



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 07-Jun-2024 | Report No: PIDA37662



BASIC INFORMATION

A. Basic Project Data

Country Zambia	Project ID P181711	Project Name Second Additional Financing for Scaling-up Shock Responsive Social Protection Project	Parent Project ID (if any) P179095
Parent Project Name Scaling-up Shock Responsive Social Protection Project	Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 06-Jun-2024	Estimated Board Date 28-Jun-2024
Practice Area (Lead) Social Protection & Jobs	Financing Instrument Investment Project Financing	Borrower(s) Republic of Zambia	Implementing Agency Ministry of Community Development and Social Services (MCDSS)

Proposed Development Objective(s) Parent

To protect poor and vulnerable households' consumption in response to shocks in Zambia

Components

Social Cash Transfer

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	207.19
Total Financing	207.19
of which IBRD/IDA	200.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	200.00
IDA Grant	200.00



Non-World Bank Group Financing

Trust Funds	7.19
Free-standing TFs AFR Human Development	7.19

Environmental and Social Risk Classification

Moderate

B. Introduction and Context

1. **A Second Additional Financing (AF2) for the Scaling-up Shock Responsive Social Protection (SSRSP) Project (P179095) is being proposed to respond to the escalating impacts of the on-going drought in Zambia.**¹ The AF2 will be an International Development Association (IDA) grant in the amount of US\$200 million equivalent and will include a potential grant from the Zambia Girls’ Education and Women’s Empowerment and Livelihoods (GEWEL) Multi-donor Trust Fund (MDTF). The AF2 will combine with a restructuring of the parent project to update the results framework and extend the project closing date.

Country and Sectoral Context

2. **Zambia has experienced significant macroeconomic downturn in recent years, reducing its growth prospects.** In November 2020, Zambia entered a recession, and inflation soared to 27.6 percent in 2021. The country’s gross domestic product (GDP) grew by 6.2 percent in 2021 and 5.2 percent in 2022. For 2024, real GDP growth is now projected at 2.3 percent.² Inflation was at 13.8 percent in April 2024, significantly above the Bank of Zambia’s 6–8 percent target range notwithstanding the relatively tight monetary policy, contributing to escalation in the cost of living.³ In 2024, a major cholera outbreak, followed by the current drought conditions that is impacting agriculture and food production, electricity generation, and water availability, is expected to further dampen growth. However, in a positive turn, the Government of Republic of Zambia (GRZ) successfully undertook a debt restructuring process with its bondholders, a critical step toward fostering sustainable growth and safeguarding the well-being of its citizens. It has also reached an agreement with International Monetary Fund on economic policies and reforms to conclude the third review of the Extended Credit Facility, with commitments by the GRZ to target emergency relief to the most vulnerable, while sustaining fiscal consolidation efforts to restore debt sustainability and curb inflation.⁴

3. **Poverty rates and inequality in the country are high and have increased significantly in recent years.** Following the Coronavirus Disease-2019 (COVID-19) pandemic in 2020, combined with more recent price shocks, the poverty rate is estimated to have returned to 2010 levels of 60 percent in 2022, with 48 percent of the 20 million people experiencing extreme poverty.⁵ About 79 percent of Zambia’s rural population live below the poverty line, stemming largely from low

¹ The Government of Republic of Zambia in a letter dated April 22, 2024 requested for additional financing from the Crisis Response Window to respond to the drought impacts through the Social Cash Transfer program.

² International Monetary Fund. 2024. Press Release No. 24/202.

³ Zambia Statistics Agency (ZAMSTATS). 2024. Volume 253 - The Monthly – April.

