

Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 25-Apr-2024 | Report No: PIDA37518

BASIC INFORMATION

A. Basic Project Data

Country Zambia	Project ID P181651	Project Name SCALING-UP SHOCK RESPONSIVE SOCIAL PROTECTION PROJECT ADDITIONAL FINANCING	Parent Project ID (if any) P179095
Parent Project Name Scaling-up Shock Responsive Social Protection Project	Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 12-Apr-2024	Estimated Board Date 15-May-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	13.38
Total Financing	13.38
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	13.38
Free-standing TFs AFR Human Development	13.38



Environmental and Social Risk Classification

Moderate

B. Introduction and Context

Introduction

1. The proposed Additional Financing (AF) for the Scaling-up Shock Responsive Social Protection Project (SSRSP, the parent project) is an additional grant in an indicative amount of US\$13.38 million from the Zambia Girls' Education and Women's Empowerment and Livelihoods (GEWEL) Multi-donor Trust Fund (MDTF).¹

Country and Sectoral Context

2. **Zambia's economy has been recovering from the multiple crises of 2020 and 2021, including a protracted debt restructuring process.** The country's gross domestic product (GDP) grew by 6.2 percent in 2021 and 5.2 percent in 2022. Inflation, standing at 13.5 percent in February 2024, is significantly above the Bank of Zambia's 6–8 percent target range, notwithstanding the on-going relatively tight monetary policy, contributing to an escalation in the cost of living.² A major cholera outbreak, followed by drought conditions, is expected to further dampen growth in 2024, impacting agriculture and food production, electricity generation, and water availability. However, in a recent positive turn, Zambia has successfully agreed on a debt restructuring with its bondholders, a critical step toward fostering sustainable growth and safeguarding the well-being of its citizens.

3. **Weak economic performance has reversed income gains and exacerbated already high poverty rates and inequality in the country.** Zambia's strong performance following 2010 led to a reduction in poverty levels from 61 to 54 percent between 2010 and 2015. However, following the Coronavirus Disease-2019 pandemic in 2020, combined with more recent price shocks, the poverty rate has returned to 2010 levels of 60 percent in 2022, with 48 percent of the population experiencing extreme poverty.³ The reversal was concentrated in urban areas, which saw an 8.5 percentage point increase in poverty, reaching 31.9 percent in 2022. Meanwhile, rural poverty remains widespread and stagnant. About 79 percent of Zambia's rural population live below the poverty line,⁴ stemming largely from low levels of economic growth and agricultural productivity, lack of value addition, and limited employment opportunities. The ongoing severe drought threatens to further exacerbate the poverty incidence and worsen food insecurity.

4. **Zambia is highly vulnerable to climate-induced and other shocks, further deepening poverty and vulnerabilities.** It is among the countries highest in vulnerability and lowest in resilience to climate change,⁵ increasingly experiencing more frequent and acute weather events. It is estimated that climate-induced floods and droughts have already cost the

¹ Donors to the GEWEL MDTF include: the United Kingdom Foreign Commonwealth and Development Office; Irish Aid; the German Development Cooperation through the KfW (*Kreditanstalt für Wiederaufbau*); the Swedish International Development Cooperation Agency; and the Swiss Agency for Development and Cooperation.

² Zambia Statistics Agency (ZAMSTATS). 2024. Volume 251 - The Monthly - February.

³ ZAMSTAT. 2023. Zambia Living Conditions and Monitoring Survey (LCMS) 2022.

⁴ Ibid

⁵ Notre Dame Global Adaptation Index (ND-GAIN). <https://gain.nd.edu/our-work/country-index/rankings/>.



country US\$13 billion (equivalent to 0.4 percent loss of annual economic growth) over the past three decades,⁶ and that climate change could further reduce Zambia's GDP by approximately six percent by 2050.⁷ Assessments carried out by the World Bank also 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.⁸ Unfortunately, the poor have limited capacity to cope with these shocks, which can threaten their food security and force them to resort to climate-harmful coping mechanisms, such as cutting down trees to make and sell charcoal to meet basic food and consumption needs.

5. **On February 29, 2024, the Government of Republic of Zambia (GRZ) declared a national disaster and emergency in response to the severe drought caused by El Niño weather conditions and exacerbated by climate change.** The current extremely dry conditions have precipitated the driest season in the last 40 years in many countries in Southern Africa. In Zambia, it has been estimated that food security of some six million people in 84 of the 116 districts is being impacted by the on-going drought. The Integrated Food Security Phase Classification (IPC) Acute Food Insecurity Analysis for Zambia predicted in November 2023 that approximately 2.04 million people, representing 23 percent of the analyzed population, will be experiencing a food crisis or worse (IPC Phase 3)⁹ throughout the first half of 2024, although the situation is anticipated to be far worse. This has been compounded by sustained high inflation, undermining the consumption and food security of the poor and vulnerable. In an urgent effort to avert a humanitarian crisis, the GRZ is allocating resources for emergency relief, with a particular focus on scaling up of social assistance programs and food distribution, among other initiatives. In this regard, the GRZ has expanded the national Social Cash Transfer (SCT) program through a temporary emergency cash transfers to both current beneficiaries, with plans underway to also extend the SCT on a temporary basis to new eligible drought-impacted households.

