REPORT NO.: RES41160

RESTRICTURING PAPER

ON A

PROPOSED RESTRUCTURING

OF

DJIBOUTI INTEGRATED SLUM UPGRADING PROJECT

APPROVED ON NOVEMBER 9, 2018

TO

THE REPUBLIC OF DJIBOUTI

URBAN, RESILIENCE AND LAND

MIDDLE EAST AND NORTH AFRICA

Regional Vice President: Ferid Belhaj
Country Director: Marina Wes
Regional Director: Ayat Soliman
Practice Manager/Manager: Jaafar Sadok Friaa
Task Team Leader(s): Hazem Abdelfattah, Anastasia Touati
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARULOS</td>
<td>Agency for Slum Upgrading and Social Housing</td>
</tr>
<tr>
<td>CD</td>
<td>Country Director</td>
</tr>
<tr>
<td>CERC</td>
<td>Contingent Emergency Response Component</td>
</tr>
<tr>
<td>COVID-19</td>
<td>Coronavirus disease 2019</td>
</tr>
<tr>
<td>DATUH</td>
<td>Territorial Development, Urban Planning, and Housing Department</td>
</tr>
<tr>
<td>DDCF</td>
<td>Directorate of Land and Property Rights</td>
</tr>
<tr>
<td>DP</td>
<td>Development Partner</td>
</tr>
<tr>
<td>ESIA</td>
<td>Economic and Social Impact Assessment</td>
</tr>
<tr>
<td>ESMF</td>
<td>Environmental and Social Management Framework</td>
</tr>
<tr>
<td>GoD</td>
<td>Government of Djibouti</td>
</tr>
<tr>
<td>IA</td>
<td>Implementing Agency</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>IDP</td>
<td>Internally Displaced People</td>
</tr>
<tr>
<td>IPF</td>
<td>Investment Project Financing</td>
</tr>
<tr>
<td>ISUP</td>
<td>Integrated Slum Upgrading Project</td>
</tr>
<tr>
<td>MASS</td>
<td>Ministry of Social Affairs and Solidarity</td>
</tr>
<tr>
<td>MEFI</td>
<td>Ministry of Economy and Finance in charge of Industry</td>
</tr>
<tr>
<td>ML</td>
<td>Ministry of Housing</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>Operation and Maintenance</td>
</tr>
<tr>
<td>PAPs</td>
<td>Project-Affected Persons</td>
</tr>
<tr>
<td>PDO</td>
<td>Project Development Objective</td>
</tr>
<tr>
<td>IU</td>
<td>Project Implementation Agency</td>
</tr>
<tr>
<td>POM</td>
<td>Project Operational Manual</td>
</tr>
<tr>
<td>RSW</td>
<td>IDA18 Sub-Window for Refugees and Host Communities</td>
</tr>
<tr>
<td>TTL</td>
<td>Task Team Leader</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
<tr>
<td>ZSP</td>
<td>Zero Slum Program</td>
</tr>
</tbody>
</table>
BASIC DATA

Product Information

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Financing Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>P162901</td>
<td>Investment Project Financing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Original EA Category</th>
<th>Current EA Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Assessment (A)</td>
<td>Full Assessment (A)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approval Date</th>
<th>Current Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>09-Nov-2018</td>
<td>31-Dec-2023</td>
</tr>
</tbody>
</table>

Organizations

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Responsible Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Djibouti</td>
<td>ARULOS</td>
</tr>
</tbody>
</table>

Project Development Objective (PDO)

Original PDO

The proposed development objective is to (i) improve the living conditions for slum dwellers in selected urban areas and (ii) strengthen the capacity of public institutions in charge of implementing the Zero Slum Program.

Summary Status of Financing

<table>
<thead>
<tr>
<th>Ln/Cr/Tf</th>
<th>Approval</th>
<th>Signing</th>
<th>Effectiveness</th>
<th>Closing</th>
<th>Commitment</th>
<th>Disbursed</th>
<th>Undisbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA-63380</td>
<td>09-Nov-2018</td>
<td>06-Dec-2018</td>
<td>11-Mar-2019</td>
<td>31-Dec-2023</td>
<td>15.00</td>
<td>0</td>
<td>14.90</td>
</tr>
<tr>
<td>IDA-D3900</td>
<td>09-Nov-2018</td>
<td>06-Dec-2018</td>
<td>11-Mar-2019</td>
<td>31-Dec-2023</td>
<td>5.00</td>
<td>3.03</td>
<td>1.90</td>
</tr>
</tbody>
</table>

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No
I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Introduction

1. This Paper seeks the approval of the Country Director (CD) on a Level II restructuring of the Integrated Slum Upgrading Project (ISUP). It is proposed to add: Component 4 “Emergency response to COVID-19, to the November 2019 floods and to the April 2020 floods”; and Component 5 “Contingent Emergency Response Component (CERC)”. This restructuring will use the flexibilities of paragraph 12 of Section III of the Bank Policy on Investment Project Financing (IPF).

