal controls; and (iii) a limited review opinion of 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. The technical committee will ensure that the recruitment of the external auditor will be done no later than 6 months from credit effectiveness. This will enable the auditor to start field work early so to deliver the audit report and management letter within the deadlines, thereby avoiding any delays in this regard.

15. A technical audit will be undertaken to verify that all goods purchased and works/services rendered under the project. The TORs for the external auditor will be expanded to include the technical audit. The technical audit will be required on a yearly basis and will be submitted 6 months after the closure of the fiscal year.

16. *Flow of information:* The technical committee will be responsible for preparing periodic reports on project implementation progress, as well as 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 MoH will maintain the project bookkeeping and will produce an annual PFS and quarterly IFRs.

Disbursements

17. The IDA funds will be disbursed according to the World Bank guidelines and should be used to finance project activities. The project will have the following disbursements methods: advance, reimbursement and direct payments. Funds will be channeled from the World Bank to a single segregated Designated Account (DA) to be opened at a commercial bank acceptable to the Association. Disbursements under contracts for goods, works, non-consulting services and consulting services procured or selected through international open or limited competition or Direct Selection, as set out in the procurement plan, shall be made only through Direct Payment and/or Special Commitment disbursement methods.

Allocation of the Credit Proceeds

Category	Amount of the Credit Allocated	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Works, goods, non-consulting services, consulting services, training and workshops, incremental operating costs and audits under components 1,2 and 3 of the project	US$ 5,000,000	100%
(2) Contingent Emergency Expenditures under component 4 of the Project	0	100%
Total	US$ 5,000,000	

Designated Account

18. On behalf of the MoH, the Department of External Financing will open a segregated DA in a commercial bank in Djibouti acceptable to the World Bank in US dollars to finance its share of eligible project expenditures. The ceiling of the DA will be US$1,000,000 for the first year and US$500,000 for subsequent years. MOH through the technical committee will be responsible for submitting monthly replenishment applications with appropriate supporting documentation. The proceeds under this category of the project will be disbursed in accordance with the traditional disbursement procedures of the Bank and will be used to finance activities through the disbursement procedures currently used, including: Advances, Direct Payments, and Reimbursements accompanied by appropriate supporting documentation (records and/or Statement of Expenditures (SOEs)) in accordance with the procedures described in the Disbursement Letter and the Bank's "Disbursement Guidelines". The IFRs and the PFS will be used as financial reporting mechanisms, and not for disbursement purposes. The minimum application size for direct payment and reimbursement will be equal to 10% of the ceiling advance.

19. Retroactive Financing will be permitted for an amount not exceeding US$2 million for eligible expenditures incurred from January 1, 2020 to the signature of the financing agreement.

Statement of Expenditures (SOEs):

20. For requests for Reimbursements and for reporting eligible expenditures paid from the Designated Account:

- Statement of Expenditures (attachment 2 of the DFIL)
- Bank reconciliation statement (attachment 3 of the DFIL)

21. For requests for direct payments: records evidencing eligible expenditures, for example, copies of receipts, and copies of suppliers' invoices above the minimum application size.

Category 2 of the project

22. A CERC Operations Manual will be prepared as a condition of disbursement under this category. Triggers for this component will be clearly outlined in the CERC Operations Manual acceptable to the World Bank. Disbursements will be made against an approved list of goods, works, and services required to support crisis mitigation, response and recovery. All expenditures under this activity will be appraised, reviewed, and found to be acceptable to the World Bank before any disbursement is made. This category will be implemented following the Investment Project Financing Bank Policy paragraph 12 (that enables the application of the Bank Procedure, "Preparation of Investment Project Financing (IPF) - Situations of Urgent Need of Assistance or Capacity Constraints". Once the set of criteria enumerated above are fulfilled, the Bank will reallocate funds to this category.

Governance and Anti-corruption

23. Fraud and corruption may affect the project resources, thereby negatively impacting project outcomes. The proposed fiduciary arrangements, including POM with a detailed FM chapter, utilization of an independent verification agent and reporting and auditing and review arrangements are expected to address the risks of fraud and corruption that are likely to have a material impact on project outcomes.