6. **The SSRSP serves as a useful platform for the GRZ to maintain consistent and effective cash transfers, while retaining the flexibility to scale up vertically and/or horizontally in response to climate and other shocks.** The SSRSP has provided stability in the financing of the social protection sector and has ensured reliable cash transfers to the poorest and most vulnerable through the SCT program, especially during emergencies. Given the challenges of limited fiscal capacity, high inflation, food price volatility, and climate-induced shocks, it is critical to take proactive measures to boost incomes and purchasing power in order to safeguard the consumption of the poor, prevent negative coping strategies, and avoid an irreversible impact on food security and human capital development. These efforts, along with international support, aim to alleviate the current crisis, and build resilience against future climate-related disasters.

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

⁶ World Bank. 2009. Managing Water for Sustainable Growth and Poverty Reduction: A Country Water Resources Assistance Strategy for Zambia.

⁷ Mirzabaev, Alisher, et al. 2023. "Severe Climate Change Risks to Food Security and Nutrition." Climate Risk Management, Volume 39.

⁸ Zambia FinScope 2020.

⁹ IPC Acute Food Insecurity Analysis August 2003 – March 2024, published on November 13, 2023

Same as the parent project

- (a) Increase in beneficiary household expenditure on food (Percentage).
- (b) Increase in number of beneficiary households eating more than one meal per day. (Percentage)

D. Project Description

7. **The SSRSP focuses on stabilizing funding for the Government’s SCT program at a time when the GRZ is facing fiscal challenges and households are facing increasing food prices** due to recent global events and climate-induced shocks. It has one component, the SCT component, to cover cash transfers to a little over one million SCT beneficiary households nation-wide. The SSRSP also provides the flexibility to undertake vertical and/or horizontal expansion of the cash transfers to respond to climate and other shocks, as required. The project is being implemented by the Ministry of Community Development and Social Services (MCDSS), in close coordination and collaboration with other government agencies and cooperating partners, as appropriate.

8. **The AF will increase the grant financing, while also continuing to co-finance the SSRSP with available IDA.** The project’s sole component – SCT – will receive an increase in grant funding to bi-monthly cash transfers to poor and vulnerable on the SCT and to strengthen delivery systems for the program.

9. **The AF is in line with the World Bank’s current Country Partnership Framework (CPF, FY19–23), extended through FY24 in its Performance and Learning Review (PLR), as well as the upcoming CPF (FY25–30) under preparation.** Specifically, the proposed project contributes to “Objective 3: Increased access to health, education and social protection,” as streamlined in the PLR, by protecting the poor and building their resilience to climate and other shocks. This is fully aligned with the upcoming CPF given its focus on climate adaptation for poverty reduction. This AF is also in line with the World Bank’s new mission, focusing on evolution priorities of food and nutrition security and climate change adaptation. Lastly, it is consistent with the World Bank Eastern and Southern Africa priorities in terms of climate change adaptation and building resilience. Further, the AF is aligned with the goals of the Paris Agreement and will contribute to the goals of the country’s Nationally Determined Contribution updated in 2021 by maintaining the national safety net program as a priority to enhance resilience of the poor and vulnerable households.

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

10. **The environmental and social (E&S) risks of the AF remain the same as those of the parent project as moderate.** The E&S assessment confirms that the already existing E&S arrangements being implemented under the MCDSS remain adequate, and there has been a notable improvement in the parent project’s update of E&S instruments, such as the



Stakeholder Engagement Plan and the Environmental and Social management Plan. The new operation will utilize the existing systems and capacity established by the parent project, including specialized E&S staff to adequately manage E&S risks. The existing Project Implementation Unit (PIU) established under SSRSP has had its capacity assessed in terms of its ability to absorb the SSRSP AF and other on-going World Bank-funded social protection projects, namely the existing GEWEL project under safeguards and the Girls' Education and Women's Empowerment and Livelihoods for Human Capital Project under Environmental and Social Framework. Therefore, no additional human resources for the PIU are envisaged under the SSRSP AF, with 2024 considered to be a transition year as the GEWEL project will come to a close in December 2024. The roles of the current Grievance Redress Mechanism and Gender-based Violence Specialists have also been assessed and will continue to be maintained to also include stakeholder engagement.

E. Implementation

Institutional and Implementation Arrangements

11. **The arrangements for institutional and implementation under the parent project will remain unchanged.** The project is coordinated by a Project Steering Committee comprised of the Permanent Secretaries of the MCDSS, Ministry of Education, and the Gender Division under the Office of the President. The MCDSS, as the implementing ministry of the SSRSP, is responsible and accountable for implementation of all SCT activities, with the MCDSS Permanent Secretary serving as the controlling officer. The current SCT PIU under the Department of Social Welfare of the MCDSS provides day to day management of the SCT and will continue to do so under the AF.

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APPROVAL

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