B. Project Background

2. The US$15 million IDA credit and the US$5 million grant from the IDA-18 Regional Sub-window for Refugees and Host Communities (for a total of US$20 million) for the Integrated Slum Upgrading Project (Projet Intégré de Résorption des Bidonvilles) (P162901) was approved on November 9, 2018 and became effective on March 11, 2019. The closing date for the credit and the grant is December 31, 2023. The Project Development Objective (PDO) is “to (i) improve the living conditions for slum dwellers in selected urban areas and (ii) strengthen the capacity of public institutions in charge of implementing the Zero Slum Program (ZSP)”. As part of the national growth strategy led by the President of Djibouti to address poor housing, the ZSP encompasses the population of 13 slum areas in Djibouti-Ville¹ and aims to bring basic urban and social infrastructure to every slum dweller, including refugee populations. The project comprises three components:

- **Component 1: Elaboration of the ZSP strategic framework and investment plan** (US$3.52 million) aims to provide the Government with requisite planning, regulatory, institutional, and operational tools to implement the ZSP.

- **Component 2: Participatory upgrading investments in selected urban areas** (US$15.21 million) aims to improve access to services in slums included in the ZSP.

- **Component 3: Project management** (US$1.27 million) aims to support the Implementing agency in the areas of project coordination, financial management, procurement, monitoring and evaluation, and communication.

C. Implementation Status:

3. Project implementation is progressing as planned. As of end April 2020, disbursement had reached US$ 3.03 million (15.3%), which in line with the disbursement profile expected for a complex slum upgrading operation. The project’s implementation progress and progress towards achieving the PDO have both been consistently rated as ‘Satisfactory’. Procurement and Financial Management (FM), as well as Environmental and Social Safeguards are also rated Satisfactory. The project has no overdue audit reports as of April 2020. Quarterly progress reports being submitted in a timely manner. Legal covenants, most of which are recurrent, are being continuously monitored and complied with. The three Project components have progressed as follows:

---

¹ The capital city hosts more than 70% of the national population, out of which more than 120,000 people live in highly precarious slums.
- **Component 1** is on track, as evidenced by: (i) the finalization and adoption by the Cabinet of the National ZSP strategy; (ii) the successful restructuring and full operationalization of ARULOS; (iii) the establishment of effective coordination mechanisms to ensure proper implementation of this multisectoral program; and (iv) the delivery/current completion of several studies that condition the launch of the restructuring works (including the restructuring study for Balbala Ancien and the urban and technical studies for the relocation site). In addition, the rapid progress made in the restructuring studies of 7 out of 13 priority neighborhoods should be noted.

- **Component 2** has also shown significant progress. Priority investments for Balbala Ancien have been launched as the works for the access road to the area started in October 2019 and were expected to be completed within a 6-month period—which will be delayed due to the current COVID-19 situation. The finalization of the urban and restructuring studies for both the relocation site and Balbala Ancien will also permit to launch the associated works as soon as work can resume in the country. Additionally, the community mobilization activities also supported through this component have effectively been initiated and include the following results so far: (i) six committees were created to improve communication with local communities and their participation in the identification, selection and implementation of infrastructure; (ii) the PAPs committee was created; (iii) five community facilitators where hired and started their sensitization work among the population; (iv) unskilled workers were selected under MASS guidance and then hired by the firm in charge of building the access road.

- **Component 3** has also led to significant results. ARULOS, the executing agency for the ZSP and the Bank Project, is today fully operational. At this stage, the agency has well demonstrated its implementing capacity through its efficient project management and responsiveness. The PIU comprises a team of eight staff dedicated to the daily management of the ZSP.

4. **Safeguards.** Given the nature of the project activities, it has been classified as Category A. The Project triggered two safeguard policies, namely: (i) OP4.01 Environmental assessment and (ii) OP4.12 Involuntary resettlement. To screen and mitigate environmental impacts and the impacts of land acquisition, framework instruments (Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF)) have been prepared and disclosed. An ESIA has been prepared for the first access road, which is under construction. The implementation of the related ESMP by the contractors and the PIU is considered satisfactory. Implementation of the Resettlement Action Plan (RAP) to address the land acquisition impacts of the road construction is progressing well. There have been no major accidents or incidents. An environmental and social screening has been prepared for the 110-hectare resettlement site in southern Balbala.

5. **Progress on Corporate Commitments.** The progress on corporate commitments (gender, citizen engagement and climate co-benefits) is summarized hereafter:

   **Gender.** As part of project interventions aimed at improving living conditions for all slum dwellers, the project is proactively promoting gender equality and empowerment of women slum dwellers by: (a) incorporating inclusive policy measures in the strategic plan and operational instruments to foster equal access and security tenure for female-headed and other vulnerable households; (b) enhancing women’s representation in the decision-making processes of the Community Development Fund (CDF) to be launched soon; (c) prioritizing the most vulnerable households, particularly female-headed households, in the allocation and targeting activities of the CDF; and (d) supporting training activities and CSO-led community awareness around women’s safety in public spaces.

   **Citizen engagement.** The project adopts a participatory slum upgrading approach based on consultation with the local population and relevant stakeholders. Already, the design and preparation of the ISUP have been consultative at several levels and incorporated community needs. Technical studies and assistance under Component 1 are building on this to elaborate and leverage participatory planning mechanisms adapted for the
local context. In addition, the project currently uses the CDF as a citizen engagement mechanism to enable inclusive participation of neighborhoods in conceptualizing and implementing micro-projects that prioritize their needs. Thirdly, the project is supporting institutional capacity building for state agencies involved in urban management and local government entities to mainstream participatory approaches and grievance redress in their operations.

