



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 25-May-2022 | Report No: PIDA34202



BASIC INFORMATION

A. Basic Project Data

Country Zambia	Project ID P179095	Project Name Scaling up Shock Responsive Social Protection	Parent Project ID (if any)
Region Eastern and Southern Africa	Estimated Appraisal Date 25-May-2022	Estimated Board Date 28-Jun-2022	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)

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

Components

Social Cash Transfer

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	121.93
Total Financing	121.93
of which IBRD/IDA	94.00
Financing Gap	0.00

DETAILS

World Bank Group Financing



International Development Association (IDA)	94.00
IDA Credit	94.00

Non-World Bank Group Financing

Other Sources	27.93
IRELAND, Govt. of	2.13
UK, Govt. of	3.70
GERMANY: KREDITANSTALT FUR WIEDERAUFBAU (KFW)	16.00
SWEDEN: Swedish Intl. Dev. Cooperation Agency (SIDA)	4.10
SWITZERLAND: Swiss Agency for Dev. & Coop. (SDC)	2.00

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. **Zambia’s Gross Domestic Product (GDP) growth has fluctuated over the last decade due to shocks.** In 2011, Zambia regained middle income country status, driven by a decade of strong GDP growth averaging 7.4 percent between 2004 and 2014.¹ While GDP growth was at a strong 10.3 percent² in 2010, shocks including sharp declines in copper prices, and El-Nino related rainfall patterns slowed economic growth from 2015 to 2019. Most recently, the global and local economic fallout of the COVID-19 pandemic contributed to a recession of 2.8 percent in the Zambian economy in 2020. The economy is returning to positive growth, following the global easing of COVID-19 restrictions, market confidence as a result of the recent national election, better rainfall and positive copper price outlooks. The GDP growth rate was 4.3 percent in 2021 and a projected 3.1 percent in 2022. However, delays in Zambia’s debt restructuring process and rising global oil and fertilizer prices due to the Russia-Ukraine war continue to pose risks to economic recovery.³

2. **Economic growth has not historically been pro-poor, leading to a stubbornly high poverty rate and regional disparities, which worsened after the outbreak of COVID-19.** Zambia has had high levels of poverty as well as inequality, with the national poverty rate having remained stagnant at 54 percent between 2010 and

¹ Zambia Country Partnership Framework, FY19-23. World Bank.

² World Economic Outlook Indicators. IMF. April 2022.

³ Macro Poverty Outlook, Zambia. World Bank. April 2022.



2015.⁴ World Bank simulations suggest that the poverty rate increased to 56 percent by 2019 since growth was not pro-poor, regional disparities persisted, and the agricultural sector performed poorly. Following the COVID-19 shocks in 2020, poverty increased to 57.6 percent in 2020, according to the national poverty line or nearly 60 percent as per the international poverty line.⁵ Poverty incidence is twice as high in rural areas as urban, driven by an urban-rural divide as well as spatial divides in prosperity between Lusaka and the Copperbelt, and the rest of the country.⁶ However, urban poverty though less than rural, is still very high. As of 2015, about 1 in 4 urban Zambians were poor, while in rural Zambia 4 in 5 people were poor as per the international poverty line.⁷

3. Consumption and food security of the poor is threatened by high inflation, rising fuel and fertilizer prices in the country, and global increases in food prices. Inflation in Zambia has spiked in recent years, going from 9.2 percent in 2019 to 21 percent in 2021. It is projected to be 16 percent for the year of 2022 as per latest estimates. The Russia-Ukraine war is resulting in supply shortages that are pushing up food prices –the World Bank’s food price index reached an all-time high, rising 11.5 percent in March 2022, a year-on-year increase of 37 percent⁸. While Zambia is self-sufficient in wheat and maize, the price of fuel and fertilizers is rising sharply, particularly in the context of subsidy reforms that the country is undertaking. World Bank simulations estimate a reduction of household welfare due to the indirect effect of fuel and fertilizer price increases on food prices, particularly among poor urban and rural households.⁹ Increased fertilizer prices are also likely to reduce application of fertilizers, particularly by the poor, reducing agricultural yields and increasing food insecurity.

