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Report No: PAD3421

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED PRE-ARREARS CLEARANCE GRANT

IN THE AMOUNT OF SDR 46.8 MILLION
(US\$65 MILLION EQUIVALENT)

TO THE

FEDERAL REPUBLIC OF SOMALIA

FOR THE

SHOCK RESPONSIVE SAFETY NET FOR HUMAN CAPITAL PROJECT

July 26, 2019

Social Protection and Jobs Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective June 30, 2019)

Currency Unit = Somali Shilling (SOS)

SOS 578.50 = US\$1

US\$1 = SDR 0.71931579

FISCAL YEAR

January 1–December 31

ABBREVIATIONS AND ACRONYMS

BRA	Banadir Regional Authorities
CBT	Cash-Based Targeting
CPF	Country Partnership Framework
DFID	U.K. Department for International Development
DPPF	Data Protection Focal Person
DWG	Donors Working Group
EAFS	External Assistance Fiduciary Section
EU	European Union
FAO	Food and Agriculture Organization of the UN
FCV	Fragility, Conflict, and Violence
FGS	Federal Government of Somalia
FM	Financial Management
FMFA	Financial Management Framework Agreement
FMS	Federal Member States
FRS	Federal Republic of Somalia
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GRM	Grievance Redress Mechanism
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IDP	Internally Displaced Person
IFMIS	Integrated Financial Management Information System
IFR	Interim Financial Report
IMF	International Monetary Fund
IPC	Integrated Phase Classification
MAM	Moderate Acute Malnutrition
M&E	Monitoring and Evaluation
MEB	Minimum Expenditure Basket
MIS	Management Information System
MoF	Ministry of Finance

MoLSA	Ministry of Labor and Social Affairs
MTR	Midterm Review
NDP	National Development Plan
NGO	Nongovernmental Organization
PDO	Project Development Objective
PFM	Public Financial Management
PIU	Project Implementation Unit
PP	Procurement Plan
PPA	Public Procurement, Concessions, and Disposal Act
PPSD	Project Procurement Strategy for Development
SAM	Severe Acute Malnutrition
SCALED-UP	Somalia Capacity Advancement, Livelihoods and Entrepreneurship through Digital Uplift Project
SCD	Systematic Country Diagnostics
SEA	Sexual Exploitation and Abuse
SEP	Stakeholders Engagement Plan
SMP	Staff-Monitored Program
SNHCP	Shock Responsive Safety Net for Human Capital Project
SP	Social Protection
SSN	Social Safety Net
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
TAF	Technical Assistance Facility
TOR	Terms of Reference
TPM	Third-Party Monitoring
UCS	Use of Country Systems
UCT	Unconditional Cash Transfers
UN	United Nations
UNICEF	United Nations Children's Fund
WFP	World Food Programme

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name		
Somalia	Shock Responsive Safety Net for Human Capital Project		
Project ID	Financing Instrument	Environmental and Social Risk Classification	Process
P171346	Investment Project Financing	Substantial	Urgent Need or Capacity Constraints (FCC)

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 checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<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)	

Expected Approval Date	Expected Closing Date
08-Aug-2019	31-Aug-2022

Bank/IFC Collaboration

No

Proposed Development Objective(s)

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**

Component Name	Cost (US\$, millions)
Nutrition-linked Unconditional Cash Transfers	53.00
Delivery Systems and Institutional Capacity Building	6.00
Project Management, Monitoring and Evaluation, and Knowledge Management	6.00

Organizations

Borrower:	Federal Republic of Somalia
Implementing Agency:	Ministry of Labor and Social Affairs

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

Total Project Cost	65.00
Total Financing	65.00
of which IBRD/IDA	65.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	65.00
IDA Grant	65.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
National PBA	0.00	65.00	0.00	65.00
Total	0.00	65.00	0.00	65.00

Expected Disbursements (in US\$, Millions)



WB Fiscal Year	2020	2021	2022	2023
Annual	40.00	15.00	9.50	0.50
Cumulative	40.00	55.00	64.50	65.00

INSTITUTIONAL DATA

Practice Area (Lead)

Contributing Practice Areas

Social Protection & Jobs

Climate Change and Disaster Screening

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

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● High
7. Environment and Social	● Substantial



8. Stakeholders	● Moderate
9. Other	
10. Overall	● Substantial

COMPLIANCE

Policy

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

Yes No

Does the project require any waivers of Bank policies?

