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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 151.2 MILLION
(US\$200 MILLION EQUIVALENT)
FROM THE CRISIS RESPONSE WINDOW

AND

A GRANT

IN THE AMOUNT OF US\$7.6 MILLION
FROM THE ZAMBIA GIRLS' EDUCATION AND WOMEN'S EMPOWERMENT AND LIVELIHOOD
MULTI-DONOR TRUST FUND

TO THE

REPUBLIC OF ZAMBIA

FOR A

SECOND ADDITIONAL FINANCING FOR SCALING-UP SHOCK RESPONSIVE SOCIAL
PROTECTION PROJECT

June 17, 2024

Social Protection and Jobs Global Practice
Eastern and Southern Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2024)

Currency Unit = **Zambian Kwacha (ZMW)**

ZMW 25.78 = **US\$1**

US\$1 = **SDR 0.75554951**

FISCAL YEAR

January 1 - December 31

Regional Vice President: **Victoria Kwakwa**

Country Director: **Nathan M. Belete**

Regional Director: **Daniel Dulitzky**

Practice Manager: **Robert S. Chase**

Task Team Leaders: **Nadia Selim, Lansong Zhang**

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AF2	Second Additional Financing
COVID-19	Coronavirus Disease-2019
CPF	Country Partnership Framework
CRW	Crisis Response Window
DMMU	Disaster Management and Mitigation Unit
DRF	Disaster Risk Financing
DRM	Disaster Risk Management
E&S	Environmental and Social
ECF	Extended Credit Facility
ECT	Emergency Cash Transfer
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMP	Environmental and Social Management Plan
FM	Financial Management
GBV	Gender Based Violence
GDP	Gross Domestic Product
GEWEL	Girls' Education and Women's Empowerment and Livelihoods
GEWEL 2	Girls' Education and Women's Empowerment and Livelihoods for Human Capital Project
GRM	Grievance Redress Mechanism
GRZ	Government of the Republic of Zambia
CWG	Cash Working Group
IDA	International Development Association
IFRs	Interim Financial Reports
IMF	International Monetary Fund
IPC	Integrated Food Security Phase Classification
IPF	Investment Project Financing
KGS	Keeping Girls in School
LCMS	Living Conditions and Monitoring Survey
M&E	Monitoring and Evaluation
MCDSS	Ministry of Community Development and Social Services
MDTF	Multi-Donor Trust Fund
MIS	Management Information System
MOE	Ministry of Education
MoFNP	Ministry of Finance and National Planning
NSPP	National Social Protection Policy
OHS	Occupational Health and Safety
PAD	Project Appraisal Document
PDO	Project Development Objective
PIM	Project Implementation Manual
PIU	Project Implementation Unit

PLR	Performance and Learning Review
PMT	Proxy Means Test
PSC	Project Steering Committee
PSP	Payment Service Provider
PWD	Persons with Disabilities
SCT	Social Cash Transfer
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
SEP	Stakeholder Engagement Plan
SOPs	Standard Operating Procedures
SP	Social Protection
SSRSP	Scaling-up Shock Responsive Social Protection
UN	United Nations
UNICEF	United Nations Children's Fund
UN-JPSP	United Nations Joint Programme on Social Protection
ZamStats	Zambia Statistics Agency
ZISPIS	Zambia Integrated Social Protection Information System
ZMW	Zambian Kwacha

TABLE OF CONTENTS

I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING	8
II. DESCRIPTION OF ADDITIONAL FINANCING	13
III. KEY RISKS	16
IV. APPRAISAL SUMMARY	17
V. WORLD BANK GRIEVANCE REDRESS	21
VI. SUMMARY TABLE OF CHANGES.....	22
VII. DETAILED CHANGE(S).....	22
VIII. RESULTS FRAMEWORK AND MONITORING	25



BASIC INFORMATION – PARENT (Scaling-up Shock Responsive Social Protection Project - P179095)

Country Zambia	Product Line IBRD/IDA	Team Leader(s) Nadia Selim		
Project ID P179095	Financing Instrument Investment Project Financing	Resp CC HAES1 (9340)	Req CC AECE1 (6541)	Practice Area (Lead) Social Protection & Jobs

Implementing Agency: Ministry of Community Development and Social Services (MCDSS)

Is this a regionally tagged project? No	
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Bank/IFC Collaboration No

Approval Date 28-Jun-2022	Closing Date 30-Jun-2025	Expected Guarantee Expiration Date	Environmental and Social Risk Classification Moderate
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Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach [MPA]	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)

Development Objective(s)



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

Ratings (from Parent ISR)

	Implementation			Latest ISR
	17-Nov-2022	16-Jun-2023	01-Dec-2023	05-Jun-2024
Progress towards achievement of PDO	MS	S	S	S
Overall Implementation Progress (IP)	MS	S	MS	S
Overall ESS Performance	MS	S	S	S
Overall Risk	M	M	M	M
Financial Management	S	S	MS	MS
Project Management	S	S	S	S
Procurement	S	S	S	S
Monitoring and Evaluation	S	S	S	S

BASIC INFORMATION – ADDITIONAL FINANCING (Second Additional Financing for Scaling-up Shock Responsive Social Protection Project - P181711)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P181711	Second Additional Financing for Scaling-up Shock Responsive Social Protection Project	Restructuring, Scale Up	Yes
Financing instrument	Product line	Approval Date	
Investment Project Financing	IBRD/IDA	01-Jul-2024	
Projected Date of Full Disbursement	Bank/IFC Collaboration		



30-Apr-2026	No		
Is this a regionally tagged project?			
No			

Financing & Implementation Modalities

<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed	
IBRD				<div style="width: 0%; height: 10px; background-color: #ccc;"></div>	%
IDA	155.00	154.40	0.60	<div style="width: 100%; height: 10px; background-color: #2e8b57;"></div>	100 %
Grants	36.00	21.66	14.34	<div style="width: 60%; height: 10px; background-color: #2e8b57;"></div>	60 %

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Second Additional Financing for Scaling-up Shock Responsive Social Protection Project - P181711)

FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	191.00	207.60	398.60
Total Financing	191.00	207.60	398.60



of which IBRD/IDA	155.00	200.00	355.00
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing

World Bank Group Financing

International Development Association (IDA)	200.00
IDA Grant	200.00

Non-World Bank Group Financing

Trust Funds	7.60
Free-standing TFs AFR Human Development	7.60

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Zambia	0.00	200.00	0.00	0.00	200.00
Crisis Response Window (CRW)	0.00	200.00	0.00	0.00	200.00
Total	0.00	200.00	0.00	0.00	200.00

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any other Policy waiver(s)?