**Climate co-benefits.** Climate risk adaptation measures to reduce vulnerability in case of natural disasters and improve urban management towards sustainable growth are included as key objectives of project interventions. In particular, the access road in Balbala Ancien, currently under implementation, includes drainage intervention as a mitigation measure, as it is at risk of being impacted by floods.

**D. Rationale for Project Restructuring**

6. **COVID-19 in Djibouti.** Djibouti has been severely hit by the outbreak of the coronavirus disease (COVID-19) that has been spreading rapidly across the world since December 2019. As of May 29, 2020, 5,923,055 cases have been detected across the world, with 364,836 deaths. The first case was reported in Djibouti on March 18, 2020, with the number of reported cases climbing to 2914, of which there have been 20 confirmed deaths as of May 29. The Government of Djibouti (GoD) has taken a series of actions to protect its population from the disease, including the formulation of Djibouti COVID-19 Preparedness andResponse Plan and the launch of an Emergency and Solidarity Fund. On April 2, 2020, the International Development Association (IDA) approved a US$5 million credit to support Djibouti in its efforts to prevent, detect, and respond to the rapid spread of COVID-19 and strengthen national systems for public health preparedness.

7. The COVID-19 pandemic is expected to hit Djibouti’s most vulnerable people – many of whom live in the slums of Djibouti-Ville – the hardest. These slum areas are densely populated with poor housing and an absence of basic services and have faced repeated health outbreaks such as malaria and other vector and water-borne illnesses. The outbreak of COVID-19 aggravates the already harsh conditions in these neighborhoods, which are typically home to very poor households and displaced people (migrants and refugees). The situation is particularly aggravated by the damages caused in Djibouti-Ville by the November 2019 floods and even more recently the April 2020 floods.

8. **November 2019 and April 2020 Floods.** Floods in November 2019 resulted in significant damage to critical infrastructure in Djibouti-Ville in particular, including homes, roads, schools, and shops. The Government declared a state of emergency on November 22, 2019 and activated its emergency plan. According to a joint UN/Government rapid assessment, an estimated 200,000 people were affected in Djibouti-Ville, with the most severe impacts being in some slums of the city. According to a rapid assessment by the World Bank, housing is the sector most affected by the November floods (representing 35% of the global reconstruction and recovery needs, with an estimated 1,000 houses in Djibouti-Ville totally damaged, and a further 4,262 houses partially damaged. Housing damages are concentrated in a

---

5 This is in line with the key message by UN-Habitat that the informal settlements and slums in cities would be the most impacted neighborhoods by the COVID-19 pandemic (UN-Habitat, Covid-19 Key messages, March 19, 2020).
small number of neighborhoods, especially in lower income and informal areas. The risk of communicable diseases in these areas has also increased due to the damages to sanitation systems and healthcare facilities.

9. In April 2020, heavy rains again hit several parts of the country, particularly Djibouti-Ville, causing flash floods and leading to fatalities and damage. The estimates of the UN Situation Report No. 1 indicate that some 18,000 households (approximately 110,000 persons) were affected across Djibouti-Ville. Several roads have been inundated in the center and huts were damaged in the Balbala suburb. The Bouffard hospital, where the COVID-19 testing facility is located, was also flooded, thereby affecting testing operations. The slums of Balbala have been heavily impacted by the flooding. Moreover, roads, houses, and several public and private infrastructures are also reportedly damaged, including school and health facilities.

10. **Application of Paragraph 12 of Section III of the Bank Policy on IPF.** The proposed restructuring will trigger Paragraph 12 of Section III of the Bank Policy on IPF to respond to the urgent needs for assistance for the response to the COVID-19 pandemic, as well as to the floods of November 2019 and April 2020, particularly in the slums of Djibouti-Ville. Djibouti meets the definition of a country experiencing an urgent need of assistance as a result of a natural disaster, given the declarations of a global pandemic by WHO and of a national state of emergency by the Government, as well as the urgent need for construction material to support the in-situ repair and reconstruction of houses after the floods. The application of Paragraph 12 will enable the World Bank to support Djibouti in meeting these urgent needs, by deferring the financial, procurement and environmental and social requirements, including the update of the Project Procurement Strategy for Development (PPSD) and the procurement plan, revision of the budget plan, the update of the Project Operations Manual, recruitment of a technical auditor, and, the update of the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF) - until 1 month after the restructuring is completed to ensure a rapid response to the request of GoD for assistance.

**II. DESCRIPTION OF PROPOSED CHANGES**

11. The PDO will remain the same, since the proposed new components (see below) are aligned with the current PDO.

12. **Changes to Project Components.** Based on the above discussion, two emergency response components are proposed to be added to the project, as summarized below:

   (a) **Component 4: Emergency response to COVID-19 and to the November 2019 and April 2020 floods (estimated cost of US$3 million).** This component will support an emergency program to respond to the COVID-19 pandemic and floods through the financing of: (i) preventative measures to reduce the threat posed by COVID-19 including promotion of social distancing, handwashing, coordination and communication and service continuity, and (ii) in-situ repair and reconstruction of housing damaged or destroyed by the November 2019 and the April 2020 floods.; and (iii) civil works to repair damaged infrastructure within the project targeted slums in Djibouti-Ville, including, but not limited to: water supply systems, reservoirs, canals, transportation systems, energy and power supply, telecommunication.