4. At the same time, large public debt threatens the government’s fiscal space to respond with consumption boosting measures for the poor. Zambia’s growth model has been public-investment heavy, relying on debt financing which did not deliver sustained poverty reduction and sufficient growth to recover debt. Zambia’s public debt position has worsened consistently over the last few years, rising from 61 percent of GDP in 2015 to 138 percent in 2020, slightly dropping to 121 percent in 2021.¹⁰ The COVID-19 pandemic considerably worsened Zambia’s macroeconomic imbalances and Zambia became the first Sub-Saharan African country to default on the Eurobonds in the midst of the COVID-19 crisis in 2020. While the newly-elected government is committed to undertaking macroeconomic reforms to make debt sustainable, debt restructuring efforts with Zambia’s creditors have not yet concluded and the government’s fiscal space is extremely strained. Therefore, the government’s ability to finance and scale up safety nets transfer payments to the poorest is constrained in the immediate term.

Sectoral and Institutional Context

5. There is a strong policy environment and commitment level to social protection in Zambia. The National Social Protection Policy 2014-2018 (NSPP) provides a broad framework within which social assistance programs operate, highlighting the objectives of reducing poverty, boosting food security, and building human capital. In 2019, the Integrated Framework of Basic Social Protection Programs (IFBSP) built on existing social protection policy to move the sector: (a) in the direction of layering a floor (basic social assistance) together with ladder

⁴ Poverty and Equity Brief for Zambia. World Bank. April 2020.

⁵ COVID-19, Poverty, and Social Safety Net Response in Zambia. World Bank. 2021.

⁶ Zambia Systematic Country Diagnostic. World Bank. 2018.

⁷ Poverty and Equity Brief for Zambia. World Bank. April 2020.

⁸ <https://www.worldbank.org/en/news/speech/2022/04/19/remarks-by-world-bank-group-president-david-malpass-to-the-u-s-treasury-s-event-on-tackling-food-insecurity-the-challeng>

⁹ Poverty and Social Impact Assessment of Potential Fuel Price Subsidy Reform in Zambia, draft version

¹⁰ World Economic Outlook Database. IMF. April 2022.



programming (livelihoods and empowerment) to achieve greater impact; and (b) from programming in silos to a more complementary and comprehensive approach to reducing extreme poverty and promoting human capital development. The foundation of this “cash plus” approach is the Social Cash Transfer (SCT), which provides regular cash transfers to smooth the consumption of extremely poor and vulnerable households and enables them to make human capital and livelihoods investments through layered empowerment interventions. NSPP, in fact, sets forth concrete targets to scale-up the SCT program to all districts nationally by 2016—a target that the government managed to achieve by 2017. The Seventh National Development Plan (7NDP) reinforced the NSPP with targets to increase social assistance coverage from 40 percent to 70 percent of the poor, and spending from 0.7 percent to 1.7 percent of GDP. The forthcoming Eighth National Development Plan (8NDP) for 2022-2026 further outlines social protection and human development as one of the four key pillars of government’s development strategy.

6. **Zambia’s safety nets are critical to protect the poor from the effects of multiple crises and the expected food price shock.** The government recognizes the role of social safety nets in protecting the poorest and most vulnerable against consumption shocks. In response to the COVID-19 shocks, the government doubled its budgetary allocations to the SCT program to 0.63 percent of GDP equivalent in 2022. World Bank simulations suggest that the scale up in SCT program coverage and increased transfer value in 2021, which government undertook with the support of the World Bank, are estimated to have reduced poverty in Zambia by over 6 percentage points¹¹. In addition, SCT cash transfers form the base for layering on ‘accompanying measures’ focused on economic inclusion, human capital and climate adaptation, which are a key policy tool to help diversify livelihoods to increase resilience to climate shocks.¹²