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).

Legal Covenants

Sections and Description

The Recipient shall not later than ninety (90) days after the Effective Date, establish and thereafter, maintain throughout the Project implementation the PIU within the Federal MoLSA with resources, terms of reference, staffing, and other resources, satisfactory to the Association.

Conditions

Type	Description
Disbursement	Payments made prior to the Signature Date of the Financing Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 1,440,000 may be made for payments made prior to this date but on or after June 1, 2019, for Eligible Expenditures under Categories (2) set forth in the table under Schedule 2 Section III.A.1 of the Financing Agreement; or
Disbursement	Payments for Cash Transfer under Category (1) set forth in the table under Schedule 2 Section III.A.1 of the Financing Agreement, unless the Recipient has prepared, adopted and disclosed the following social risk management instruments: Social Management Plan (including, inter alia, a gender-based violence (GBV) Action Plan) and Labour Management Procedures, all in form and substance satisfactory to the Association; or
Disbursement	Payments under Categories (3) and (4) set forth in the table under Schedule 2 Section III.A.1 of the Financing Agreement, unless the Recipient has prepared and adopted the Project Operations Manual, in form and substance satisfactory to the Association.



I. STRATEGIC CONTEXT

A. Country Context

1. **After more than two decades of conflict and insecurity, Somalia is gradually establishing the foundations for stability and a new political settlement.** Since 1991, southern Somalia has experienced cycles of conflict that have fragmented the country, destroyed legitimate institutions, and created widespread vulnerabilities. The civil war resulted in the deaths of tens of thousands of Somalis and exacerbated the 1991 famine. Efforts during the 1990s and 2000s aimed at restoring peace were undermined by ongoing insecurity and the rise of a militia-based opposition, known today as Al-Shabaab. However, Somalia has entered a new phase of relative peace and stability since 2011, with the Agreement on the Provisional Constitution and the establishment of the Federal Republic of Somalia (FRS) bringing to power the Federal Government of Somalia (FGS) in 2012 and ending a long period of revolving transitional governments. The federal system of governance, with its newly formed Federal Member States (FMS), opens a new chapter for Somalia's development and offers hope for a stable future. However, the federation process is complex, representing both a significant development opportunity as well as uncertainties over representation and power and resource sharing. Meanwhile, the nature of Somaliland's relationship with Somalia remains unresolved. Further, insecurity remains a concern, as demonstrated by recent attacks by Al-Shabaab in March and April 2019. Drought, competition for natural resources, and poor living conditions also fuel fighting in rural areas. As such, government control beyond urban areas and key towns and cities continues to be limited.

2. **Despite improvements in the macroeconomic outlook, economic challenges continue to be daunting, and growth remains insufficient to address widespread vulnerabilities.** Between 2013 and 2017, Somali real gross domestic product (GDP) was estimated to have grown at an average of 2.5 percent per year while population grew by 2.9 percent per year. This resulted in an annual contraction of per capita GDP of 0.3 percent a year.¹ Growth is mainly consumption driven, enabled by large remittance and aid inflows, estimated at about US\$1.4 billion a year, equivalent to about 23 percent of Somalia's GDP (IMF 2017), while construction, telecommunications, and money transfer services have been the key growth sectors. Remittances sent by the diaspora contribute substantially to household income and consumption for the bottom 40 percent. Half of Somalia's estimated 12 million people live in rural areas, pursuing pastoralist and agro-pastoralist livelihoods, which are increasingly exposed to climate change. Nevertheless, the agriculture sector remains the backbone of the economy and accounts for about 75 percent of GDP, among the highest in the world.² Spending by the FGS has expanded significantly over the past five years along with expanded revenue mobilization, reaching 5.4 percent of GDP in 2018. However, spending remains concentrated on security and public administration, reflecting the immediate priorities of peacekeeping and peace-building, and neither the FGS nor the FMS is able to allocate meaningful resources for human capital or infrastructure development.³