---

9 As the two proposed components are emergency response components, the geographic scope of these two components has to extend beyond the 13 slum areas covered by the Zero Slum Program (ZSP), to other impacted neighborhoods in Djibouti-Ville, as the social risks for only targeting a handful of neighborhoods with support could be high.
(b) **Component 5: Contingent Emergency Response Component (CERC) (estimated cost of US$0).** This component will provide immediate response to an Eligible Crisis or Emergency, as needed by allowing for rapid reallocation of project proceeds in the event of any future natural or man-made disaster or crisis that has caused, or is likely to imminently cause, a major adverse economic and/or social impact.

13. **Changes to Component Costs.** The cost of Component 2 will be reduced by US$3 million in response to the addition of Component 4 at a cost of US$3 million. The current and proposed component costs are shown in the Detailed Changes section.

14. **Changes to the Results Framework.** Two intermediate results indicators have been added to the results framework to monitor progress made in achieving results of the new emergency component.

15. **Changes to Disbursement Projections.** The current disbursement projections are proposed to be revised to take account of disbursements to date and the anticipated disbursements under the restructured project. These are shown in the Detailed Changes section.

16. **Reallocation between disbursement categories.** Component 4 will be added to the first category of disbursement. A new category of expenditures (Category 4) will be added to the financing agreement for the CERC.

17. **Changes to Implementation, disbursement and Fiduciary Arrangements for the New Components.** The Project Operational Manual (POM) will be revised after this restructuring to reflect the list of eligible expenditures under Component 4. ARULOS, as the IA of the Project, will also submit a revised budget.\(^\text{10}\) Component 4 will be added to the first category of disbursement (see Table 1 of categories below). The same fiduciary arrangements will be applied to the new activities and the Operational Manual will be revised to include these activities and the related controls. A Contingent Emergency Response Manual (CER Manual) will be added as part of the Project Operational Manual (POM). Disbursements will be made against an approved list of goods, works, and services required to support crisis mitigation, response and recovery. All contracts under this component will be appraised, reviewed, and no objection will be provided by the World Bank before activity implementation. A new category of expenditures (Category 4) will be added to the financing agreement for the CERC. The current and proposed Categories of Expenditures are shown in Table 1 below.

#### Table 1. Categories of Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Initial Amount of the Credit Allocated (SDR)</th>
<th>Revised Amount of the Credit Allocated (SDR)</th>
<th>Initial Amount of the Grant Allocated (SDR)</th>
<th>Revised Amount of the Grant Allocated (SDR)</th>
<th>Percentage of Financing (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goods, works, consultants’ services, non-consultants’ services and operational cost under components 1, 2.1, 2.2 (a), 2.2 (b), 3 and 4 of the project</td>
<td>10,670,000</td>
<td>10,670,000</td>
<td>2,600,000</td>
<td>3,266,511</td>
<td>100%</td>
</tr>
<tr>
<td>2. Sub-grants under component 2.2 (c) of the project</td>
<td>130,000</td>
<td>130,000</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
</tbody>
</table>

\(^\text{10}\) POM will be submitted within 1 month of the approval of the restructuring.
<table>
<thead>
<tr>
<th>3. Refund of the preparation advance</th>
<th>0</th>
<th>0</th>
<th>1,000,000</th>
<th>333,489</th>
<th>Amount repayable pursuant to section 2.07 (a) of the general conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Emergency Contingent Response Component (CERC) under component 5 of the project</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>10,800,000</td>
<td>10,800,000</td>
<td>3,600,000</td>
<td>3,600,000</td>
<td></td>
</tr>
</tbody>
</table>

Withdrawal Conditions: No withdrawal shall be made for payments made prior to the signature date of the amendment letter except that withdrawal up to an aggregate amount not to exceed US$ 100,000 may be made for payments completed prior to the signature date but on or after the date twelve (12) months prior to the signature date for eligible expenditures under category 1. The project closing date remains December 31, 2023.

18. **Fiduciary aspects.** The current financial management arrangements will remain unchanged and will apply to the new components. A technical audit will be mandatory for the new activities and will be elaborated in the POM which will be updated no later than 1 month after the restructuring; the terms of reference of the technical audit will be cleared by the Bank. The DA ceiling will be increased to US$3 million. Procurement contracts under the restructuring mainly include small civil works (as detailed in the paragraph 12 (a) above) and would approach national market. The initial project procurement strategy for development (PPSD) will be updated on completion of the restructuring to reflect the new activities and flexibilities available under streamlined procurement procedures, including for COVID-19 related operations. The procurement plan will be updated by incorporating new contracts envisioned for the first three months. In case the project would finance medical equipment, consumables and medicines, they should be in alignment with WHO guidelines and standards for combating COVID-19.

19. **Environmental and Social Aspects.** The Project will remain classified as Category (A). The ISUP ESMF of the parent project will be updated to take into consideration activities to be funded under Component 4 in-situ repair and reconstruction of housing partially damaged or completely destroyed by the November 2019 and the April 2020 floods and associated civil works to repair damaged infrastructure and other public assets and to include preventive measures and communication to reduce the threat posed by COVID19. An ESIA/ESMP or standalone ESMP will be prepared before the commencement of any works. The updated ESMF will include the new areas of intervention in Djibouti-ville, Risks/impacts related to working conditions under COVID 19 Pandemic and the new CERC component. The ESMF will also assess the need to prepare a RAP for the reconstruction of houses destroyed.