7. **The World Bank has increased its investment in the social protection sector in Zambia in a major way in recent years, resulting in a large scale up of support to the poorest and most vulnerable.** The Bank’s current lending operation in the social protection sector in Zambia is the Girls Education and Women’s Empowerment and Livelihoods (GEWEL) project (P151451). GEWEL is a cash plus social protection program that supports the poorest families in Zambia with cash transfers and layers additional interventions to empower girls from those families to complete their secondary education, and support women in starting their own small businesses. It has four main sub-components: (1) Supporting Women’s Livelihoods (SWL); (2a) Keeping Girls in School (KGS); (2b) Social Cash Transfer (SCT); and (3) Institutional Strengthening and System Building. GEWEL is a multi-donor funded, government implemented project, which has scaled up significantly and has pooled resources to the social protection sector through a Bank administered Multi-Donor Trust Fund (MDTF). The IDA-funded parent project of US\$65 million became effective in April 2016. Two Additional Financings have since been processed in 2020 and 2021, increasing the total amounts to US\$312 million IDA and US\$36 million Swedish International Development Agency (SIDA), Foreign and Commonwealth Development Office (FCDO) and Irish Aid Recipient Executed grants through the MDTF.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

¹¹ Zambia - Social Protection and Jobs Public Expenditure Review 2021 (English). Washington, D.C.: World Bank Group.

¹² Bodewig, Christian and Stéphane Hallegatte. July 2020. *Building Back Better after COVID-19: How social protection can help countries prepare for the impacts of climate change*. World Bank Blogs



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

Key Results

The PDO will be measured by the following indicators:

Percentage change in beneficiary household expenditure on food. This indicator aims to measure the percentage increase in target household average expenditure on food compared to a control group. The indicator also provides information on whether household consumption and expenditure are protected during shocks compared to non-beneficiaries.

Percentage change in number of beneficiary households eating more than one meal per day. This indicator measures the percentage increase in average target households eating more than one meal per day compared to a control group. Again, this indicator will provide information whether household consumption was sustained during shocks.

D. Project Description

The emergency project will have one component as outlined below.

Component 1: Social Cash Transfer (SCT) – US\$94 million IDA equivalent and US\$37 million equivalent co-financing from bilateral partners

8. **This component will finance bi-monthly cash transfers to poor and vulnerable households on the SCT.** SCT currently provides a bi-monthly transfer of ZMW 400 (US\$24 equivalent, or US\$12 monthly) for an average household and double this amount for households with a disabled person. Beneficiaries are selected through categorical as well as poverty targeting to identify people that are poor and also are not able to work for reasons of age, disability, illness, or high dependency ratios. SCT also provides an education grant to households that have one or more KGS girls through the existing SCT payment system. This is to support households to cover other costs involved in adolescent girls attending school such as uniforms, books, food, and transport, among others. The value of the education grant is currently ZMW600 (around US\$35) per girl per year. This represents 25 percent of the annual cash transfer value for the average household or 12.5 percent of the annual cash transfer for households with a disabled member.

9. **To support government ensure stable financing to the SCT, the component, together with funding under GEWEL, will provide financing to cover SCT transfers to the caseload of almost 1 million beneficiaries for one year across Zambia's 116 districts.** This will stabilize financing to the social protection sector and ensure that poor and vulnerable people are protected at a time when government is facing economic and fiscal challenges. Together with the existing financing already available under GEWEL, this project would enable the World Bank to fully finance the SCT for the coming one year, including an adjustment for inflation or limited vertical scale up in response to shocks. Any funds not utilized in the first year will be utilized as a contribution to SCT in the following year. This would stabilize the financing to the sector while government improves its



fiscal position and reduces the chances of volatile transfers to beneficiaries as per the situation in 2019 and 2020.