Yes No



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks



PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Nadia Selim	Team Leader (ADM Responsible)		HAES1
Lansong Zhang	Team Leader	Social Protection	HAES1
Eliot Kalinda	Procurement Specialist (ADM Responsible)	Procurement	EAERU
A.N.M. Mustafizur Rahman	Procurement Specialist	Procurement Specialist	EAERU
Baison Banda	Financial Management Specialist (ADM Responsible)	Financial Management	EAEG1
Joy Lubinda Chisompola	Social Specialist (ADM Responsible)	Social Development	SAES2
Thresa Musongo	Environmental Specialist (ADM Responsible)	Environmental Specialist	SAEE2
Aditya Jagannath	Team Member	MIS	HAES1
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Dora A. Harris	Team Member	ACS	HAES1
Kutemba Chilila Kambole	Procurement Team	Procurement	AEMZM
Lucy Mutinta Nambela	Procurement Team	ACS	AEMZM
Njavwa Namposya Chilufya	Team Member	Social Development	SAES2
Owusu Mensah Agyei	Team Member		WFACS
Sandra M Kuwaza	Team Member		WFACS
Stephen Mwansa	Team Member	Financial Management	EAEG1
Temwanani Karen Erbynn	Counsel		LEGAM
Vandras Lilato Nyambe Mukete Luywa	Team Member	Social Protection Specialist	HAES1
Wedex Ilunga	Procurement Team	Procurement	EAERU



Extended Team

Name	Title	Organization	Location
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I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. **This Project Paper seeks the approval of the Executive Directors to provide a second additional financing (AF2) for Scaling-up Shock Responsive Social Protection (SSRSP) Project (P179095) to scale up emergency assistance to address escalating impacts of the ongoing drought in Zambia.**¹ The SSRSP AF2 will be an International Development Association (IDA) grant in the amount of US\$200 million equivalent from the Crisis Response Window (CRW), and will include a grant of US\$7.6 million² from the Zambia Girls' Education and Women's Empowerment and Livelihood (GEWEL) Multi-donor Trust Fund (MDTF). It will also entail a restructuring of the parent project to update the results framework, modify the project description to include emergency drought response, adjust the disbursement percentage between IDA and the GEWEL MDTF grant, and extend the closing date by six months from June 30, 2025, to December 31, 2025 – the first project closing date extension.

2. **The AF2 is processed under the World Bank Policy on Investment Project Financing (IPF), Section III, Paragraph 12, Projects in Situations of Urgent Need of Assistance or Capacity Constraints.** The application of paragraph 12 and condensed procedures is necessary and relevant, as Zambia meets both eligibility criteria: (a) an urgent need for assistance given that 6.6 million people are at risk of acute food shortages and malnutrition until the next main harvest season in April 2025; and (b) severe capacity constraints to address ongoing drought impacts due to the country's overall fiscal constraints. The use of condensed procedures will allow for the financing under the SSRSP AF2 to urgently scale up emergency cash assistance to the poor and vulnerable that are disproportionately impacted by climate-induced shocks and have limited capacity and resilience to cope and meet basic consumption needs.

B. Country and Sectoral Context

3. **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 projected at 2.3 percent.³ Year-on-year inflation for May 2024 was at 14.7 percent, significantly above the Bank of Zambia's 6–8 percent target range notwithstanding the relatively tight monetary policy, contributing to an escalation in the cost of living.⁴ 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 the 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 the International Monetary Fund (IMF) on economic policies and reforms and concluded the third review of the

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

² It is noteworthy that the grant from the GEWEL MDTF of US\$7.6 million is an indicative amount of donor contributions. Exact trust fund amount will depend on actual contributions received from donors by the World Bank.

³ International Monetary Fund. 2024. Press Release No. 24/202.

⁴ Zambia Statistics Agency (ZamStats). 2024. See <https://www.zamstats.gov.zm/year-on-year-inflation-for-may-2024-at-14-7-percent/#:~:text=Annual%20inflation%20for%20May%202024,food%20and%20non%2D%20food%20items..>



Extended Credit Facility, with commitments by the Government to target emergency relief to the most vulnerable, while sustaining fiscal consolidation efforts to restore debt sustainability and curb inflation.⁵

4. 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 nationwide experiencing extreme poverty.⁶ About 79 percent of Zambia's rural population live below the poverty line, stemming largely from low 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.⁷

5. Zambia is highly vulnerable to climate-induced shocks, further deepening poverty and vulnerabilities.

It is among the countries highest in vulnerability and lowest in resilience to climate change,⁸ increasingly experiencing more frequent and acute climate shocks, including an increase in the frequency and severity of seasonal droughts, dry spells, higher temperatures, flash floods, and changes in the growing season.⁹ Such 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 floods and droughts have already cost the country US\$13 billion (equivalent to 0.4 percent loss of annual economic growth) over the past three decades¹⁰ and that climate change could further reduce Zambia's GDP by approximately six percent by 2050.¹¹ 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.¹² The poor have limited capacity to cope with these shocks, threatening their food security and forcing them to resort to climate-harmful coping mechanisms, with women and girls being disproportionately impacted.

6. Zambia has a strong enabling policy environment to address poverty and vulnerability and promote economic development and growth.

The National Social Protection Policy (NSPP) for 2014–2018 highlights the key role social protection (SP) plays in reducing poverty, inequality, and vulnerabilities; boosting food security; and building human capital – all of which are currently being negatively impacted by more frequent and acute climate shocks. As such, a review and update of the NSPP is currently underway and is expected to be finalized by December 2024, with a stronger focus on leveraging SP for more effective, cost-efficient, and timely emergency response. Further, in 2019, the Integrated Framework of Basic Social Protection Programs prioritized layering basic social assistance with livelihoods and empowerment for greater impact, including for shock response. The Seventh National Development Plan sets targets to increase social assistance coverage from 40 to

⁵ International Monetary Fund. 2024. Press Release No. 24/202.

⁶ ZamStats. 2023. Zambia Living Conditions and Monitoring Survey (LCMS) 2022.

⁷ Ibid.

⁸ Notre Dame Global Adaptation Index (ND-GAIN). <https://gain.nd.edu/our-work/country-index/rankings/>.

⁹ Under the Coupled Model Intercomparison Project Shared Socioeconomic Pathways climate scenario, the mean temperature in Zambia is expected to increase by 1.69°C by mid-century (2040-2059) and by as much as 3.67°C by end of century (2080-2099). The number of consecutive dry days is expected to increase by 25-49 percent between mid to end of century. Annual average precipitation is expected to decrease between 3-5 percent during the same period, while the average largest 24-hour precipitation is projected to increase between 2-9 percent. *Data based on World Bank's Climate Change Knowledge Portal.*

¹⁰ World Bank. 2009. *Managing Water for Sustainable Growth and Poverty Reduction: A Country Water Resources Assistance Strategy for Zambia.*

¹¹ Mirzabaev, Alisher, et al. 2023. "Severe Climate Change Risks to Food Security and Nutrition." *Climate Risk Management*, Volume 39.

¹² World Bank. 2024. *Towards a More Adaptive Social Protection System in Zambia.* Draft.



70 percent of the poor and spending from 0.7 to 1.7 percent of GDP, which the Eighth National Development Plan for 2022–2026 reinforces by outlining SP and human development as key pillars of the Government’s development strategy.