20. All activities will be carried out in accordance with the environmental and social management plans (ESMP), with the necessary mitigation measures to ensure the safety of personnel and communities and to avoid COVID19 infection or transmission. The ESMPs will cover Occupational Health and Safety Plans in accordance with relevant WHO guidelines and WB guidelines to mitigate the CO19 transmission risks in civil works.

21. Consultations process will take into account the general guidance on movement restrictions in place in the country. Given the highly infectious nature of COVID-19, and as long as the risk of contagion is present, the preferred engagement method will be through phone interviews, and the use of mass media such as the radio. In person individual interviews and consultations in groups will be limited to five attendees at a time, while ensuring sufficient distance
between participants. Big gatherings will not be held as long as the risk of contagion prevails. The methods of engagement will be evaluated and selected based on the situation in Djibouti at the time of the activity.

The updated ESMF and RPF which will be consulted upon and disclosed no later than one months after approval of restructuring paper. None of the civil works funded under the project can start until updated ESMF and RPF have been completed by the Recipient, cleared by the Bank, and disclosed.

22. **Environmental and Social Action Plan.** An action plan addressing the application of environmental and social policies was agreed with the Borrower (see Annex 1 for Environmental and Social Action Plan).

23. **Risks.** The overall risk rating of the project will continue to remain High.

### III. SUMMARY OF CHANGES

<table>
<thead>
<tr>
<th>Changed</th>
<th>Not Changed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results Framework</td>
<td>✔</td>
</tr>
<tr>
<td>Components and Cost</td>
<td>✔</td>
</tr>
<tr>
<td>Reallocation between Disbursement Categories</td>
<td>✔</td>
</tr>
<tr>
<td>Disbursements Arrangements</td>
<td>✔</td>
</tr>
<tr>
<td>Disbursement Estimates</td>
<td>✔</td>
</tr>
<tr>
<td>Other Change(s)</td>
<td>✔</td>
</tr>
<tr>
<td>Implementing Agency</td>
<td>✔</td>
</tr>
<tr>
<td>DDO Status</td>
<td>✔</td>
</tr>
<tr>
<td>Project's Development Objectives</td>
<td>✔</td>
</tr>
<tr>
<td>PBCs</td>
<td>✔</td>
</tr>
<tr>
<td>Loan Closing Date(s)</td>
<td>✔</td>
</tr>
<tr>
<td>Cancellations Proposed</td>
<td>✔</td>
</tr>
<tr>
<td>Overall Risk Rating</td>
<td>✔</td>
</tr>
<tr>
<td>Safeguard Policies Triggered</td>
<td>✔</td>
</tr>
<tr>
<td>EA category</td>
<td>✔</td>
</tr>
<tr>
<td>Legal Covenants</td>
<td>✔</td>
</tr>
<tr>
<td>Institutional Arrangements</td>
<td>✔</td>
</tr>
<tr>
<td>Financial Management</td>
<td>✔</td>
</tr>
<tr>
<td>Procurement</td>
<td>✔</td>
</tr>
</tbody>
</table>
### Implementation Schedule

<table>
<thead>
<tr>
<th>Component</th>
<th>✔</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic and Financial Analysis</td>
<td>✔</td>
</tr>
<tr>
<td>Technical Analysis</td>
<td>✔</td>
</tr>
<tr>
<td>Social Analysis</td>
<td>✔</td>
</tr>
<tr>
<td>Environmental Analysis</td>
<td>✔</td>
</tr>
</tbody>
</table>

### IV. DETAILED CHANGE(S)

#### COMPONENTS

<table>
<thead>
<tr>
<th>Current Component Name</th>
<th>Current Cost (US$M)</th>
<th>Action</th>
<th>Proposed Component Name</th>
<th>Proposed Cost (US$M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support to the elaboration of the ZSP strategic framework</td>
<td>3.52</td>
<td>No Change</td>
<td>Support to the elaboration of the ZSP strategic framework and investment plan</td>
<td>3.52</td>
</tr>
<tr>
<td>and investment plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participatory upgrading investments in selected urban areas</td>
<td>15.21</td>
<td>Revised</td>
<td>Participatory upgrading investments in selected urban areas</td>
<td>12.21</td>
</tr>
<tr>
<td>Project management</td>
<td>1.27</td>
<td>No Change</td>
<td>Project management</td>
<td>1.27</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>New</td>
<td>Emergency response to COVID-19 and to the floods</td>
<td>3.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>New</td>
<td>Contingent Emergency Response Component - CERC</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**TOTAL** 20.00

#### REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

<table>
<thead>
<tr>
<th>Current Allocation</th>
<th>Actuals + Committed</th>
<th>Proposed Allocation</th>
<th>Financing % (Type Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA-63380-001</td>
<td>10,670,000.00</td>
<td>10,670,000.00</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>Currency: XDR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Expenditure Category: W G NCS T CS P1, 2.1,2.2a,2.2b,3,4</td>
<td>10,670,000.00</td>
<td>10,670,000.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>
### Djibouti Integrated Slum Upgrading Project (P162901)