⁴ <https://www.imf.org/en/News/Articles/2024/06/03/pr-24202-zambia-imf-reaches-staff-level-agreement-on-the-3rd-review-of-the-ecf>

⁵ ZAMSTAT (Zambian Statistics Agency). 2023. Zambia Living Conditions and Monitoring Survey (LCMS) 2022.



levels of economic growth and agricultural productivity, lack of value addition, and limited employment opportunities. Poverty incidence is also 2.5 times as high in rural areas as in urban, demonstrating spatial divides in prosperity.⁶

4. **Zambia is highly vulnerable to climate and other shocks, further deepening poverty and vulnerabilities.** It is among the countries highest in vulnerability and lowest in climate resilience,⁷ increasingly experiencing more frequent and acute weather events. These changes have a significant negative impact on agriculture—the main source of livelihood for over 60 percent of the population—reducing crop yields and resulting in decreased incomes and food shortages. It is estimated that climate-induced shocks have already cost the country US\$13 billion (equivalent to 0.4 percent loss of annual economic growth) over the past three decades⁸ and that climate change could further reduce Zambia’s GDP by approximately six percent by 2050.⁹ Assessments carried out by the World Bank estimate that about 58 percent of the population would require additional assistance in the event of a shock, rising to 94 percent in rural areas.¹⁰ The poor have limited capacity to cope with these shocks, with women and girls being disproportionately impacted, which can threaten their food security and force them to resort to climate-harmful coping mechanisms.

5. **On February 29, 2024, the GRZ declared a national disaster and emergency in response to the severe drought caused by El Niño and exacerbated by climate change.** Zambia is currently experiencing its driest season in the last 40 years, impacting an estimated 9.8 million people nationally, of which 6.6 million people in 84 of the 116 districts across seven of the 10 provinces are facing severe food insecurity.¹¹ Further, the Integrated Food Security Phase Classification (IPC) Acute Food Insecurity Analysis predicted that approximately 2.04 million Zambians, representing 23 percent of the population, would be experiencing a food crisis or worse (IPC Phase 3 or above).¹² This has been compounded by sustained high inflation, undermining the consumption and food security of the poor and vulnerable. The extreme drought situation will likely also worsen malnutrition given the reduced food security, as well as reverse human capital gains and have enduring impacts on longer term development outcomes.

6. **The GRZ has estimated a financing need of US\$940.6 million to provide life-saving and early recovery assistance to populations in need.** The Government has mobilized resources to cover US\$51.2 million, resulting in a financing gap of US\$889.4 million until April 2025. This estimate covers immediate needs for food assistance; education – particularly for expanding the school feeding program; health; nutrition; water resources; agricultural production; and livestock and wildlife preservation and wellbeing, among others. Additionally, the GRZ has identified a funding requirement of US\$516 million to mitigate the impact on the energy sector.

7. **In response, the GRZ has prepared a multi-sectoral plan to address the 2024 drought impacts, seeking to avert a large-scale crisis.** On April 16, 2024, the President launched a drought response appeal to help fill the estimated critical financing gap noted above. Since then, the United Nations has worked with the Government and cooperating partners to prepare a UN drought response plan, issuing a Drought Response Appeal in May 2024 of over US\$228.3 million for 67 projects in food security; agriculture; health and nutrition; education; water, sanitation, and hygiene; and social protection, with an expectation of mobilizing approximately US\$30 million in response to the Government’s humanitarian appeal. Other cooperating partners are also adjusting their ongoing support to potentially provide

⁶ Ibid.

⁷ Notre Dame Global Adaptation Index (ND-GAIN). <https://gain.nd.edu/our-work/country-index/rankings/>.

⁸ World Bank. 2009. *Managing Water for Sustainable Growth and Poverty Reduction: A Country Water Resources Assistance Strategy for Zambia*.

⁹ Mirzabaev, Alisher, et al. 2023. “Severe Climate Change Risks to Food Security and Nutrition.” *Climate Risk Management*, Volume 39.

¹⁰ World Bank. 2024. *Towards a More Adaptive Social Protection System in Zambia*. Draft.

¹¹ Government of Zambia (2024). *Multi-sectoral Drought Response Appeal*, Office of The Vice President, Disaster Management and Mitigation Unit, March 2024.

¹² IPC Acute Food Insecurity Analysis August 2003 – March 2024, published on November 13, 2023.



additional resources in response to the crisis.

8. **Given the large scale of the drought response and recovery needs, Zambia has requested IDA financing from the CRW as a last resort.** The World Bank envisages preparing an overall response package comprising CRW and other IDA financing to help Zambia respond and recover from the impacts of the on-going drought and increase household and community resilience. This overall package includes (a) realignment of existing programs and projects in the portfolio to support the response to their maximum potential. and (b) proposed CRW allocation of an additional US\$200 million for drought response.