7. **The Government and donors have demonstrated their commitment to proactively respond to shock impacts on the poorest and most vulnerable households**, while ensuring predictable and reliable delivery of the Social Cash Transfer (SCT) program. For example, the Government has progressively increased its financing to cover 65 percent of the total SCT caseload in 2023 and 70 percent in 2024. Moreover, it has proactively begun piloting two shock responses, namely to food insecurity based on the November 2023 Integrated Food Security Phase Classification (IPC) report and also to inflation impacts, respectively, even prior to the national emergency declaration. Such efforts have served to stabilize the financing and predictability of cash transfers to the poorest and most vulnerable during emergencies amidst a shrinking fiscal space, double digit inflation, and climate-induced shocks. This has been critical to boost incomes and purchasing power to protect the consumption of the poor and avoid negative coping strategies, as well as prevent an irreversible impact on human capital. Donors also remain strongly committed to SP and the SCT, as demonstrated by the first SSRSP AF of US\$13.38 million approved on May 23, 2024, as well as the indicative contribution of US\$7.6 million to the AF2.

8. **The SSRSP serves as a useful platform to rapidly and flexibly scale up cash-based emergency response to climate shocks and reach a significant portion of the impacted population**, while maintaining consistent and effective cash transfers to address more chronic vulnerabilities. The SSRSP design includes flexibility to not only protect the food security and consumption gaps of the existing poorest SCT households during emergencies through vertical expansion, but to also support additional households through horizontal expansion, with an aim of preventing the next quintile of poor households (not generally targeted under the SCT) from falling deeper into poverty due to shocks. The broad national coverage of the SCT and robust delivery systems further provide a strong foundation for beneficiary identification and rapid service delivery in the face of an absent social registry.

9. **The SSRSP is complemented by two other ongoing IDA-funded SP 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). Using a cash ‘plus’ approach, the GEWEL project layers complementary interventions over the SCT as the foundational social assistance program to improve education outcomes of vulnerable adolescent girls and enhance livelihoods of poor rural women. Building on the results achieved and lessons learned from the first phase 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, with climate considerations in mind. IDA support to the SP sector is complemented by the United Nations Joint Programme on Social Protection (UN-JPSP), coordinated by the United Nations Children’s Fund (UNICEF).

C. Parent Project Status and Results

10. **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

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



date, the project has disbursed US\$154.40 million, or 99.12 percent of the total financing, with IDA disbursement at 99.61 percent and the MDTF grant disbursement at 96 percent. The Grant Agreement for the first AF (Grant No. TFOC4840) for the SSRSP in the amount of US\$13.38 million entirely from the GEWEL MDTF was signed on June 11, 2024, and funds are available for disbursement.¹⁴

11. **The Project Development Objective (PDO) is to protect poor and vulnerable households' consumption in response to shocks in Zambia.** The project was instrumental in stabilizing funding for the national SCT program during COVID-19 when the GRZ faced challenges in ensuring predictable and reliable cash transfers due to constrained fiscal capacity. The project has one component, the SCT component, to cover bi-monthly cash transfers to a little over one million SCT beneficiary households nationwide across the 116 districts. The project is implemented by the Ministry of Community Development and Social Services (MCDSS), in close coordination and collaboration with other government agencies, bilateral donors, and cooperating partners.

12. **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,¹⁵ one of the best safety net coverages in the region with strong pro-poor elements. Work on the shock responsive SP agenda is also on track. The SSRSP has completed a diagnostic of the readiness of national SP 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 also been finalized and is pending validation. The principles outlined in the SOPs have been piloted through the two shock responses mentioned above. Efforts are now underway to ensure alignment of the SCT SOPs with the development of a Disaster Risk Management (DRM) Plan and Disaster Risk Financing (DRF) Strategy, led by the Ministry of Finance and National Planning (MoFNP). Further, a GRZ-Cash Working Group (CWG) has been established to provide overall policy guidance, technical assistance, and operational and coordination support to cash-based emergency response in the country, co-chaired by the MCDSS and Disaster Management and Mitigation Unit (DMMU). Lastly, design preparation of the nutrition messaging pilot is near completion to test information delivery modalities and to promote positive nutrition practices among select SCT households.

13. **Implementation is also progressing well on other operational aspects, as noted below:**

- (a) **Performance for financial management (FM) is rated moderately satisfactory, while for procurement, it is rated satisfactory.** There are no overdue Interim Financial Reports (IFRs) and audit reports. Likewise, there are no procurement delays, and the funds for implementation are predictable.
- (b) **The environmental and social (E&S) risk management performance is satisfactory.** The Stakeholder Engagement Plan (SEP), Environmental and Social Management Plan (ESMP), and Environmental and Social Commitment Plan (ESCP) have been developed and disclosed, and are being implemented under the parent project, in compliance with the Environmental and Social Framework (ESF).

¹⁴ The first AF (P181651) for the SSRSP aimed to address a cost overrun, as the parent project was designed to finance the SCT delivery for 1.026 million households, while the SCT has already exceeded this target to reach a little over 1.31 million households in December 2023, and has also responded to the concurrent multiple shocks of price increase and food insecurity, albeit in a limited manner.

¹⁵ Calculations by the SCT Project Implementation Unit, using the latest available data in the LCMS 2022.



- (c) **The legal covenants are complied with.** The GRZ has maintained the agreed project implementation arrangements since effectiveness. The implementing agency, MCDSS, has carried out the project activities in accordance with the Project Implementation Manual (PIM) and has submitted the Annual Workplan and Budget no later than December 1 of each year.

D. Rationale for Additional Financing

14. **On February 29, 2024, the President of the Republic of Zambia declared a national disaster and emergency¹⁶ 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.¹⁷ Further, the IPC Acute Food Insecurity Analysis predicted that of the total number of people impacted, approximately 2.04 million Zambians, representing 23 percent of the population, will be experiencing a food crisis or worse (IPC Phase 3 or above).¹⁸ 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 availability, as well as reverse human capital gains and have enduring impacts on longer-term development outcomes.

15. **The GRZ has estimated a financing need of US\$940.6 million to provide life-saving and early recovery assistance to populations in need until April 2025.** The Government has mobilized resources to cover US\$51.2 million, resulting in a financing gap of US\$889.4 million. Immediate needs for drought response include 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.

16. **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. Following, the United Nations (UN) 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 SP, with an expectation of mobilizing approximately US\$30 million in response to the Government’s drought response appeal. Other cooperating partners are also adjusting their ongoing support to potentially provide additional resources in response to the crisis.¹⁹

17. **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 ongoing drought and increase household and community resilience. This overall package includes: (a) a realignment of existing

¹⁶ <https://www.cabinet.gov.zm/newsite/wp-content/uploads/2024/04/Statement-on-Drought-as-a-National-Disaster-and-Emergency-H.E.docx.pdf>

¹⁷ GRZ. 2024. Multi-sectoral Drought Response Appeal, Office of The Vice President, DMMU, March 2024.

¹⁸ IPC Acute Food Insecurity Analysis August 2003 – March 2024, published on November 13, 2023.