#### iLap Category Sequence No: 2
**Current Expenditure Category: Sub Grants P 2.2c**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Unchanged</th>
<th>Approved</th>
<th>Disbursement</th>
<th>Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>130,000.00</td>
<td>0.00</td>
<td>130,000.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

#### iLap Category Sequence No: 3
**Current Expenditure Category: Refund of Preparation Advance**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Unchanged</th>
<th>Approved</th>
<th>Disbursement</th>
<th>Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

#### iLap Category Sequence No: 4
**Current Expenditure Category: Emergency Contingent Response Component (CERC) under component 5**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Unchanged</th>
<th>Approved</th>
<th>Disbursement</th>
<th>Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Unchanged</th>
<th>Approved</th>
<th>Disbursement</th>
<th>Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,800,000.00</td>
<td>0.00</td>
<td>10,800,000.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

### IDA-D3900-001  
**Currency: XDR**

#### iLap Category Sequence No: 1
**Current Expenditure Category: W G NCS T CS P1, 2.1,2.2a,2.2b,3,4**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Unchanged</th>
<th>Approved</th>
<th>Disbursement</th>
<th>Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,600,000.00</td>
<td>1,388,568.68</td>
<td>3,266,511.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

#### iLap Category Sequence No: 2
**Current Expenditure Category: Sub Grants P 2.2c**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Unchanged</th>
<th>Approved</th>
<th>Disbursement</th>
<th>Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

#### iLap Category Sequence No: 3
**Current Expenditure Category: Refund of Preparation Advance**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Unchanged</th>
<th>Approved</th>
<th>Disbursement</th>
<th>Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000,000.00</td>
<td>333,488.12</td>
<td>333,489.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

#### iLap Category Sequence No: 4
**Current Expenditure Category: Emergency Contingent Response Component (CERC) under component 5**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Unchanged</th>
<th>Approved</th>
<th>Disbursement</th>
<th>Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Unchanged</th>
<th>Approved</th>
<th>Disbursement</th>
<th>Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,600,000.00</td>
<td>1,722,056.80</td>
<td>3,600,000.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

**DISBURSEMENT ESTIMATES**

**Change in Disbursement Estimates**

**Yes**
<table>
<thead>
<tr>
<th>Year</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>812,694.76</td>
<td>812,694.76</td>
</tr>
<tr>
<td>2020</td>
<td>2,000,000.00</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>2021</td>
<td>2,000,000.00</td>
<td>2,500,000.00</td>
</tr>
<tr>
<td>2022</td>
<td>3,000,000.00</td>
<td>3,000,000.00</td>
</tr>
<tr>
<td>2023</td>
<td>4,000,000.00</td>
<td>4,000,000.00</td>
</tr>
<tr>
<td>2024</td>
<td>5,000,000.00</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>2025</td>
<td>3,187,305.24</td>
<td>3,187,305.24</td>
</tr>
</tbody>
</table>
The World Bank
Djibouti Integrated Slum Upgrading Project (P162901)

Results framework
COUNTRY: Djibouti
Djibouti Integrated Slum Upgrading Project

Project Development Objectives(s)
The proposed development objective is to (i) improve the living conditions for slum dwellers in selected urban areas and (ii) strengthen the capacity of public institutions in charge of implementing the Zero Slum Program.

Project Development Objective Indicators by Objectives/Outcomes

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>PBC</th>
<th>Baseline</th>
<th>Intermediate Targets</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>People provided with improved urban living conditions (CRI, Number)</td>
<td>0.00</td>
<td>5,000.00</td>
<td>6,000.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>People provided with improved urban living conditions - Female (RMS requirement) (CRI, Number)</td>
<td>0.00</td>
<td></td>
<td></td>
<td>10,200.00</td>
</tr>
<tr>
<td>Refugees provided with improved urban living conditions (CRI, Number)</td>
<td>0.00</td>
<td></td>
<td></td>
<td>1,500.00</td>
</tr>
<tr>
<td>Beneficiaries that feel project investments reflected their needs (Percentage)</td>
<td>0.00</td>
<td></td>
<td></td>
<td>80.00</td>
</tr>
<tr>
<td>Refugee beneficiaries that feel project investments reflected their needs (Percentage)</td>
<td>0.00</td>
<td></td>
<td></td>
<td>80.00</td>
</tr>
<tr>
<td>Indicator Name</td>
<td>PBC</td>
<td>Baseline</td>
<td>Intermediate Targets</td>
<td>End Target</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>-----</td>
<td>----------</td>
<td>----------------------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Host community that feel project investments reflect their needs (Percentage)</td>
<td></td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strengthen the capacity of public institutions in charge of implementing the Zero Slum Program</strong></td>
<td></td>
<td>191.00</td>
<td>250.00</td>
<td>350.00</td>
</tr>
<tr>
<td>ARULOS, DATUH, and the Land Directorate capacities strengthened leading to an increase in land regularization titles (Number)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate Results Indicators by Components</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Support to the elaboration of the ZSP strategic framework and investment plan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slum restructuring studies completed (Number)</td>
<td></td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-year operation plan for slum prevention completed (Number)</td>
<td></td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated Land and Cadastral Information System for Balbala Ancien established and publicly available (Number)</td>
<td></td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator Name</td>
<td>PBC</td>
<td>Baseline</td>
<td>Intermediate Targets</td>
<td>End Target</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>------</td>
<td>----------</td>
<td>----------------------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Time to process a land regularisation request (Months)</td>
<td>8.00</td>
<td>2.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Participatory upgrading investments in selected slums</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads constructed (CRI, Kilometers)</td>
<td>0.00</td>
<td>1.20</td>
<td>5.00</td>
<td>9.00</td>
</tr>
<tr>
<td>People provided with access to improved water sources (CRI, Number)</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People provided with access to improved water sources - Female (RMS requirement) (CRI, Number)</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refugees provided with access to improved water sources (CRI, Number)</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term employment generated under the project investments (person days) (Number)</td>
<td>0.00</td>
<td>10,000.00</td>
<td>25,000.00</td>
<td>45,000.00</td>
</tr>
<tr>
<td>Short term employment generated under the project investments executed by women (Number)</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complaints received via institutionalized GRM channels that are adressed (Percentage)</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator Name</td>
<td>PBC</td>
<td>Baseline</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>-----</td>
<td>----------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>CDF-funded sub-projects implemented (Number)</td>
<td>0.00</td>
<td>10.00</td>
<td>20.00</td>
<td></td>
</tr>
<tr>
<td>CDF sub-projects implemented by women CSOs (Percentage)</td>
<td>0.00</td>
<td>50.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women members of CDF sub-projects selection committee (Percentage)</td>
<td>0.00</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment of socio-economic inclusion and social cohesion of migrants settled in Balbala Ancien done (Yes/No)</td>
<td>No</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Emergency response to COVID-19 and to the November 2019 and April 2020 floods (Action: This Component is New)**

