



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 06-May-2021 | Report No: PIDA31870

**BASIC INFORMATION****A. Basic Project Data**

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|--|--|---|---|
| Country Somalia | Project ID P176369 | Project Name Shock Responsive Safety Net for Locust Response Project Additional Financing | Parent Project ID (if any) P174065 |
| Parent Project Name Shock Responsive Safety Net for Locust Response Project | Region AFRICA EAST | Estimated Appraisal Date 28-Apr-2021 | Estimated Board Date 17-Jun-2021 |
| Practice Area (Lead) Social Protection & Jobs | Financing Instrument Investment Project Financing | Borrower(s) Federal Republic of Somalia, Ministry of Finance, Ministry of Labor and Social Affairs | Implementing Agency Ministry of Labor and Social Affairs |

Proposed Development Objective(s) Parent

To protect food security and livelihoods of poor and vulnerable households affected by the locust outbreak.

Proposed Development Objective(s) Additional Financing

To protect food security and livelihoods of poor and vulnerable households affected by the locust outbreak and strengthen social protection systems for preparedness.

Components

Emergency Cash Transfers
Project Management and Monitoring and Evaluation
Household Registration in the Unified Social Registry

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

| | |
|---------------------------|-------|
| Total Project Cost | 75.00 |
| Total Financing | 75.00 |
| of which IBRD/IDA | 75.00 |
| Financing Gap | 0.00 |



DETAILS

World Bank Group Financing

| | |
|---|-------|
| International Development Association (IDA) | 75.00 |
| IDA Grant | 75.00 |

Environmental and Social Risk Classification

Substantial

B. Introduction and Context

1. **This Project Paper seeks the approval of the World Bank’s Board of Executive Directors for an additional financing (AF) in the amount of US\$ 75 million equivalent and a Level II restructuring to the Somalia Shock Responsive Safety Net for Locust Response Project (SNLRP, P174065, Parent Project).** The purpose of the AF will be to scale up emergency cash assistance (SNLRP Component 1) to additional poor and vulnerable households affected by the upsurge of the locust outbreak in recent months. The project will also be restructured to add a new component to strengthen the preparedness of social protection (SP) systems to respond to the impacts of future locust outbreaks and other crises. In line with the increased scope, the Project Development Objective (PDO) and the Results Framework will be revised, and the project closing date will be extended to enable successful achievement of all project activities.

2. **Following the Parent Project, SNLRP AF will be processed as part of the second phase broader regional Emergency Locust Response Program under the Multiphase Programmatic Approach (ELRP MPA, P173702).** The proposed activities and the revised PDO are consistent with the Program Development Objectives of the ELRP MPA as well as with the original PDO of the Parent Project, and are strategically aligned with the National Social Protection Policy (2019) and the FY19-22 Country Partnership Framework (CPF) for Somalia (2018).

MPA Program Context

3. **The ELRP MPA was approved by the World Bank’s Board of Executive Directors on May 20, 2020 “to respond to the threat posed by the locust outbreak and to strengthen systems for preparedness.”** It provides an operational framework for participating countries to respond to the desert locust outbreak through three pillars. The first pillar is “control,” which aims to help affected countries monitor and assess looming locust dangers, control locust population growth, and curb the spread of swarms, while mitigating the risks associated with control measures. The second pillar – “protect and restore” – focuses on moving immediately to improve access to food and basic needs and protect human capital and assets of the vulnerable in the short-term through SP interventions, and secure the means to restore and rehabilitate livelihoods and productive assets in the future through agriculture and livestock interventions. The third pillar is “preparedness,” in recognition of the fact that the current outbreaks are climate-related and are likely to re-occur more frequently with climate change.