3. **Somalia is highly vulnerable to natural disasters, namely repeated cycles of droughts driven by climate change, resulting in protracted humanitarian crisis.** Somalia has experienced 14 droughts since

¹ World Bank. 2018. *Somalia Economic Update – Edition No 3*. Washington, DC: World Bank.

² World Bank. 2018. *Country Partnership Framework for the Federal Republic of Somalia*. Washington, DC: World Bank.

³ World Bank. 2019. *Draft Somalia Economic Update. Rebuilding Human Capital to Return to Prosperity*. Fourth Edition. Washington, DC: World Bank.



1960, averaging one every four years. Recently, the 2011 East Africa Drought resulted in the deaths of a quarter million people, half of them children under the age of five years, as well as the displacement of nearly 1 million people.⁴ In 2016/17, the country experienced another large-scale drought, leaving an estimated 6.7 million people in urgent need of humanitarian assistance. While famine was averted due to concerted international support, nearly 400,000 children still suffered from acute malnutrition and an additional 1 million people were internally displaced. In 2018, Somalia also experienced major flooding, which further displaced over 230,000 people, worsening the impacts of the 2016/17 drought.⁵ Consequently, more than 1.5 million people became internally displaced since November 2016 because of drought, conflict, and flooding. This was in addition to an existing estimated caseload at that time of 1.1 million people in protracted displacement.⁶ As such, about 14 percent of the total population remains internally displaced. Another drought is now anticipated in mid-2019 due to failed or late rains, which is expected to further deteriorate food security and displacement.⁷ The Center for Global Development therefore ranks Somalia as the most vulnerable country to climate change among 167 countries, adjusted for coping capacity.⁸

4. **This year, chronic food insecurity and the resulting severe malnutrition among children under five years will yet again reach crisis levels.** Currently, about 3.4 million people are estimated to be in the ‘Stressed’ (IPC 2)⁹ phase through June 2019, while an additional 1.5 million are estimated to be in the ‘Crisis’ (IPC 4) and ‘Emergency’ (IPC 4) phases. The population facing crisis and emergency phases are supported by humanitarian assistance to prevent famine conditions. However, lack of a formal safety net delivery system that provides predictable, reliable, and scalable assistance to households facing chronic food insecurity under the ‘Stressed’ phase risks worsening their food security in the event of a shock or stress. Moreover, high levels of chronic malnutrition persist across Somalia due to food insecurity, high morbidity, low immunization, and vitamin A supplementation, and poor care practices. While data on stunting of children under five years is limited, estimates range widely from 12 percent to 38 percent.¹⁰ Currently, urgent treatment and nutrition support is required for an estimated 900,000 children under the age of five years, with about 140,000 children likely to be severely malnourished.

5. **Development outcomes have been exacerbated by the economic challenges and ongoing humanitarian crisis.** Nearly 80 percent of Somalis live below the international poverty line¹¹ according to

⁴ World Bank. 2018. *Country Partnership Framework for the Federal Republic of Somalia*. Washington, DC: World Bank

⁵ World Bank. 2017. *Somalia Emergency Drought Response and Recovery Project*. Project Appraisal Document, Washington, DC: World Bank.

⁶ See https://data2.unhcr.org/en/situations/cccm_somalia.

⁷ Data obtained from the Somalia Food Security Cluster indicates that large-scale, emergency food assistance has continued across Somalia, reaching 1.8 million to 2 million people per month between August and December 2018. This has prevented worse food security outcomes in many areas. See Food Security and Nutrition Analysis Unit – Somalia and Famine Early Warning System Network. 2019. ‘Key Message Update.’ <http://fews.net/east-africa/somalia/key-message-update/january-2019>.