¹⁹ This includes the ongoing consideration by the IMF of the Government’s request for an augmentation of the IMF’s financial support to Zambia.



programs and projects in the portfolio to support the response to their maximum potential²⁰; and (b) a proposed CRW allocation of US\$200 million for drought response.

18. Through the SCT, the SSRSP project 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.

As mentioned above, 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 Response 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-up' in addition to the regular SCT transfer. The national digital-based SCT payment mechanism, reinforced through the strong 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 assistance. These systems were complemented by strong implementation structures at the local level that support in-depth beneficiary sensitization and mobilization, grievance redress mechanism (GRM), payment verifications, and monitoring of implementation progress, among others. In addition, the GRZ recently completed enumeration of additional drought-impacted households nationwide for temporary emergency cash transfer (ECT) through the SCT program during the drought period. The AF2 will continue supporting the GRZ's shock responsive SP agenda to mitigate impacts of frequent and acute climate-induced shocks and ensure consistent support for the poor and vulnerable in times of emergency.

19. The AF2 is in line with the World Bank's Country Partnership Framework (CPF)²¹ for the period FY19–23, extended through FY24 in its Performance and Learning Review (PLR),²² as well as the upcoming CPF (FY25–29) under preparation.

Specifically, the AF2 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 shocks. This is fully aligned with the upcoming CPF given its focus on climate adaptation for poverty reduction. The AF2 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 resilience.

20. Further, the AF2 is aligned with the goals of the Paris Agreement.

Social protection and cash transfers are included in the list of universally aligned activities on adaptation in the World Bank-financed operations.²³ The AF2 will contribute to the goals of the country's Nationally Determined Contribution (updated in 2021) by prioritizing and maintaining the SCT as the national social assistance program to enhance resilience of the poor and vulnerable households. Details on how the AF2 will contribute to climate adaptation is provided in paragraph 36.

II. DESCRIPTION OF ADDITIONAL FINANCING

²⁰ The realignment of the IDA portfolio prior to the CRW allocation will result in mobilization of US\$214.8 million IDA for the drought response. Taking into account domestic resource mobilization, external financing contributions and pledges, and the proposed CRW, there will still be an estimated financing gap of about US\$430 million, indicating a critical need for the proposed CRW.

²¹ Report No. 128476-ZA, discussed by the Board on September 20, 2018.

²² Report No. 181836-ZM, shared with the Board on May 7, 2023.

²³ World Bank. 2023. Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New Operations: Direct Investment Lending Operations.



A. Overview of the Additional Financing and Component Design

21. **The AF2 will scale up Component 1: Social Cash Transfer both vertically and horizontally to address the ongoing drought impacts on poor and vulnerable households.**²⁴ Under vertical expansion, the SCT will provide a time-bound emergency cash top-up to existing SCT households in the drought-impacted districts. Under horizontal expansion, new eligible households in the same drought-impacted districts will be enrolled on a temporary basis for ECT. The total amount of the emergency cash assistance will be ZMW 400 per month per household,²⁵ such that existing SCT households will receive an emergency cash top-up of ZMW 200 per month per household (in addition to the regular SCT of ZMW 200 per month per household), and new households targeted under horizontal expansion will receive a total ECT amount of ZMW 400 per month per household. The drought response will be provided over a 12-month period for both existing SCT households and new households to not only meet their basic consumption gaps during the drought season, but to also support them during the early recovery phase.

22. **Efforts will also be made under the AF2 to strengthen institutional capacity and SP delivery systems for more effective and accountable shock response,** complemented by the ongoing World Bank-funded SP projects aimed at greater climate adaptation and resilience. Building on results of the parent project, the SSRSP AF2 will refine and operationalize the SCT SOPs through the drought response, which will inform future cash-based emergency assistance in the country and the region. It will also advance work on the alignment of the SOPs with the DRM plan and DRF strategy, as well as enhance coordination more broadly around cash-based emergency response through the GRZ-CWG. Further, the AF2 will invest in generating evidence and lessons learned on shock response by expanding the current SCT impact evaluation under the parent project to the AF2 activities. This will complement efforts under the recently approved GEWEL 2, which will also focus strongly on climate resilience and adaptation by supporting household resilience through regular cash transfers and retaining the flexibility to expand cash assistance in response to shocks, prioritizing scale-up of the regular SCT caseload in districts at higher risks of climate shocks. GEWEL 2 will also provide training on climate-smart agricultural practices and diversification of livelihoods in line with climate considerations, linking select project beneficiaries to programs with weather-indexed risks insurance for climate resilience. Lastly, it will support the Government to design and operationalize a social registry for rapid and cost-efficient targeting of potential beneficiaries for emergency assistance.

B. PDO and PDO Level Indicators

23. **The PDO will remain unchanged, while one of the PDO level indicators will be updated to align with the World Bank Group Scorecard (FY24-30).** The current PDO, *“to protect poor and vulnerable households’ consumption in response to shocks in Zambia,”* will remain unchanged, as it is highly relevant to the objectives of the SSRSP AF2 in terms of supporting food security and other consumption needs of poor and vulnerable households affected by the current drought impacts. However, one of the two PDO level indicators, *“Percentage change in number of beneficiary households eating more than one meal per day,”* will be replaced with the Scorecard indicator, *“People with strengthened food and nutrition security.”* Further, a new PDO indicator will be

²⁴ The AF2 will predominantly be used to provide emergency cash assistance to targeted households, although a small portion will be used to strengthen institutional capacity and SP delivery systems.

²⁵ The emergency cash assistance amount per household may be adjusted during the AF2 implementation period based on close monitoring and assessment of changing economic and other relevant conditions on the ground, to be jointly agreed between MCDSS and the World Bank.



added, “*People with enhanced resilience to climate risks,*” to better track improvements in supporting shock response under the AF2.

C. Project Locations and Beneficiaries

24. **Project Locations and Beneficiaries.** The drought response supported by the AF2 will focus on the 84 drought-impacted districts. As part of vertical expansion, 904,635 current SCT beneficiary households residing in the drought-impacted 84 districts will be eligible to receive emergency cash top-ups under the AF2. Targeting of new households under horizontal expansion followed the existing vulnerability criteria established under the SCT, and included new criteria on emerging vulnerabilities due to the ongoing droughts.²⁶ In total, about one million new households were initially assessed as potential new beneficiaries for ECT across the 84 drought-impacted districts, on which an adjusted Proxy Means Test²⁷ (PMT) was applied. Following the application of the adjusted PMT, 726,361 new households were identified as eligible to receive ECT in the 84 drought-impacted districts and will be registered on the SCT caseload on a temporary basis for drought assistance. Therefore, a total of approximately 1.6 million households across the 84 drought-impacted districts will be supported with emergency cash assistance for drought response.