Country Context

4. **After decades of conflict and insecurity, Somalia is gradually establishing the foundations for stability and a new political settlement, although uncertainties persist, and progress remains uneven.** The federal system of governance with Federal Member States (FMS) has opened a new chapter for Somalia's development. However, the federation process is complex, representing both a significant development opportunity and uncertainties over representation and power and resource sharing. Further, the recent challenging political dynamics around arrangements for the general elections of 2021 has strained the relationship between the FGS and FMS. Meanwhile, the nature of Somaliland's relationship with Somalia remains unresolved. Moreover, insecurity remains a concern.
5. **Somalia's economy has been adversely impacted by triple crises of floods, locust infestation and the global COVID-19 pandemic.** These concurrent crises have caused an economic contraction of 1.5 per cent in 2020, from an earlier projected growth rate of 3.2 percent. The slower pace of growth in 2019 and contraction in 2020 has pushed more people into poverty, such that the international poverty estimate was 71 percent in 2020, two percentage points higher than the latest actual data from 2017. The economy is showing some signs of recovery in 2021, with growth projected at around 2.9 percent. However, prolonged political challenges may have implications for external grant financing and broader stability.
6. **Somalia is also highly vulnerable to natural disasters, namely repeated cycles of droughts and floods driven by climate change, resulting in protracted humanitarian crisis and high levels of food insecurity.** Since 1960, Somalia has experienced 14 droughts, averaging one every four years. The most recent 2016/17 drought left an estimated 6.7 million people in urgent need of humanitarian assistance. Between 2018 and 2020, Somalia also experienced major flooding, which displaced some 650,000 people in 2020 alone. As a consequence of conflict and climate related disasters, nearly three million people were internally displaced as of October 2020.¹ Thus, the Center for Global Development ranks Somalia as the most vulnerable country to climate change among 167 countries, adjusted for coping capacity.
7. **Wide-spread poverty and vulnerability to covariate (climate, natural disasters and epidemics) and idiosyncratic (injury, death, or unemployment) shocks threaten the well-being of millions of Somalis.** Due to the high levels of poverty, nearly half of the population does not reach average consumption of food items, and fewer women have access to education and social norms constrain their access to jobs and economic opportunities. Almost two thirds of Somali households also report experiencing at least one type of shock in the past 12 months related to fluctuation in climate and its impact on livelihoods and the economy. In addition, one in every five households experienced high food prices and two out of five Somali households experience multiple types of shocks within a year.
8. **Women and girls are disproportionately impacted by multiple crisis and food insecurity, as they face specific socio-economic challenges, and gender-based violence (GBV) remains a perennial threat.** Traditional and religious norms limit women's roles outside the domestic sphere and limit their participation in political and public decision-making forums. Despite their increasing engagement in economic activities, women's involvement in wage labor remains low and concentrated mainly in the informal and agriculture sector. In addition, a 2016 GBV survey² found that 17 percent of women have experienced some form of physical or sexual violence from a non-partner.

¹ See <https://www.worldbank.org/en/news/feature/2020/10/01/reengaging-with-somalia-for-long-lasting-development-outcomes>.

² World Bank, UNICEF and UNFPA. 2016. "Gender-based Violence: Aggregation of Findings from Southern and Central Somalia, Puntland and Somaliland." Washington, DC.



9. **The outbreak of desert locusts in Somalia further risks worsening the humanitarian crisis and food insecurity, threatening human development and gender outcomes.** Small clusters of desert locusts were first detected in December 2019 in northern parts of Somalia. By February 2020, the FGS declared a state of emergency after confirmation of the worst desert locust outbreak in 25 years. Continued breeding of the desert locusts resulted in an upsurge of outbreak, posing an extremely high risk to rural livelihoods across Somalia in 2021. The broad impact of the desert locust infestation across different livelihood zones risks reduced access to food, loss of income, resource-based conflict, increased debt levels, and limited migration options. The poor are particularly vulnerable to crisis-induced livelihood loss and income shocks from locust damage, as they are the least able to save and smooth consumption in the face of crisis
10. **The already critical vulnerability context has been compounded by the COVID-19 pandemic.** Nearly 80 percent of households experienced some reduction in wage income and 40 percent reported a significant drop in remittances. In addition, anticipated food shortages and tightening of food markets due to the COVID-19 pandemic is amplifying food insecurity and fragility, further precipitating population displacement and localized conflict.