10. The component will also finance a contingency budget for pre-positioning of funds for shock response through SCT. Building on UNICEF and the Bank’s current technical assistance in the area of shock responsiveness, government will develop detailed Standard Operating Procedures (SOPs) for SCT led-shock response for future shocks including droughts and other climate-related shocks. One potential measure which would be financed through the SCT annual work plan and budget would be to preposition contingency financing for shocks at HQ or district level for faster SCT response during emergencies with pre-defined triggers. UNICEF is currently undertaking a process evaluation of the UN-led drought and COVID-19 Emergency Cash Transfer (ECT) response in collaboration with government and had also previously developed guidelines for the ECT implementation which will be useful for SCT to learn lessons from and build on. The World Bank is also providing Bank Executed technical assistance through the MDTF to government to undertake an assessment of strengths and gaps of the social protection system in Zambia to be able to respond to shocks, which will culminate in the development of the detailed SOPs. The project will respond to the potential food price shock by temporarily increasing the cash transfer value if/as required (shock-responsive, temporary vertical expansion). The project may also respond to future shocks through a temporary horizontal expansion. Recent analysis shows that categories of households targeted by SCT are poorer than non-targeted categories; however, it is possible that additional households may need to be targeted as a result of future shocks. Thus, this component will include a contingency budget to finance a temporary horizontal expansion of the SCT, as necessary.

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

20. ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

Social risks associated with this operation include: (i) risk of exclusion for eligible vulnerable households, including persons living with disability, (ii) elite capture, (iii) labour risks (iv) increased incidence of GBV/SEA/SH and (v) lack of meaningful consultations. Required measures to address these risks will be stipulated in the Environmental and Social Commitment Plan (ESCP). A draft Stakeholder Engagement Plan (SEP) will be prepared and disclosed prior to appraisal. The SEP will contain guidance on identification of project stakeholders, channels of engagement for different groups, including a grievance process for registering complaints. Labour risks may arise and



therefore preparation of a Labour Management Plan (LMP) is required including measures for prevention of GBV/SEA/SH.

The environmental risks for the project include (i) theft and physical violence towards PPMs (ii) transmission of Covid-19 and (iii) disposal of Covid-19 PPE waste. Based on these known risks a project ESMP will be prepared to include updated OHS risk mitigation measures to address PPM security risks and Covid-19 related PPE waste management measures based on the ESSs.

21. ESS10 Stakeholder Engagement and Information Disclosure

The project has prepared a draft Stakeholder Engagement Plan (SEP) consistent with ESS10 that identifies the relevant project stakeholders that might be affected or interested in the activities of this operation. In addition, the project will facilitate meaningful consultations to provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation throughout the project period. Further, the SEP will utilize existing GRM system under the parent project which includes a GRM that is currently in operation and includes GBV/SEA/SH referral pathways that are survivor centered.

A brief description of the potential environmental and social risks and impacts relevant to the Project.

22. ESS2 Labor and Working Conditions

ESS2 is considered relevant for this operation. Labor risks may arise due to failure to abide by national legislation on employment in relation to working hours, wages, overtime, as well as compensation and benefits. Civil servants, whether full-time or part-time, will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement. A Labour Management Procedure (LMP) that includes preventive measures for GBV/SEA/SH and PPM security will be prepared and this will be committed in the Environmental and Social commitment Plan (ESCP). The spread of COVID-19 may be heightened during cash payouts activities and community sensitization and targeting activities could expose communities and workers alike. Relevant COVID-19 prevention measures will be implemented which include social distancing and hygiene, and conducting community meetings in well ventilated spaces among others will be included in the LMP and adopted by the project. In addition, PPM security measures will continue to include (i) limiting the amount of cash carried by any one PPM (ii) PPM security training that includes risk awareness and safe mode of travel (iii) introducing the digital method of payment, among others.

23. ESS3 Resource Efficiency and Pollution Prevention and Management

ESS 3 is relevant. PPE waste will be generated because of Covid-19 personal protection requirements for project staff and the beneficiaries of the KGS component when engaged in upscaled project activities. PPE waste is likely to consist of face shields, face masks, particulate



respirators, nitrile glove and hand sanitizer bottles. Covid-19 related solid waste mitigation measures will be implemented as documented in the project ESMP.

