



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 02-Nov-2023 | Report No: PIDA36879



**BASIC INFORMATION**

**A. Basic Project Data**

Country Somalia	Project ID P181469	Project Name Somalia Shock Responsive Safety Net for Human Capital Project Third Additional Financing	Parent Project ID (if any) P171346
Parent Project Name Shock Responsive Safety Net for Human Capital Project	Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 30-Oct-2023	Estimated Board Date 15-Dec-2023
Practice Area (Lead) Social Protection & Jobs	Financing Instrument Investment Project Financing	Borrower(s) Federal Republic of Somalia	Implementing Agency Ministry of Labor and Social Affairs

Proposed Development Objective(s) Parent

The project development objective is to provide cash transfers to targeted poor and vulnerable households and establish the key building blocks of a national shock-responsive safety net system.

Components

Nutrition-linked Unconditional Cash Transfers  
Delivery Systems and Institutional Capacity Building  
Project Management, Monitoring and Evaluation, and Knowledge Management  
Household Registration in the Unified Social Registry

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

**SUMMARY**

<b>Total Project Cost</b>	100.00
<b>Total Financing</b>	100.00
<b>of which IBRD/IDA</b>	100.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	100.00
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IDA Grant	100.00
Environmental and Social Risk Classification	
Moderate	

Other Decision (as needed)

## B. Introduction and Context

1. **The Federal Government of Somalia (FGS) has requested additional International Development Association (IDA) grant financing to address drought induced emergency through the Somalia Shock Responsive Safety Net for Human Capital Project (SNHCP, P171346).** The financing amount is US\$100 million equivalent with US\$ 80 million equivalent from CRW ‘last resort financing’ and US\$20 million from IDA Performance Based Allocation (PBA). The proposed support will result in the provision of Emergency Cash Transfers (ECT) to 215,000 households affected by floods and drought crisis, extension of regular safety net support to existing 200,000 households for six months (up to June 30, 2024) and, thereafter, the extension of Unconditional Cash Transfers (UCT) to a recertified cohort of 50,000 beneficiaries. The financing will ensure that in the context of the scale-down of humanitarian assistance, the coverage of cash transfers to the most vulnerable continues to meet the scale and scope of need. In addition, the FGS requested a restructuring to invest in key building blocks for resilience to future crises by expanding the Unified Social Registry (USR) surveys nationwide and changing the implementation modality for the Baxnaano urban expansion from UN to direct implementation. The proposed activities are consistent with the original Project Development Objective (PDO) and are strategically aligned with the National Social Protection Policy (2019) and the Country Partnership Framework (CPF) for the Period of FY19-22 for Somalia (Report No. 124734-SO), which was extended through FY23 by the Performance and Learning Review (Report No. 176049)

### Country Context

2. **Somalia is facing a rapidly unfolding humanitarian catastrophe, driven by the longest and most severe drought in at least 40 years.** While famine conditions have been averted in early 2023, the latest IPC acute food insecurity and acute malnutrition analysis report, published on September 18, 2023, shows 4.4 million individuals projected as acutely food insecure (IPC3+<sup>1</sup>) between October and December 2023. Somalia has faced six sub-standard rainy seasons gradually increasing the scale and scope of humanitarian needs. The outlook for the second half of 2023 remains dire, with a strong El Niño expected to bring severe rains, flooding, displacement, loss of lives and livelihoods. An important contributing and complicating factor is Russia’s suspension of the Black Sea Grain Initiative in July 2023. This has aggravated the financing gap as Somalia relies heavily on imported food commodities. In 2023, an estimated 8.25 million people, nearly half of Somalia’s population, require immediate humanitarian assistance with more than 1.5 million internally displaced persons (IDPs) due to the drought, including 369,000 in the first half of 2023. This



drives the cumulative total number of IDPs in Somalia to an estimated 3.8 million. The drought left over 3.8 million livestock dead, eroding the primary source of livelihood, income, and nutrition for pastoralist communities.