Sectoral and Institutional Context

11. **Somalia is gradually establishing the building blocks of a shock responsive safety net system through its first national safety net program, Baxnaano.** The World Bank is supporting the Government's efforts under the Baxnaano through the Shock Responsive Safety Net for Human Capital Project (SNHCP, P171346). The SNHCP aims to provide cash transfers to targeted poor and vulnerable households and develop the delivery systems and build institutional capacity. It comprises of three components, to be implemented over a three-year period. These include: (i) Nutrition-linked Unconditional Cash Transfers; (ii) Delivery Systems and Institutional Capacity; and (iii) Project Management, Monitoring and Evaluation, and Knowledge Management. The project reaches 200,000 chronically poor and vulnerable households (approximately 1.2 million individuals) with children under five years of age in 21 districts across Somalia. The SNHCP is being implemented by the Ministry of Labor and Social Affairs (MoLSA), in partnership with the World Food Programme (WFP) and the United Nations Children's Fund (UNICEF) for the implementation of Components 1 and 2, respectively.
12. **Prior to the establishment of the Baxnaano, Somalis relied mainly on traditional systems and humanitarian assistance in times of shock.** Traditional and informal kinship-based systems however exclude minority clans and the most vulnerable groups. Remittances also represent an important component of income for poor households, but they are concentrated within particular groups and have been declining in recent months due to the COVID-19. Consequently, humanitarian and development agencies stepped in to deliver urgent humanitarian aid and short-term social and livelihood assistance. These however fall short in providing predictable, reliable, and scalable safety nets to address vulnerabilities and strengthen resilience over time. Further, humanitarian programs do not support national government-led service delivery systems.
13. **Recently, there has been a growing recognition among international partners on the need to support a government-led shock responsive safety net and enhance coordination with humanitarian assistance in times of emergencies.** Consequently, along with other donors, the World Bank is supporting the Government's sector strategies and instituting oversight and coordination mechanisms to guide SP in Somalia. The national Social Protection Policy³ and the Five-Year Implementation Plan, endorsed in September 2019 and November 2020, respectively, provide the strategic agenda and roadmap to realize the Government's vision for the SP sector, including rapid response to shocks through safety net. A Social Protection Steering Committee and a Government-Donor Social Protection Working Group have been

³ The SP Policy development was led by MoLSA with technical assistance from UNICEF, WFP and UN Food and Agriculture Organization, funded by the Italian Cooperation.



established by the Government to support strategic policy guidance and coordination and collaboration of SP efforts, supported by the SNHCP.

14. **The World Bank-funded SNLRP operationalizes the shock responsive aspect of the Baxnaano, through rapid scale up of coverage to support vulnerable households affected by the desert locust outbreak.** Specifically, the project aims to protect locust affected poor households falling into deeper food insecurity, as well as to prevent the sale/loss of their productive assets, through the provision of cash transfers. Support is provided across Somalia, with a primary focus on rural districts with severe locust infestation. In doing so, it helps to address impacts of a climate-induced natural disaster that could potentially serve as a driver of fragility by enabling households to mitigate and withstand the impact on income and food security throughout its duration.

15. **A central aspect of the shock responsive safety net system is the readily available database of the poor and vulnerable, supported by a Unified Social Registry (USR).** The USR, currently under development with good progress supported by SNHCP, is a platform for collecting wide ranging socioeconomic and demographic data on households to establish vulnerability profiles and enable identification and potential eligibility for safety net and other social services and benefits. Once completed, the USR will support responsive targeting for a variety of shocks, including locust outbreaks and other climate induced natural disasters, and enhance coordination among different programs.

16. **Efforts under the SNLRP is complemented by the on-going Somalia Crisis Recovery Project; together both projects support all three pillars of the MPA.** The SCRP supports the MPA objectives to (a) control the desert locust population and undertake related impact assessment and surveillance activities; (b) restore farmers' livelihoods after control efforts have stabilized the situation; and (c) develop a local locust early warning and control system, and capacity building activities. While the SCRP largely concentrates on control, restoration and prevention measures, the SNLRP focuses on addressing the negative immediate impact of the locust infestation on poor and vulnerable households through emergency cash transfers (ECTs).