D. Key Indicators and Results

25. **Results Framework.** The AF2 will leverage the existing parent project monitoring and evaluation (M&E) framework and plan, with a strong emphasis given to ongoing robust monitoring of implementation, particularly in consideration of the horizontal expansion, as well as documenting lessons learned and generating insights for shock response in the country and the region. As such, the current SCT impact evaluation will be expanded to cater for learning needs under the AF2. Further, the results framework will be updated to revise and add intermediate results indicators, targets, definitions, and methodology to reflect the new design features of the AF2, as well as align with the relevant indicators of the World Bank Group’s Scorecard. The changes to the intermediate results indicators are specified in Section VIII.

E. Project Governance Structures and Implementation Arrangements

26. **Project Governance Structures.** The SSRSP governance structures will remain unchanged. Thus, the AF2 activities will continue to be coordinated by a Project Steering Committee (PSC), chaired by the Secretary to the Cabinet and comprising the Permanent Secretaries of the MCDSS, Ministry of Education (MOE), and the Gender Division of the Cabinet Office, with the Ministry of Health recently included as an implementing agency of GEWEL 2. The Project Technical Committee, chaired by the Director of Planning in the Gender Division and including each GEWEL 2 project coordinator from the above implementing agencies as its members, will continue to be responsible for supporting project-specific governance, coordination, and operational arrangements, as well as updating the PSC on project results and challenges.

²⁶ Existing SCT vulnerability criteria include: (a) older persons aged 60 years and above, (b) a household member who is chronically ill and on treatment, (c) pregnant or breastfeeding women/adolescent and/or with children below 2 years, a new category on the program yet to be implemented, (d) female-headed households with at least three dependents under the 18 years of age, and (e) persons with disabilities. Additional criteria included to assess drought-induced vulnerabilities include: (a) pregnant and lactating women and/or children under five years of age; (b) education and economic qualifiers related to education level of household head and income status, respectively; and (c) households experiencing multiple shocks.

²⁷ The Proxy Means Test to target the regular SCT caseload has been found to be effective, as the SCT impact evaluation baseline survey assessed that 96 percent of respondents were poor and eligible for the SCT under its poverty criteria.



27. **Implementation Arrangements.** The MCDSS, as the implementing agency, will continue to be responsible for the implementation of all AF2 activities, with the Permanent Secretary serving as the controlling officer. The current SCT Project Implementation Unit (PIU) under the Department of Social Welfare of the MCDSS will continue to provide day-to-day management of the SCT and the drought response. 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 emergency cash assistance to be provided utilizing existing and proven delivery mechanisms. In particular, payment of the emergency cash top-ups under vertical expansion will follow the established payment modalities²⁸ under the regular SCT caseload, while for horizontal expansion, efforts will be made to gradually scale up the digital payment service provider (PSP) based urban model to the new households, to the extent possible. Further, AF2 implementation will be supported by robust community and stakeholder communication and sensitization, as well as a dedicated GRM for drought response, to avoid confusion and misunderstandings on the ground and ensure timely management of complaints.

28. **Coordination and Collaborations.** Given the multisectoral nature of the drought response, implementation of the AF2 will prioritize close collaboration and coordination with relevant government institutions and coordination platforms, such as with DMMU; Ministry of Agriculture; Agriculture, Food Security, and Livestock Cluster; and the GRZ-CWG, among others. Collaboration and coordination will also be ensured with key UN partners through the UN-JPSP to ensure coherence among emergency cash assistance, in-kind food distributions, and other response efforts. Established relationships with current bilateral donors that are co-financing the GEWEL and the SSRSP will also be maintained, given their interest in supporting the drought response, as demonstrated by the indication of US\$7.6 million by select GEWEL MDTF donors to the management and implementation of the AF2.

F. Restructuring of the Parent Project

29. **The closing date of the original IDA credit (IDA 7186-ZM) will be extended by six months from June 30, 2025 to December 31, 2025, in line with the closing date of the AF2.** The extension will allow the project to successfully conclude AF2 implementation and undertake necessary closing activities, such as fiduciary management and M&E, among others. Together with the AF2, the parent project will also support the vertical and horizontal expansion for drought response. As the MDTF grant will close on September 30, 2024, six months prior to the MDTF end disbursement date of March 31, 2025, a disbursement percentage has been set whereby the MDTF grant will be disbursed first until it is fully utilized, after which the IDA funds will be utilized at 100 percent. This arrangement will ensure the full utilization of the MDTF grant by its closing date.

III. KEY RISKS

30. **The overall risk rating for this project is moderate.**

31. **Macroeconomic risk is substantial.** The ongoing drought has had serious macroeconomic impacts due to its impact on agriculture, food production, electricity generation, and water supply. Rising inflation in recent

²⁸ This includes payments under the mobile application based rural Pay Point Manager (PPM) model as well as the digital payment service provider based urban model. Currently, some 35 percent of the regular SCT caseload nationally are paid under the urban model, with scale-up efforts ongoing across the full caseload.



years has been eroding the real value of the SCT, undermining its potential impact on poverty reduction. However, the GRZ has begun implementing structural reforms to promote economic diversification and partially adjusted the budget through cuts in areas such as capital expenditure, while increasing social spending and investment in humanitarian assistance. As a mitigation measure, the macroeconomic and fiscal context will be closely monitored, and flexibility is embedded within the project design to adjust the emergency cash assistance value to maintain adequacy, as necessary. Moreover, close engagement will be established with the national Treasury to better plan predictable sources and disbursement of SCT financing in line with the GRZ budget plan for economic recovery to strengthen resilience, safeguard livelihoods, and protect the vulnerable.

32. **Fiduciary risk is substantial**, driven by the substantial FM risk, while procurement risk is moderate. Although significant improvements have been made to date to improve FM transparency and accountability, risks inherent in the rapid horizontal expansion through decentralized implementation at the community level warrant the current rating. As a mitigation measure, the AF2 will continue to use the existing FM arrangements put in place for the SCT under the parent project. This includes the rollout of the Navision accounting package for the SCT nationwide and the progressive use of digital technology in cash transfers to SCT beneficiaries based on a beneficiary choice model, which will be instrumental in reducing FM risks associated with the AF2. To strengthen the existing fiduciary systems and to mitigate risks, various actions will be undertaken during implementation, such as: (a) capacity building for staff and other key stakeholders in planning, FM, and budget preparation and execution; (b) incentivizing the MoFNP to make timely funds release; and (c) maintaining qualified fiduciary professionals and ensuring close PIU monitoring of activity implementation, among others.

33. **Institutional Capacity for Implementation and Sustainability risk is substantial**. While the MCDSS has already demonstrated its ability to deliver emergency cash assistance through the SCT, the rapid scale-up of the SCT to new households under horizontal expansion is expected to put pressure on the institutional capacity and delivery systems at all levels of implementation. In response, the AF2 will continue investing in staff skills, institutional capacity, and systems strengthening for enhanced service delivery to project beneficiaries. To mitigate potential fiduciary and E&S risks, the World Bank will closely monitor implementation progress and provide technical assistance to resolve bottlenecks, in coordination with the UN-JPSP. Moreover, strong commitment by the GRZ to progressively increase financing of the SCT will be a key determinant of the sustainability of the project. While the policy environment and political economy around the SCT are currently favorable, the constrained fiscal conditions may risk the Government's commitments to SP and shock response. As such, intensive policy dialogue and advocacy will be undertaken with GRZ leadership to ensure adequate budget allocation for the sustainability of SSRSP AF2 beyond project closure, jointly with donors and cooperating partners.