#### Sectoral and Institutional Context

3. **Somalia is gradually establishing the building blocks of a shock responsive safety net system through the launch of its first national safety net platform, Baxnaano.** The Baxnaano program was launched in late 2019 and is administered by the Ministry of Labor and Social Affairs (MoLSA) on behalf of the FGS. Baxnaano provides support to poor and vulnerable beneficiaries through two windows:

- a) **Regular window** – An unconditional cash transfer (UCT) program which covers 200,000 chronically poor and vulnerable households (approximately 1.3 million individuals) with focus on households with children aged under five years, currently active in 25 districts across all Federal Member States (FMS) and Somaliland. The program provides reliable support of US\$20 per month to each household for three years (continued support requires recertification of eligibility). This window aims to address chronic poverty and food security and enhance the human capital accumulation of beneficiary households.
- b) **Shock response window** – The window is expected to support a total of 598,000 households (3.59 million individuals) with temporary ECT in particular, climate change related emergencies, such as the 338,000 drought affected households supported under SNHCP and 260,000 locust affected households supported under Shock Responsive Safety Net for Locust Response Project (SNLRP, P174065). The window provides US\$60 per month per household for a period of six months. This window aims at protecting the human and physical assets of the poor and vulnerable during shocks and enable recovery.

4. **In support of Baxnaano, SNHCP aims to provide cash transfers to targeted poor and vulnerable households and establish the key building blocks of a national shock-responsive social protection system.** The SNHCP (originally US\$65 million, approved on August 8, 2019) supported FGS efforts to establish Baxnaano, and initially financed regular cash transfers to approximately 1.2 million individuals 25 districts across all FMS and Somaliland. A first Additional Financing (AF) (P176368) in the amount of US\$110 million equivalent, approved on June 17, 2021, increased the duration of Baxnaano support for the same beneficiary cohort to ensure that efforts at improving human capital could be maintained. A second AF (P178730) in the amount of US\$145 million equivalent, approved on June 22, 2022, supported a response to the urgent food security needs of poor and vulnerable populations affected by the prevailing drought crisis which began in late 2021, further increased the duration of Baxnaano support for the enrolled beneficiary cohort, and provided support to expand Baxnaano support to beneficiaries in urban areas with a focus on Banadir Regional Administration. In addition, the SNHCP together with the World Bank's complementary advisory services and analytics (ASA) and in collaboration with the World Food Programme (WFP) and the United Nations Children's Fund (UNICEF), has been supporting MoLSA to build internal capacity and develop its own delivery systems, to enable transitioning to direct implementation by MoLSA. Baxnaano is gradually becoming a national social protection platform that facilitates coordination and collaboration with humanitarian programs, with a vision to transition from a humanitarian mode of operation and take on a longer-term programmatic developmental focus.



### C. Proposed Development Objective(s)

#### Original PDO

The project development objective (PDO) is to provide cash transfers to targeted poor and vulnerable households and establish the key building blocks of a national shock-responsive safety net system.

#### Current PDO

No Changes have been proposed to the PDO.

#### Key Results

The intermediate indicator number of “Households registered in the USR” will be revised to 2,000,000 (up from 200,000).

### D. Project Description

5. **This AF will serve two key purposes to respond to urgent crisis needs:** to extend and expand cash transfers to the most vulnerable and most crisis affected households; and reallocating resources to invest in key building blocks for resilience to future crises.

6. **The first purpose of the AF is to draw upon CRW “last resort financing” to scale up emergency transfers and extend regular safety net.** The severity and extent of the drought crisis necessitates provision of income support which will be provided to 215,000 of the most crisis affected households who were not covered due to a funding shortfall. In addition, the existing cohort of 200,000 regular unconditional cash transfer beneficiaries will receive an additional six month of support. Subsequently, the project will extend support to a recertified cohort of 50,000 beneficiaries. Building on the strong implementation track record, risk management will be further strengthened.