9. **Through the Social Cash Transfer (SCT), the SSRSP is well positioned to support the GRZ's drought response with its proven institutional capacity and delivery systems, directly reaching affected poor and vulnerable households.** The GRZ has recently concluded two targeted shock response interventions under the SSRSP to address negative impacts of high price shocks and food insecurity, namely the Urban Price Shock and the Food Security Shock Response pilots. Both initiatives extended additional support to current SCT beneficiary households in impacted districts by providing them with a time-bound emergency cash 'top-ups' in addition to the regular SCT transfer. The national digital-based SCT payment mechanism, reinforced through the SCT beneficiary management system under the Zambia Integrated Social Protection Information System (ZISPIS), assured rapid delivery and effective and accountable fiduciary management of the emergency cash transfers (ECT). In addition, the GRZ recently completed enumeration of additional drought-impacted households nation-wide for temporary emergency assistance through the SCT program during the drought period. These systems are complemented by strong implementation structures at the local level that support in-depth beneficiary sensitization and mobilization, grievance redress management (GRM), payments verifications, and monitoring of implementation progress, among others. The AF2 will continue supporting the GRZ's shock responsive social protection agenda to mitigate impacts of frequent and acute climate-induced and other shocks and ensure consistent support for the vulnerable in times of emergency.

10. **The SSRSP is complemented by two other on-going IDA-funded social protection projects,** namely the Girls' Education and Women's Empowerment and Livelihoods (GEWEL) project (P151451), and its successor, the Girls' Education and Women's Empowerment and Livelihoods for Human Capital Project¹³ (GEWEL 2, P181391). Taking a cash 'plus' approach, the GEWEL project layers complementary interventions aimed at enhanced education outcomes of vulnerable adolescent girls and livelihoods enhancement of poor rural women over the SCT as the foundational social assistance program. Building on the results achieved and lessons learned from the design and implementation experience of GEWEL, GEWEL 2 aims to promote greater productivity and human capital growth, using a life-cycle approach with a focus on girls' and women's empowerment and serving as an anchor for a more comprehensive multi-sectoral human capital program in the future. IDA support to the social protection sector is complemented by the United Nations Joint Programme on Social Protection, led by the United Nations Children's Fund.

Parent Project Status and Results

11. **The SSRSP, the parent project for the AF2, was approved on June 28, 2022, in the amount of US\$155 million (IDA Credit No. 7186-ZM).** The project is co-financed by a US\$22.62 million grant (Grant No. TF0B8770) from the GEWEL MDTF. It became effective on November 10, 2022, and has a closing date of June 30, 2025. To date, the project has disbursed US\$154.40 million, 99.12 percent of the total financing, with IDA disbursement standing at 99.61 percent and the Trust Fund grant disbursement standing at 96 percent. The first AF for the SSRSP (P181651) in the amount of

¹³ The GEWEL 2 project was recently approved by the World Bank's Board of Executive Directors on March 28, 2024, with an effective deadline of July 29, 2024.



US\$13.38 million entirely from the GEWEL MDTF will be available for disbursement upon signing of the Grant Agreement.

12. **The Project Development Objective (PDO) is to protect poor and vulnerable households' consumption in response to shocks in Zambia.** The SSRSP was instrumental in stabilizing funding for the SCT program during the COVID-19 period when the GRZ faced fiscal challenges in ensuring predictable and reliable cash transfers due to constrained fiscal capacity. It has one component, the SCT component, to cover cash transfers to a little over one million SCT beneficiary households nation-wide. The project is implemented by the Ministry of Community Development and Social Services (MCDSS), in close coordination and collaboration with other government agencies and cooperating partners.