Parent Project Status and Results

17. **The SNLRP aims “to protect food security and livelihoods of poor and vulnerable households affected by the locust outbreak” through the provision of emergency cash assistance.** The project has a total of US\$ 40 million equivalent, and is comprised of two components, to be implemented over a two-year period. These include: (i) Component 1: Emergency Cash Transfers; and (ii) Component 2: Project Management and Monitoring and Evaluation. It is implemented by MoLSA, in partnership with WFP to support the implementation of Component 1.

18. **Since Effectiveness, the SNLRP has achieved significant results and “Progress Towards Achievement of PDO” and the “Overall Implementation Progress” have been rated Satisfactory.** The Standard Output Agreement between the Government and WFP has been signed and the delivery of cash transfers has started. MoLSA has also onboarded the third-party monitoring (TPM) firm to provide robust monitoring of the emergency cash distribution. Village selection has also been completed and endorsed by state-level counterparts of MoLSA and local authorities. The SNLRP caseload has been slightly increased to 100,950 households, from a planned 100,000 households to respond to an increasing demand. Despite the challenges posed by the COVID-19 pandemic and complex political context, 60,000 households have been successfully enrolled in the project and have received their full entitlement, with the remaining caseload to be progressively being registered and enrolled. As such, the full caseload is expected to be reached by June 2021.



19. **The project financial management (FM) arrangements are deemed to be adequate and no major FM issues have been reported.** As of April 2021, total disbursement stands at US\$ 39 million (93 percent)⁴ of the total IDA grant. It is expected that the project's funds will be disbursed fully by June 2021 following the last tranche of cash payments to the remaining beneficiary caseload, demonstrating that project spending across the components has progressed well. The Unaudited Interim Financial Reports continue to be prepared and submitted to the World Bank on time, and the audit for the financial year ending December 2020 is underway. The FM rating is therefore Satisfactory.

20. **The project also continues to perform well on procurement without major issues.** As the project is being implemented using the systems and procedures established by the Baxnaano, procurement under the SNLRP has been minimal, with key procurement being the engagement of WFP for the delivery of cash transfers and the TPM agency to support robust M&E of the project. These have progressed without any key challenges. The Procurement rating is therefore Satisfactory.

21. **The project continues to perform well on environmental and social (E&S) safeguards with a functioning Grievance Redress Mechanism (GRM).** All social risk management plans for the Parent Project have been prepared and cleared for implementation. A GRM/Social Risk Management Specialist and a Labor GRM Officer have been recruited by the PIU, with augmented capacity from WFP and UNICEF. The GRM is accessible and operational, and no severe incident has been reported to date, including GBV and occupational health and safety incidents. Important progress continues to be made in addressing keys risks of sexual exploitation and abuse, sexual harassment and other forms of GBV.

22. **Lastly, SNLRP implementation is following the COVID-19 adaptation plan developed under the Baxnaano to mitigate the contagion risk due to project activities.** The plan is guided by established and evolving protocols developed by FGS and the UN agencies, particularly the World Health Organization.

Rationale for Additional Financing

23. **Continued breeding by the desert locusts have resulted in an upsurge of outbreak in Somalia, deepening vulnerabilities of affected poor households.** To date, a total of 64 districts across Somalia have been identified as severely impacted during the first and second wave of the on-going desert locust invasion, causing significant damage to 2020 cereal crop cultivation and harvest across the country despite ongoing control efforts.