IV. APPRAISAL SUMMARY

A. Economic Analysis

34. **The economic analysis of the parent project is valid for the AF2**. The activities will continue to provide the benefits identified for the parent project in a cost-effective way. The project assumes that cash transfers play a crucial role in improving human capital outcomes, both directly and through improved consumption and productive investments, and simulations undertaken to understand the potential impact of the expansion of the SCT program show substantial poverty reduction, as described in the Project Appraisal Document (PAD) of the parent project. These impacts still hold given that frequent and acute climate shocks pose a significant threat to



human capital accumulation in Zambia. Therefore, effective and timely shock response is key to avoid loss in human capital gains and address enduring negative impacts on human capital growth and longer-term development outcomes. The economic analysis of the parent project therefore remains relevant for the AF2.

B. Technical

35. **The technical analysis of the parent project remains valid for the AF2.** The technical design of the parent project remains the most appropriate approach to achieving the PDO. The design is grounded in proven operational practices and experience gained from the parent project implementation to date by the MCDSS. The design provides flexibility for the AF2 to immediately support shock response and early recovery.

36. **Climate.** The AF2 has been assessed to mitigate against short- and long-term climate change shocks, which have been assessed to pose low risk to the project’s ability to achieve its outcomes based on the activities financed. A Climate and Disaster Risk Screening was undertaken, and the climate vulnerability of the project has been identified, with climate adaptation measures incorporated in the AF2 design to strengthen resilience by poor and vulnerable households to climate shocks. Specifically, the scale-up of the emergency cash assistance is intended to directly address resilience to climate change impacts, namely the drought response that is to be financed under the AF2 exclusively to respond to negative climate change impacts on poor and vulnerable households in the 84 drought-affected districts. Data from a recent SCT survey found that about 30 percent of SCT households nationwide have experienced drought in the past 12 months. Currently, 904,635 SCT households are living in areas that are categorized as “Stressed” in terms of food insecurity and are prone to multiple climate-induced natural disasters, such as droughts and floods. Through the AF2, these households will be further supported with emergency cash top-up for drought response, with another 726,361 new households to be provided with ECT. The emergency assistance delivered through the AF2 will therefore be critical in meeting the urgent needs of some 1.6 million poor households that are experiencing negative impacts of a climate-related shock, helping them avoid negative coping strategies that are harmful to the climate (such as cutting down trees to sell charcoal to meet consumption gaps) and preventing them from sliding deeper into poverty. Lastly, efforts to strengthen institutional capacity and delivery systems to respond to climate shocks more effectively are also expected to contribute to longer-term outcomes and sustainability towards climate resilience.

37. **Gender.** Similar to the parent project, the AF2 will continue empowering women as the SCT is scaled up to respond to drought impacts. Zambia ranks 138 out of 170 countries on the Gender Inequality Index in 2021. Although the country has reached gender parity in primary school enrollment, completion remains a challenge for girls, with teenage pregnancy as one of the major contributing factors.²⁹ Moreover, only 31.4 percent of girls enroll and graduate from secondary school, compared to 36.4 percent of boys, due to early pregnancy (47 percent), economic constraints (18 percent), and early marriage (13 percent).³⁰ Further, female-headed households have higher poverty levels than their male counterparts, at 63.4 percent and 58.8 percent, respectively.³¹

38. **During a crisis, girls and women are disproportionately impacted as traditional social norms tend to limit their access to opportunities that can alleviate negative impacts of climate shocks.** For example, education

²⁹ For example, of the total pregnancies recorded among the learners, 83 percent were at primary school level. Calculations based on a review of the Education Statistical Bulletins on the number of pregnancies over a 19-year period (2002 – 2020).

³⁰ World Bank. 2023. *Zambia Gender Assessment Report*.

³¹ ZAMSTATS. 2023. LCMS 2022.



outcomes of girls can be expected to worsen during shocks, as they are more likely than boys to be pulled out of schools as a coping strategy. Poverty status of female-headed households is also expected to further decline, as women have less access to land, assets, and input and output markets, as well as to quality business development services, limiting their financial inclusion and ability to obtain credit. Emergencies, such as the current drought, are similarly anticipated to lead to an increase in early marriages and teen pregnancies for girls. Lastly, global evidence finds that risks of gender-based violence (GBV) likewise increase during crises, as pressures build within households and communities due to dwindling resources.

39. **The AF2 will continue to tackle these gender gaps and GBV risks in three ways.** First, women will continue to be the predominant target beneficiaries, given that some 56 percent of the current SCT caseload nationally and 70 percent of the new households for ECT under the AF2 are female-headed households. As such, the emergency cash assistance will contribute to closing the gap on income inequality and enhance women's decision-making power in the households and community. In the medium to longer term, it is envisioned that the AF2 will help smooth consumption gaps, increase food consumption, reduce prevalence of malnutrition, secure basic needs, diversify livelihoods, support economic inclusion, and avoid loss in human capital, contributing to enhanced gender equity overall. Second, the gradual scale up of PSP-based urban model to facilitate digital payments will improve women's financial inclusion by connecting them to the broader digital and mobile money platforms, which can be used for other financial activities besides receipt of emergency cash assistance. Third, the AF2 will mitigate risks of GBV incidents, as detailed below.

40. **Broadly, the AF2 will also continue to support efforts under the parent project to address a number of factors that may otherwise exacerbate GBV risks through the provision of emergency cash assistance.** For example, emergency cash assistance to poor and vulnerable households may enable women and girls to avoid the need to relocate during shocks to areas with better income opportunities, which has generally been found globally to be a common coping strategy during emergencies, minimizing their exposure to GBV and Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH). However, as emergency cash assistance may also increase exposure to GBV and SEA/SH in the short term, the AF2 will continue to support the robust GBV risk mitigation and response measures³² established by the parent project. Progress on supporting the closing of the gender gaps will be measured through gender-specific and gender-disaggregated data in the M&E framework.

41. **Citizen Engagement.** The AF2 will continue the strong citizen engagement established under the parent project, which will be critical in minimizing risks to stakeholder engagement and management. Stakeholders will continue to be engaged throughout AF2 implementation and monitoring of activities, through robust communication and in-depth community mobilization, sensitization, and awareness raising. This will be important in ensuring that all stakeholders understand the key parameters of the SCT drought response, particularly in relation to the emergency cash assistance amount and duration of the response. Capacity building will be undertaken during implementation to strengthen citizen feedback loop to provide input and feedback and empower communities to take ownership of the drought response. Various channels, such as information boards, community meetings, radio, posters, and service charters, will be used to disseminate information. Complaints will be recorded and monitored through the existing project GRM, and a structured social accountability process, tailored to marginalized beneficiaries, will be implemented using social accountability tools. The SCT already targets poor and vulnerable households with persons with disabilities (PWD), representing

³² These include in-depth community sensitization and awareness building on negative social norms and GBV issues to facilitate gender transformative dialogue and behavior change, ensuring that the GRM is GBV-sensitive at all levels of implementation, developing a GBV directory of service providers at the district level, and establishing a national GBV call center in the Gender Division.



about 16 percent of the current caseload nationwide, which has also been used as a criterion for targeting of the new households under horizontal expansion. Meaningful consultations will be organized with PWD-related organizations, particularly Zambia Agency for Persons with Disabilities. The current harmonized communications strategy will be updated and utilized for the AF2 to guide overall citizen engagement.