24. ESS4 Community Health and Safety

ESS4 is considered relevant. The risks are limited to issues arising from community sensitization and targeting activities and cash transfer payment initiative both involving workers of the project and targeted community members. The project will ensure that necessary PPE are provided to all participants, hygiene standards and distancing are observed as a measure to COVID 19 response. World Bank's Technical Note on Public Consultations and Stakeholder Engagement in WB-supported operations when conducting meetings and trainings will also be applied. A PPE protocol will be included to ensure safe application of reusable PPEs and proper final disposal of single use PPEs to prevent further transmission and infection of Covid19 to the community. Proper training on the risk management procedures including OHS measures will be provided by the project's environmental and social focal points.

GBV/SEA/SH could also be a potential community safety risk. To manage this risk, active implementation of the LMP, SEP and the GRM will be promoted to ensure awareness among community members. The project will also identify focal persons to oversee prevention and management of GBV/SEA/SH risks at project and community level. The project will also adopt a code of conduct for all workers engaged by the project and will include provisions to address GBV/SEA, and will outline the process of addressing such complaints in line with guidance from the World Bank Good Practice Note (GPN) on GBV.

ESS5, ESS6, ESS7, ESS8, and ESS9 are not considered relevant to this project

B.3 Other Relevant Project Risks

Not applicable.

E. Implementation



Institutional and Implementation Arrangements

- 1. The existing implementation arrangements of the GEWEL Project will also be leveraged for this project.** Both projects will therefore be coordinated by a Project Steering Committee (PSC) comprised of the Permanent Secretary of the implementing ministry (MCDSS) and Cabinet office, Gender Division. The PSC will continue to be chaired by the Secretary to the Cabinet or his delegate and will focus on strategic oversight of the project, policy, and coordination with other ministries. Its role will continue to be to provide policy guidance, approve annual work plans and budgets, oversee project progress, ensure coordination across the implementing ministries, and approve the audited financial reports. The PSC meets on a quarterly basis.
- 2. The PSC will continue to be supported by a National Secretariat, housed in the Gender Division, with a Director of Planning and Information and Project Coordinator facilitating coordination with MCDSS.** The National Secretariat will be responsible for: (a) consolidating progress reports from the ministry and preparing the overall quarterly progress reports for the project¹³; (b) calling meetings of the PSC, taking and distributing minutes, and following up on decisions of the PSC for action; and (c) advising the PSC as necessary. This is in addition to the coordinator role of the Gender Division on cross-cutting areas including communications, implementation of the GBV Action Plan, M&E and the roll out of the GRM.

The MCDSS as the implementing ministry is responsible and accountable for implementation of all SCT activities, with the Permanent Secretary as the controlling officer. As such, the MCDSS is responsible for management of the SCT program, accounting of funds and submission of quarterly financial reports. Under the proposed project, the SCT program will continue to be implemented by the MCDSS and the current SCT PIU for GEWEL will continue to provide day to management of the Program with strategic direction being provided by the Director of Social Welfare. The work on SCT shock responsiveness will be undertaken by SCT PIU under the Department of Social Welfare in collaboration with the Non-Statutory section under the department. Any shock response will also need to be closely coordinated with DMMU.

CONTACT POINT

World Bank

Emma Sameh Wadie Hobson
Sr Social Protection Specialist

Laura Campbell
Social Protection Specialist

Borrower/Client/Recipient

¹³ Although each ministry is responsible for reporting to the PSC on progress made on the implementation of each of the components.



Republic of Zambia

Implementing Agencies

Ministry of Community Development and Social Services (MCDSS)

Beatrice Darko

Permanent Secretary

Beatrice.Darko@grz.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):	Emma Sameh Wadie Hobson Laura Campbell
----------------------	---

Approved By

Practice Manager/Manager:		
Country Director:	Sahr John Kpundeh	26-May-2022