24. **The locust outbreak is expected to worsen an already dire food insecurity and humanitarian context that has limited institutional capacity to effectively respond without international support.** Due to climate induced natural disasters such as the on-going locust invasion, recent floods and anticipated drought conditions throughout 2021, it is estimated⁵ that the total number of people facing acute food insecurity between April and June 2021 will reach 5.6 million across Somalia, of which 2.7 million people will face IPC 3 and worse levels of food insecurity. An additional 2.9 million people will be in IPC 2 level and will be in need of livelihood/income support to protect them from falling into IPC 3+ phases. Moreover, approximately 840,000 children under the age of five years will likely be acutely malnourished, including nearly 143,000 who are likely to be severely malnourished. The combined shocks and vulnerabilities of the multiple crises have severely impacted access to livelihoods and income generating activities across Somalia and placed additional pressures on poor households trying to meet basic needs, who tend to adopt negative coping mechanisms at times of crisis.

⁴ The project has gained an additional US\$ 2 million from the US\$ exchange rate against the Special Drawing Rights in which the original Loan was approved by the World Bank's Board of Executive Directors.

⁵ <https://reliefweb.int/report/somalia/somalia-ipc-acute-food-insecurity-and-acute-malnutrition-analysis-january-june>



25. **In response, the international community has stepped in to provide urgent support to the most food insecurity population, although significant funding gaps remain.** Between July and December 2020, humanitarian food assistance reached between 1.6 million to 1.9 million people per month among the IPC 3 + cases. Additionally, a European Union-funded urban safety net intervention in Mogadishu implemented by WFP reached 125,000 people. The Government, through the Baxnaano, also supported 440,900 food insecure people in rural areas. Of 2.7 million people projected to face IPC 3+ food insecurity between April and June 2021, humanitarian funding committed to date is expected to cover around 1.7 million people (until June 2021), of which 1.3 million will be reached by WFP. As such, significant funding gaps remain, especially for the protection of households in IPC 2 phase and in rural areas. The proposed AF will reduce this gap by almost 1 million people.

26. **A key weakness in the existing social protection system that complicated the rapid delivery of assistance during emergencies is the absence of a national database of the poorest and most vulnerable households.** The delivery systems and procedures of the Baxnaano have been central in enabling the locust response and operationalizing the shock responsive aspect of the Government's national safety net program. However, due to the lack of a comprehensive national database of the poor and vulnerable households, critical time and effort was required to undertake robust identification, registration, and enrolment of eligible households for the emergency cash assistance, thereby slowing down the speed of the delivery of cash. As such, supporting the functionality of such a database under the USR through the proposed AF will ensure more rapid delivery of emergency responses, including to locust impacts, in the future. International experience (including during the COVID-19 crisis) has also demonstrated the critical enabling role of an existing database of the poor for rapid response to crisis.

27. **Continued government-led cash transfer delivery for emergency response will be critical in the coming months to support citizen confidence in institutions given the recent political uncertainties.** Scaling up the coverage of emergency cash transfers to the poorest and most vulnerable segment of the Somali society impacted by the locust outbreak will signal the government's continued commitment to protecting the livelihood of its poor and vulnerable people despite the on-going political uncertainty. The partnership with WFP for the delivery of cash transfers directly to beneficiaries provides an important mitigation measure against any potential political interference and/or security risks in such fragile political and security context.

Relevance to Higher Level Objectives

28. **The proposed AF contributes to the FGS' strategy to fight poverty and promote resilience, and also aligns well with the World Bank Group's commitment to reduce extreme poverty and promote shared prosperity.** The proposed AF supports the objectives of the Ninth National Development Plan for 2020-2024 (NDP 9) focusing on building human capital and increasing resilience to shocks. It is also well aligned with the World Bank Group's FY19-22 Country Partnership Framework for Somalia, which highlights a scalable and reliable safety net system as a key contributor to improve delivery systems for inclusive social services. The project is also in line with the World Bank's Africa Regional Strategy (2019) and Strategy for Countries affected by Fragility, Conflict, and Violence (2020), which emphasize the need for partnerships with the UN in fragile situations. Lastly, the proposed SNLRP AF will strengthen the humanitarian-development nexus by strengthening the preparedness of SP systems for rapid identification and targeting of households affected by future emergencies such as locust outbreaks and/or other crises.