13. **The progress towards the achievement of the PDO is rated satisfactory, and the overall implementation progress is also rated satisfactory.** The SCT generally continues to be delivered on time to a little over 1.31 million households to date, representing 39 percent of the population and 82 percent of the extreme poor,¹⁴ one of the best safety net coverages in the region with strong pro-poor elements. Work on the shock responsive social protection agenda is also on track. The SSRSP has completed a diagnostic of the readiness of national social protection systems for shock response, as well as the SCT Scalability Framework to guide the delivery of emergency assistance. The development of the SCT Standard Operating Procedures (SOPs) to operationalize the SCT Scalability Framework has been finalized and is pending validation. The principles outlined in the SOPs has been piloted through responses to the price and food security shocks in 2024. Efforts are also underway to ensure alignment of the SCT SOPs with the work currently underway by the Ministry of Finance and National Planning on the development of a Disaster Risk Management Plan and Disaster Risk Financing Strategy. Further, a GRZ-Cash Working Group has been established, co-chaired by the MCDSS and Disaster Management and Mitigation Unit, to provide overall policy guidance, technical assistance, and operational and coordination support to cash-based emergency response in the country. Lastly, design preparation of the nutrition messaging pilot to selected SCT households is nearly completed, with the aim of testing information delivery modalities and promoting positive nutrition practices among poor and vulnerable households. Implementation of operational areas of financial management, procurement, and environmental and social risk management are also progressing well. Lastly, all legal covenants have been complied with.

C. Proposed Development Objective(s)

Original PDO

To protect poor and vulnerable households' consumption in response to shocks in Zambia.

Current PDO

Same as the original PDO.

Key Results

- (a) Percentage change in beneficiary household expenditure on food
- (b) Number of people with strengthened food and nutrition security
- (c) Number of people with enhanced resilience to climate risks

D. Project Description

¹⁴ Calculations by the SCT Project Implementation Unit, using the latest available 2022 Living Conditions and Monitoring Survey.



14. **The SSRSP AF2 will scale up Component 1: Social Cash Transfer.** This will enable the SCT to scale up both vertically and horizontally with emergency cash assistance to address the on-going drought effects on poor and vulnerable households that are disproportionately impacted by climate-induced and other shocks. Efforts will also be given to strengthen institutional capacity and social protection delivery systems for more effective and accountable shock response, complemented by on-going Bank-funded social protection projects aimed at greater climate adaptation and resilience.

15. **The PDO, institutional and implementation arrangements, fiduciary, and environmental and social management will remain unchanged.** However, a project restructuring will be undertaken to extend the closing date and update the results framework in line with the new activities proposed under the AF2.

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

Summary of Assessment of Environmental and Social Risks and Impacts

E. Implementation

Institutional and Implementation Arrangements

16. **Governance Structures and Implementation Arrangements.** The SSRSP AF2 project governance structures will remain unchanged. The MCDSS, as the implementing ministry of the SCT program, will also be responsible and accountable for implementation of all SSRSP AF2 activities. At the local level, all established implementation structures in the provinces, districts, and communities will continue to be leveraged for the implementation of the drought response, with transfer of the emergency assistance to beneficiary households to be undertaken utilizing existing and proven delivery mechanisms. Lastly, robust community and stakeholder communication and sensitization will be undertaken and a dedicated grievance redress arrangements for drought response will be established to manage stakeholder risks, avoid confusion and misunderstandings on the ground, and ensure timely management of complaints.

17. **Coordination and Collaborations.** Given the multi-sectoral nature of the drought response, implementation of the AF2 will prioritize close collaboration and coordination with key government institutions and coordination platforms, as well as with relevant United Nations partners, as appropriate, to ensure coherence of cash-based response and in-kind food and other distribution. Established relationships with current bilateral donors that are co-financing the GEWEL and the SSRSP projects will still be maintained, given their expressed interest to supporting the drought response.



CONTACT POINT

World Bank

Nadia Selim
Senior Social Protection Specialist

Lansong Zhang
Social Protection Specialist

Borrower/Client/Recipient

Republic of Zambia
Precious Kasengele
Desk Officer for World Bank, Ministry of Finance and
Precious.Kasengele@mofnp.gov.zm

Implementing Agencies

Ministry of Community Development and Social Services (MCDSS)
Angela Kawandami
Permanent Secretary
Angela.Kawandami@cabinet.gov.zm

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Nadia Selim Lansong Zhang
----------------------	------------------------------



Approved By

Practice Manager/Manager:		
Country Director:	Achim Fock	07-Jun-2024