C. Financial Management

42. **The current FM arrangements for the parent project will continue to meet the FM requirements under the AF2.** The FM assessment concludes that the existing FM arrangements of the implementing agency, MCDSS, continue to be adequate in providing reasonable assurance for the use of project resources, as per the World Bank Policy and Directive on IPF. Audit reports are generally submitted in a timely manner and with unqualified audit opinion. As such, the detailed FM arrangements, which are described in the parent project’s PAD, will continue to apply. The existing US dollar Designated Account will be used for the AF2, and the project will use the IFR disbursement method to access advances from the World Bank based on approved cash forecasts for six months. All other disbursement methods will be allowed as detailed in the Disbursement and Financial Information Letter.

D. Procurement

43. **The procurement arrangements for the parent project will be followed for the AF2.** All goods, works, non-consulting services, and consulting services required for the AF2 and to be financed out of the proceeds of the IDA grant and the grant from the GEWEL MDTF will be procured in accordance with the World Bank Procurement Regulations for IPF Borrowers, dated September 2023, and provisions of the Financing Agreement and the MDTF Grant Agreement. The AF2 will also be subject to the World Bank’s “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016. The institutional arrangements for procurement remain the same as under the parent project. Procurement performance has seen improvements under the parent project, including in staffing, planning, and updating of procurement tracking systems. The AF2 will continue the provision of capacity building on procurement and contract management to the implementing agency, and the oversight of procurement activities by the World Bank through prior reviews, which will be based on the risk level assessed by the World Bank. The detailed procurement arrangements included in the parent project’s PAD will continue to apply.

E. Legal Operational Policies

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

F. Environmental and Social

44. **The E&S risks of the AF2 will remain the same as those of the parent project and will continue to be rated as moderate.** The E&S assessment confirms that the already existing E&S arrangements under the MCDSS remain adequate, and that there has been a notable improvement in the parent project’s update of E&S instruments,



such as the SEP and ESMP. The AF2 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 SCT PIU established under the SSRSP has had its capacity assessed in terms of its ability to absorb the AF2 activities for emergency response, as well as other ongoing World Bank-funded SP projects, namely the GEWEL project (closing in December 2024) and the GEWEL 2. Therefore, no additional human resources for the PIU are envisaged under the AF2. Further, the roles of current GRM/GBV Specialists have also been assessed and will continue to be maintained to also include stakeholder engagement for the AF2, including a training plan to enhance capacities to better inform risk management in alignment with ESF requirements. The updated ESCP for the AF2 was disclosed in-country and on the World Bank's external website on June 14, 2024.

V. WORLD BANK GRIEVANCE REDRESS

45. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.



VI SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓

VII DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Social Cash Transfer	191.00	Revised	Social Cash Transfer	398.60
TOTAL	191.00			398.60



LOAN CLOSING DATE(S)					
Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-71860	Effective	30-Jun-2025	30-Jun-2025	31-Dec-2025	30-Apr-2026
TF-B8770	Effective	31-Oct-2023	30-Sep-2024	30-Sep-2024	30-Jan-2025
TF-C4840	Effective	30-Sep-2024	30-Sep-2024	30-Sep-2024	30-Jan-2025

Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
2022	0.00	0.00
2023	58,260,263.02	58,260,263.02
2024	110,796,124.14	169,056,387.16
2025	207,409,663.84	376,466,051.00
2026	22,129,361.00	398,595,412.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Substantial	● Substantial
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial
Fiduciary	● Substantial	● Substantial
Environment and Social	● Moderate	● Moderate
Stakeholders	● Moderate	● Moderate
Other	● Low	● Low
Overall	● Moderate	● Moderate



LEGAL COVENANTS – Second Additional Financing for Scaling-up Shock Responsive Social Protection Project (P181711)

Sections and Description

No information available

Conditions



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Zambia

Second Additional Financing for Scaling-up Shock Responsive Social Protection Project

Project Development Objective(s)

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

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	End Target
To protect poor and vulnerable households' consumption in response to shocks in Zambia			
Change in beneficiary household expenditure on food (Percentage)		0.00	20.00
<i>Action: This indicator has been Revised</i>	<i>Rationale: Intermediate targets have been removed as the end target will be available through an impact evaluation, for which the endline survey is ongoing, and the results are expected to be available well in advance of the project closing. The definition was changed for clarity.</i>		
People with strengthened food and nutrition security (Number)		146,100.00	1,022,659.00
<i>Action: This indicator has been Revised</i>	<i>Rationale: Revised to align with the World Bank Scorecard Indicator.</i>		
People with enhanced resilience to climate risks (Number)		334,547.00	8,481,179.00



Indicator Name	PBC	Baseline	End Target
<i>Action: This indicator is New</i>	Rationale: <i>This indicator is added to align with the World Bank Scorecard Indicator.</i>		

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Social Cash Transfers			
SCT transfer value as a share of national poverty line (Percentage)		8.00	10.00
<i>Action: This indicator has been Revised</i>	Rationale: <i>The definition was revised for clarity.</i>		
SCT beneficiary households receiving payments on time (Percentage)		83.00	90.00
<i>Action: This indicator has been Revised</i>	Rationale: <i>The end target was revised from 100 percent, as it is unrealistic to expect that 100 percent of SCT payments would be received by beneficiaries on-time due to challenges outside the SCT PIU's control. The indicator name was also revised to specify beneficiary "households" for consistency with other indicators.</i>		
SCT beneficiary households receiving payments through ZISPIS (Percentage)		0.00	95.00
<i>Action: This indicator has been Revised</i>	Rationale: <i>The definition was revised for clarity. The indicator name was revised to specify beneficiary "households" for consistency with other indicators.</i>		



Indicator Name	PBC	Baseline	End Target
Eligible SCT beneficiary households who received the education lumpsum grant (Percentage)		50.00	95.00
Action: This indicator has been Revised	Rationale: <i>The definition was changed for clarity. The indicator name was revised to specify beneficiary "households" for consistency with other indicators.</i>		
SCT beneficiary households receiving KGS Education Grants on time (Percentage)		50.00	75.00
Action: This indicator has been Revised	Rationale: <i>The definition was changed for clarity in calculation. The indicator name was revised to specify beneficiary "households" for consistency with other indicators.</i>		
SCT beneficiary households in a district severely affected by climate change (Number)		64,336.00	1,630,996.00
Action: This indicator has been Revised	Rationale: <i>The end target and definition was revised to reflect the significant scale-up of the SCT through the planned horizontal expansion under the AF2, as well as the increase in IPC 3 districts from 10 to 84 districts due to the on-going drought. The indicator name was revised to specify beneficiary "households" for consistency with other indicators.</i>		
Of which received an ECT through horizontal expansion (Number)		0.00	726,361.00
Action: This indicator is New	Rationale: <i>Sub-indicator was added to capture the planned horizontal expansion under the AF2.</i>		
Beneficiaries of social safety net programs (CRI, Number)		5,064,800.00	6,817,725.00