C. Proposed Development Objective(s)

Overview

29. **The proposed SNLRP AF will broaden the scope of the project**, as it will (i) scale up ECTs to additional eligible households, under Component 1: Emergency Cash Transfers;; (ii) increase funding allocation to Component 2: Project Management and Monitoring and Evaluation, to accommodate monitoring of additional households and increased project management responsibilities; and (iii) add a new Component 3: Household Registration in the USR, which relates also to the new PDO dimension, per below.

Project Development Objective

30. **The proposed SNLRP AF will revise the Parent Project PDO “to protect food security and livelihoods of poor and vulnerable households affected by the locust outbreak and strengthen social protection systems for preparedness.”** The updated PDO will include an objective to strengthen SP systems for preparedness, reflecting the objective of the new component. This will also bring the SNLRP closer to the ELRP MPA PDO, which aims “to respond to the threat posed by the locust outbreak and to strengthen systems for preparedness.”

Key Indicators and Results

31. The following indicators and the Results Framework will be updated to reflect the increased scope of the project under the AF:

- (i) Beneficiaries of social safety net (CRI, Number): the end target will be increased to include the additional individuals that will be supported under the AF. The target for the sub-PDO indicator, Beneficiaries of social safety net programs - Female (Number) will commensurately be increased.
- (ii) A new PDO Level Indicator, Households registered in the USR (Number) will be added to measure the new PDO dimension, i.e. system preparedness, in terms of implementation progress of the new Component 3.
- (iii) The target for the Intermediate Level Indicator under Component 1: Emergency Cash Transfer on Beneficiary Households of ECT (Number) will be increased.

D. Project Description

32. **The proposed Additional Financing and Level II restructuring to the SNLRP will scale up of cash assistance to additional locust-affected poor and vulnerable households and support enhanced “preparedness” of SP systems to respond to impacts of future locust outbreaks and other crises.** Specifically, the SNLRP AF will scale up ECTs (Component 1) to additional poor and vulnerable households across Somalia recently impacted by the locust infestation upsurge. It will also add a new Component 3 to collect household registration data from poor and vulnerable households for USR intake registration to, thereby to expand the coverage of the national database of the poor and vulnerable, thereby strengthening “preparedness” of shock-responsive SP systems to rapidly identify households impacted by future locust outbreaks and other climate-induced crises. In line with these changes, the PDO and the Results Framework will be updated, and the project closing date will be extended. The implementation arrangements will remain the same as per the Parent Project. Given the additional scope of activities, funding allocation for all the components will also be increased.



33. **Component 1: Emergency Cash Transfers.** This Component will increase the ECTs to additional rural households whose livelihoods have been affected by the locust infestation and who were not ECT recipients of the Parent Project. The SNLRP AF beneficiaries will receive the same benefit amount that has already been established under the Parent Project. In line with the Parent Project, the new ECT beneficiaries will be selected among the poor and vulnerable households residing in locust impacted districts, with the direct recipient to be females, to the extent possible.

34. **Component 2: Project Management and Monitoring and Evaluation (M&E).** This component will continue to support the overall project management, administration, M&E and local level coordination by the well-staffed PIU of the SNHCP/Baxnaano, housed within MoLSA. Funding allocation to this component will be increased to accommodate for growing tasks related to project management and M&E activities, including the expansion of the scope of TPM, given the scaling up of ECTs and addition of new Component 3.

35. **Component 3: Household Registration in the Unified Social Registry.** This new component will collect household socioeconomic data of beneficiary households covered by SNHCP and SNLRP to include in the USR, that is currently under development under the SNHCP. The objective will be to populate the USR’s database as a way to strengthen the SP systems’ preparedness to respond to impacts of future locust outbreaks and other shocks and emergencies, which is directly linked to the number of households contained in the USR database that can be promptly identified and categorized for safety net assistance during an emergency such as future locust outbreaks. This will also help to improve the coordination across response interventions including humanitarian assistance. Expansion of the household registration in the USR will support a strong foundation upon which a comprehensive national database of the poor and vulnerable can be built.