| Number of affected households that benefitted from housing repairs (Number)   | 0.00|        |     |     |     |     | 300.00     |

**Action: This indicator is New**

| Number of COVID-19 sanitation campaigns led in the 13 slums (Number)         | 0.00|        |     |     |     |     | 8.00       |

**Action: This indicator is New**
ANNEX 1: Safeguard Action Plan Restructuring P162901 Djibouti Integrated Slum Upgrading Project

1. **The COVID-19 pandemic is expected to hit Djibouti’s most vulnerable people – many of whom live in the slums of Djibouti-Ville – the hardest.** These slum areas are densely populated with poor housing and an absence of basic services and have faced repeated health outbreaks such as malaria and other vector and water-borne illnesses. The outbreak of COVID-19 aggravates the already harsh conditions in these neighborhoods, which are typically home to very poor households and displaced people (migrants and refugees). The situation is particularly aggravated by the damages caused in Djibouti-Ville by the November 2019 floods and even more recently the April 2020 floods.

2. **November 2019 and April 2020 Floods.** Floods in November 2019 resulted in significant damage to critical infrastructure in Djibouti-Ville in particular, including homes, roads, schools, and shops. According to a joint UN/Government rapid assessment, an estimated 200,000 people were affected in Djibouti-Ville, with the most severe impacts being in some slums of the city. According to a rapid assessment by the World Bank, housing is the sector most affected by the November floods (i.e., 35% of the global reconstruction and recovery needs, with an estimated 1,000 houses in Djibouti-Ville totally damaged, and a further 4,262 houses partially damaged. Housing damages are concentrated in a small number of neighborhoods, especially in lower income and informal areas. The risk of communicable diseases in these areas has also increased due to the damages to sanitation systems and healthcare facilities. The Government declared a state of emergency on November 22, 2019 and activated its emergency plan. In April 2020, heavy rains again hit several parts of the country, particularly Djibouti-Ville, causing flash floods and leading to fatalities and damage. The estimates of the UN Situation Report No. 1 indicate that some 18,000 households (approximately 110,000 persons) were affected across Djibouti-Ville. Several roads have been inundated in the center and huts were damaged in the Balbala suburb. The Bouffard hospital, where the COVID-19 testing facility is located, was also flooded, thereby affecting testing operations. The slums of Balbala have been heavily impacted by the flooding. Moreover, roads, houses, and several public and private infrastructures are also reportedly damaged, including school and health facilities.

3. **Emergency response activities and Locations.** To mitigate the impacts of the two calamities, the proposed restructuring of the Djibouti ISUP aims at helping the Government of Djibouti (GoD) to rapidly respond to the pandemic crisis compounded by the recent floods in the country by reallocating Project resources to a new Emergency response component and by adding another Contingent Emergency Response Component allow for rapid reallocation of project proceeds in the event of any future natural or man-made disaster. Emergency response activities to be funded include: (i) reduction of the threat posed by COVID-19, primarily through preventative measures (such as promotion of distancing,

---

11 This is in line with the key message by UN-Habitat that the informal settlements and slums in cities would be the most impacted neighborhoods by the COVID-19 pandemic (UN-Habitat, Covid-19 Key messages, March 19, 2020).
15 Djibouti Integrated Slum Upgrading Project (PIR– Projet Intégré de Résorption des Bidonvilles)
handwashing, etc), coordination and communication, and small infrastructure and service continuity - such as the identification of and retrofitting of schools and other public assets to allow for the implementation of the virus prevention and mitigation policy, establishing handwashing stations, solid waste pick up and disposal - at the neighborhood level, particularly in the project targeted slums and (ii) in-situ repair and reconstruction of houses partially damaged or completely destroyed by the November 2019 and the April 2020 floods, and associated civil works aimed at repairing other damaged infrastructure, primarily within the project targeted slums and in the most affected areas of Djibouti-Ville, but also elsewhere.