7. **The second purpose of the AF is to invest in key building blocks for resilience and shock responsiveness to future crises through a restructuring and reallocation of requisite resources.** This entails expanding USR surveys nationwide and changing the implementation modality for the Baxnaano urban expansion from UN to direct implementation. Investments in these elements are highly necessary to ensure that the social protection platform is able to respond to shocks faster and with greater accuracy.

8. **Component 1: Nutrition-linked Unconditional Cash Transfers.** This component will enable continued support to existing beneficiaries. The associated benefits would be as follows:

- a) 215,000 drought affected households will receive six months of ECT (US\$60 per household monthly) to cope with the effects of the drought crisis.
- b) An additional period of six months of support to the current cohort of 200,000 beneficiary households up to June 30, 2024, to counteract the impact of the ongoing overlapping crisis effect on these poorest and most vulnerable households.
- c) Support will be provided to a recertified cohort of 50,000 poorest households identified using the USR and a Proxy Means Test based targeting approach.

9. **Component 2: Delivery Systems and Institutional Capacity Building.** This component implemented by UNICEF will continue as per previous arrangements.



10. **Component 3: Project Management, M&E, and Knowledge Management.** The distribution of beneficiaries and associated benefits would be as follows:

- a) The implementation modality for the Baxnaano urban expansion will be changed from UN to direct implementation. The urban expansion approved under the second additional financing will be moved from Component 1 to Component 3 to allow MoLSA to implement the intervention. The shift to Government led implementation is essential to build resilient and sustainable systems for future crisis response. This includes use of the newly established USR and improving linkages with available nutrition services and labor market opportunities.
- b) Additional resources are being allocated to allow the MoLSA PIU to continue providing implementation support for the additional implementation period of one year and offset exchange rate losses incurred under the UN agreements and absorbed under this component.

11. **Component 4: Household Registration in the USR.** The USR is a key national registry that will improve targeting, efficiency, and transparency of all social and pro-poor programs in Somalia. The additional support will allow for a nationwide scale-up of data collection activities, enabling the government to collect socio-economic information for all accessible households in the country. The expansion of the survey will allow Baxnaano to respond to future shocks through vertical and horizontal expansions. It is estimated that an additional 1.8 million households will be surveyed.

12. **The restructuring extends the period of implementation from December 31, 2024, to December 31, 2025.** The additional time is required to complete survey activities and implement the pilots. Additional resources will be provided to allow MoLSA project implementation unit (PIU) to continue providing implementation support for the additional one-year period.

Legal Operational Policies

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

Summary of Assessment of Environmental and Social Risks and Impacts

**E. Implementation**

Institutional and Implementation Arrangements

13. Implementation arrangements remain largely unchanged by component, with WFP continuing to implement activities of UCT and ECT under component 1, UNICEF continuing until the end of their output agreement under component 2, and MoLSA implementing component 3 and 4. The proposed reallocations mark an important shift towards direct implementation of MoLSA for the USR survey and Baxnaano urban expansion. Based on the satisfactory track record of MoLSA in fiduciary and E&S risk



management, this expansion of direct implementation is an important step and will be accompanied by increased capacity and robust World Bank technical assistance.

## CONTACT POINT

### World Bank

Ali Nadeem Qureshi  
Senior Social Protection Specialist

Mona Luisa Niebuhr  
Senior Social Protection Specialist

### Borrower/Client/Recipient

Federal Republic of Somalia  
Dr. Elmi Mohamed Nur  
Minister of Finance  
mof@mof.gov.so

### Implementing Agencies

Ministry of Labor and Social Affairs  
Fardosa Abdullahi  
Project Manager and Social Protection Coordinator  
dowsaahmed79@gmail.com

## 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):	Ali Nadeem Qureshi Mona Luisa Niebuhr
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**Approved By**

Practice Manager/Manager:		
Country Director:	Kristina Svensson	06-Nov-2023