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

36. **While the environmental and social risks of the proposed activities under the AF are Substantial, established mitigation measures under the Parent Project mean that the impacts are expected to be minimal.** Potential social risks and impacts are identified as: (a) exclusion of the target population; (b) selection bias and elite capture; (c) security and political fragility; (d) gender discrimination and marginalization; and (f) data security breach. Thus, the risk mitigation measures of the Parent Project will apply to the proposed AF. These includes the core social risk management instruments currently under implementation, namely the Social Management Plan, GBV Action Plan, Security Management Plan, and Labor Management Procedures. The Environmental and Social Review Summary has been updated to detail the social risk mitigation measures to be adopted by the AF, including environmental and social performance of the parent projects and lessons learnt, and has been disclosed in-country on May 3, 2021 and on the World Bank external website on May 6, 2021. The Stakeholders Engagement Plan and the Environmental and Social



Commitment Plan has also been updated and disclosed in-country on May 3, 2021 and on the World Bank external website on May 6, 2021.

37. **The SNLRP AF will continue to use the GRM that has been established under the SNHCP and adopted by the parent SNLRP.** Following the SNHCP, the SNLRP has adopted WFP systems and procedures for cash transfers, while the Government establishes a national GRM under the Baxnaano. WFP's GRM operates at the local level, with a 360-degree monitoring and reporting process in place. In addition, MoLSA PIU's dedicated GRM/Social Risk Management (SRM) Specialist and Labor GRM Specialist will support project specific GRM activities under the SNLRP AF. The overwhelming majority of GRM cases to date have been from people seeking additional project related information and clarification. In the event of reports of conflict of interest, abuse of power, or harassment by project staff, cases will be escalated through the GRM/SRM Specialist, as is the norm under the SNLRP. Reports of sexual exploitation and harassment will be referred to WFP. As part of the communication plan, the GRM will be widely publicized, so that potential users are aware of its existence and familiar with the process for submitting grievances.

E. Implementation

Institutional and Implementation Arrangements

38. **Project Implementation, including M&E arrangements, of the AF will remain the same as the Parent Project.** The MoLSA, supported by the PIU, will continue to be responsible for overall project implementation and oversight, as well as for compliance with fiduciary and safeguards requirements and reporting of the proposed AF. The ECTs will continue to be delivered using the existing delivery system and procedures of the Baxnaano. WFP will continue delivering the ECT payments through a mobile based platform using existing and successful partnerships with local telecommunication providers established under the Baxnaano and utilized by the Parent Project. Opportunities for partnerships with other development partners will also continue to be explored under the SNLRP AF.

Risks

39. **The overall risk rating for this operation is Substantial.** The risk rating remains the same as the Parent Project's risk rating. Somalia's FCV country context with fluid political context and on-going insecurity, compounded by lack of government presence in parts of the country, mean that Political and Governance risks remain High. Similarly, Fiduciary risks also continue to be High, as country's public FM and procurement legal frameworks are still weak, fragmented, and inadequate. This is compounded by the World Bank's limited access to the project sites, an emerging and weakly regulated banking sector, and inadequate institutional and human capital capacities. On the other hand, Macroeconomics; Environment and Social; and Security risks are rated Substantial, while Sector Strategies and Policies; Technical Design of Project; Institutional Capacity for Implementation and Sustainability. and Stakeholders risks are rated Moderate. Complex relationship between the FGS, FMS and Somaliland, the on-going political deadlock, and significant capacity constraints at all levels of government pose substantial risks to ensuring full ownership and leadership of the project, and complicate efforts to reach agreements on institutional and governance arrangements. Potential lack of access to target communities due to increased insecurity resulting from the political crisis may also become an implementation challenge. However, while the institutional capacity of MoLSA is limited, it is growing rapidly through the support provided by the World Bank-funded projects. All existing mitigation measures identified under the SNLRP to these risks and challenges will continue to be implemented under the AF. Moreover, new mitigation measures to emerging risks will also be identified and implemented, as appropriate.



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APPROVAL

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