4. The geographic scope of the restructuring project has to extend beyond the 13 slum areas covered by the Zero Slum Program (ZSP), to other impacted neighborhoods in Djibouti-ville, as the social risks for only targeting a handful of neighborhoods could be high. The added CERC component will cover all Djiboutian territory. Djibouti is characterized by a desert climate with sporadic rainfall. Rainfall rarely exceeds 200 mm per year. The rainy season or cool season often covers the period from October to April and the dry season, very hot where temperatures are generally above 40 °C in the day, extends from May to September and weighs heavily on the degradation of the environment. Djibouti city has faced extreme precipitation events these last years with flooding of many areas due to poor functioning of the storm drain drainage system and sewage system specially in the areas localized at the same level as the sea. In addition, the scarcity of water resources and their poor quality particularly in Djibouti city is a severe constraint for the population and its health.

5. Not providing this urgent support would result in significant social impacts, including a sharp increase in seasonal fever outbreaks across Djibouti-ville and the fatality and morbidity rates linked to COVID-19.

6. **Environmental and Social Impacts.** Adverse impacts of the emergency response include but are not limited to health and safety of communities, occupational health, risks and nuisances related to construction and site work (waste management, management of releases, atmospheric emissions, noise), the risk of off-site accidents for the population and the creation of wetlands in case of poor collection of wastewater with the risk of malaria proliferation. Other risks are related to COVID-19 contamination risks, local neighborhood disputes over access to COVID-19 services, land acquisition, local neighborhood disputes over privileges for local neighborhood labor.

7. **Safeguards instruments.** The ESMF of the parent project will be updated to take into consideration the activities to be funded under Component 4 concerning the in-situ repair and reconstruction of housing partially damaged or completely destroyed by the November 2019 and the April 2020 floods and associated civil works aimed at repairing damaged infrastructure covering all the area including project targeted slums and the most affected areas of Djibouti-Ville. Following the scope of rehabilitation/construction works to be implemented, ESIA/ESMP or standalone ESMP will be prepared before any commencement of works. All activities will be carried out in accordance with the environmental and social management plans (ESMP), with the necessary mitigation measures to ensure the safety of personnel and communities and to avoid COVID19 infection or transmission. The ESMPs will cover Occupational Health and Safety Plans in accordance with relevant WHO guidelines and WB guidelines to mitigate the CO19 transmission risks in civil works. The ESMF will also assess the need to prepare a potential RAP for the reconstruction of houses destroyed, should any land acquisition take place. The ESMF will be updated to include the new areas of intervention of the project. The consultations will be carried out remotely, while in person consultations will be carried and in small groups not exceeding five persons, while keeping social distance. The updated ESMF will be consulted and disclosed in-country and at the Bank external website one month after project restructuring.

---

16 Including, but not limited to: water supply systems, reservoirs, canals, transportation systems, energy and power supply, telecommunication.
8. **Roles and responsibilities.** The full-time Environmental and Social focal point in ARULOS designated for the parent project will continue to manage all E & S aspects. This focal point will be assisted by an external consultant on part time basis for safeguard instrument preparation, reporting and supervising.

### Component 4: Emergency response to COVID-19 and to the November 2019 and April 2020 floods

#### OP 4.01: ENVIRONMENTAL ASSESSMENT

<table>
<thead>
<tr>
<th></th>
<th>ENVIRONMENTAL AND SOCIAL ASSESSMENT: The Borrower will update the ESMF and the RPF, consulted upon, cleared by the World Bank and disclosed in-country and at the World Bank. The updated ESMF and RPF will be implemented by ARULOS throughout project implementation.</th>
<th>One month after project restructuring No activities will be undertaken unless the updated ESMF and RPF are in place</th>
<th>Borrower</th>
<th>Throughout project implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>ORGANIZATIONAL STRUCTURE: The Borrower will establish an organizational structure with qualified staff to support the management of E&amp;S risks, including an E&amp;S focal point responsible for the day-to-day implementation of the updated ESMF and updated RPF</td>
<td>Throughout project implementation</td>
<td>Borrower</td>
<td>Throughout project implementation</td>
</tr>
<tr>
<td>1.2</td>
<td>CAPACITY BUILDING PLAN: The Borrower will develop and prepare an Environmental and Social Capacity Building Plan that includes a clear timeline and budget</td>
<td>Throughout project implementation</td>
<td>Borrower</td>
<td>Throughout project implementation</td>
</tr>
<tr>
<td>1.3</td>
<td>GRIEVANCE MECHANISM: The Borrower will establish and operate an accessible grievance mechanism publicly available to receive and facilitate resolution of concerns and grievances in relation to the Project</td>
<td>Throughout project implementation</td>
<td>Borrower</td>
<td>Throughout project implementation</td>
</tr>
<tr>
<td>1.4</td>
<td>REPORTING TO WB: The Borrower will submit semiannual E&amp;S performance reports to the World Bank on the updated ESMF and updated RPF implementation.</td>
<td>Six-monthly throughout Project implementation as part of Project progress reports</td>
<td>Borrower</td>
<td>Throughout project implementation</td>
</tr>
</tbody>
</table>