Indicator Name	PBC	Baseline	End Target
<i>Action: This indicator has been Revised</i>		Rationale: <i>The baseline and end targets were revised to reflect individual beneficiaries of the existing regular SCT households nation-wide as the unit of measurement rather than households, as was the case in the parent project, which has been met and exceeded by nearly 30 percent. The new target includes the existing regular SCT households nation-wide multiplied by the average number of household members as indicated by the DHS. This is a World Bank Scorecard Indicator.</i>	
Beneficiaries of social safety net programs - Female (CRI, Number)		3,342,768.00	3,477,040.00
<i>Action: This indicator has been Revised</i>		Rationale: <i>The baseline and end targets were revised to reflect individual beneficiaries of the SCT households as the unit of measurement rather than households, as was the case in the parent project, disaggregated by female.</i>	
SCT related complaints received and resolved within the stipulated period of time (Percentage)		69.00	70.00
<i>Action: This indicator has been Revised</i>		Rationale: <i>The end target was revised in consideration of the constraints faced in meeting the end target due to challenges resulting from the rapid expansion of the caseload, scale-up of digital payments, and the shock response planned under the AF2 that are outside the SCT PIU's control. The definition was revised for clarity.</i>	

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Change in beneficiary household expenditure on food	Percent change in total expenditure on food incurred by existing regular SCT households nation-	Baseline and Endline	Impact evaluations	Survey based Quantitative Analysis	MCDSS



	wide.				
People with strengthened food and nutrition security	<p>The number of people benefiting from interventions by IDA across multiple sectors that strengthen food and nutrition security. These interventions may span the universally accepted dimensions of food and nutrition security, including the availability of food, access to food, utilization of food and the stability of food systems.</p> <p>Specifically, it is defined as the cumulative indirect beneficiaries of the existing regular SCT households nation-wide. It is calculated as the total number of regular SCT households nation-wide, multiplied by the average household size as defined by the DHS, multiplied by the percentage of regular SCT households nation-wide eating more than one meal per day.</p>	Baseline and Endline	ZISPIS; Beneficiary phone surveys and impact evaluation	Survey, quantitative data collection	MCDSS



<p>People with enhanced resilience to climate risks</p>	<p>The number of people directly benefitting from improved climate risk management and increased climate resilience due to eligible investments, through activities by the World Bank during the intervention period.</p> <p>Specifically, it is defined as the cumulative indirect beneficiaries of the existing regular SCT households in a district severely affected by climate change and new households for horizontal expansion planned under the AF2, all benefitting from increased climate resilience. It is calculated by first adding the existing regular SCT households in a district severely affected by climate change and new households for horizontal expansion planned under the AF2, and multiplying that by the average household size as defined by the DHS.</p>	<p>Cumulative</p>	<p>ZISPIS and Zambia Vulnerability Assessment Committee (ZVAC) reports</p>	<p>Quantitative analysis</p>	<p>MCDSS</p>
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Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
SCT transfer value as a share of national poverty line	Denominator: Monetized national poverty line (per adult equivalent multiplied by household size as defined by the DHS); Numerator: Average SCT transfer value. The end target reflects the value in the final year of the project.	Annual	ZISPIS ZAMSTATS	Quantitative analyses	MCDSS
SCT beneficiary households receiving payments on time	Denominator: All existing regular SCT households nation-wide that receive a regular SCT payment for a given payment cycle; Numerator: Number of existing regular SCT households nation-wide that receive a regular SCT payment on time. A transfer is considered on time if it is received (i.e. reconciled) by a household within the stipulated time as defined in the PIM. To obtain the annual	Annual	ZISPIS	Quantitative analysis	MCDSS



	percentage value, separately add each cycle's denominators and numerators together for all six cycles in a year and calculate the percentage. Note, it is not an average of the six cycles. The end target reflects the share of SCT payments received on time in the final year of the project.				
SCT beneficiary households receiving payments through ZISPIS	Denominator: Total number of enrolled existing regular SCT households; Numerator: Of which choose to be paid through ZISPIS. The end target reflects the share in the final year of the project.	Annual	ZISPIS	Quantitative analysis	MCDSS
Eligible SCT beneficiary households who received the education lumpsum grant	Denominator: Total number of Keeping Girls in School (KGS) girls in a existing regular SCT household; Numerator: Of whom received the education lumpsum grant; The end target reflects the share in the final year of the project.	Annual	ZISPIS and KGS Management Information System (MIS)	Quantitative analysis	MCDSS and MOE
SCT beneficiary households receiving KGS Education Grants on time	Denominator: Total number of KGS girls in	Annual	ZISPIS and KGS MIS	Quantitative analysis	MCDSS and MOE



	existing regular SCT households who received the education lumpsum grant; Numerator: Of whom received the grant on time. On time is defined by the dates set out in the PIM. The end target reflects the share in the final year of the project.				
SCT beneficiary households in a district severely affected by climate change	Total number of existing regular SCT households residing in districts with an IPC level 3 or above plus new households who receive a temporary ECT through horizontal expansion under the AF2.	Cumulative	ZISPIS and ZVAC reports	Quantitative analysis	MCDSS
Of which received an ECT through horizontal expansion	Total number of households who receive a temporary emergency cash transfer under horizontal expansion for 2024-2025 drought response. This should not include households receiving the ongoing foundational SCT support, even if they are provided with a cash top-up under vertical expansion for 2024-2025 drought response.	Cumulative	ZISPIS	Quantitative analysis	MCDSS



Beneficiaries of social safety net programs		Cumulative	ZISPIS	Defined as the cumulative indirect beneficiaries within the SCT households, and calculated as the number of SCT households multiplied by the average household size as defined by the DHS.	MCDSS
Beneficiaries of social safety net programs - Female		Cumulative	ZISPIS	Defined as the cumulative indirect beneficiaries within the SCT households, which are female, as defined by the national census. This is calculated as the number of SCT households multiplied by the average household size, multiplied by the ratio of women vs. men in Zambia, as reported in the national census.	MCDSS
SCT related complaints received and resolved within the stipulated period of time	Denominator: Total annual complaints submitted regarding the regular SCT program (excluding complaints related to	Annual	ZISPIS	Quantitative analysis	MCDSS



	<p>drought response); Numerator: Of which resolved on time. Resolved is defined as a complaint having been received, investigated, and a response given to the complainant and/or recorded closed. On time as defined in the GRM manual. End target reflects the value in the final project year.</p>				
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