⁸ The survey ranks countries across four dimensions of climate impact: extreme weather, sea-level rise, agricultural productivity loss, and overall. Rankings are based on a comprehensive dataset. See Wheeler, David. 2011. “Quantifying Vulnerability to Climate Change: Implications for Adaptation Assistance.” Center for Global Development, Washington, DC.

⁹ IPC refers to the Integrated Food Security Phase Classification, which is a tool for improving food security analysis and decision making across a standardized five- phase scale with 1 being minimal and 5 being famine. It is intended to help governments and other humanitarian actors quickly understand a crisis (or potential crisis) and take action. For more details, see <http://fews.net/sectores-t%C3%B3picos/abordagem/classifica%C3%A7%C3%A3o-integrada-de-fases>.

¹⁰ The Food Security and Nutrition Analysis Unit reports 12 percent post *Deyr* 2015/16, while the 2006 Multiple Indicator Cluster Survey reports 38 percent.

¹¹ Poverty is estimated using the international US\$1.90 2011 purchasing power parity poverty line.



the second wave of the Somalia High Frequency Survey undertaken in 2017/18. This makes Somalia the third poorest country in the region, after Burundi and South Sudan.¹² National poverty rates vary significantly across regions, and range between 26 percent and 70 percent. Poverty is more acute among children and youth,¹³ as well as in rural areas and among settlements of internally displaced persons (IDPs), with 70 percent living below the poverty line. Further, only 55 percent of Somalis are literate, only 16 percent have completed primary school, and only 7 percent have finished secondary school. Over two-thirds of urban households have access to basic water services, compared to only 20 percent of rural households, and less than 10 percent have basic sanitation or hygiene.¹⁴ Moreover, only about one-fifth of the population has access to electricity. In addition, maternal mortality was estimated at 734 for every 100,000 births, and the under-five mortality rate, which was at 133 per 1,000 births before the 2016/17 drought,¹⁵ is expected to have worsened because of the impacts of drought. Lastly, three-quarters of the population are under the age of 30 years, which, coupled with high rates of unemployment, presents major social and economic challenges.

6. Vulnerability in Somalia is multidimensional and poor households are more likely to be deprived beyond monetary poverty, including literacy and education attainment, labor force participation, access to quality housing and improved water and sanitation. This deprivation holds both within and across regions. For example, nearly half of the population does not reach average consumption of food items, confirming the dire living standards of most Somalis. While gender is not a predictor of monetary poverty in the Somali context, fewer women have access to education (55 percent of women have no education as compared to 40 percent of men) and social norms constrain their access to jobs and economic opportunities.¹⁶ Overall, nine in ten Somali households are lagging in at least one of these dimensions. Moreover, vulnerability is directly linked to poverty incidence; the population clustered above the poverty line is naturally vulnerable to falling into poverty in case of an unexpected decrease in consumption levels. Thus, in addition to seven in ten people being below the poverty line, a further one in ten people are vulnerable to falling below the poverty line during a shock.

7. Somalis are vulnerable to various covariate (that is, natural disasters and epidemics) and idiosyncratic (that is, injury, death, or unemployment) shocks, which threaten their well-being. Almost two in three Somali households (66 percent) reported experiencing at least one type of shock in the past 12 months.¹⁷ Due to the 2016/17 drought, most of the reported shocks were related to fluctuation in climate and its impact on livelihoods and the economy. Given the dominance of agro-pastoralism in the

¹² World Bank. 2018. *Country Partnership Framework for the Federal Republic of Somalia*. Washington, DC: World Bank.

¹³ Fifty-six percent of children under five years and 59 percent youth between 5 and 15 years are poor.

¹⁴ UNICEF (United Nations Children's Fund) and World Health Organization. 2019. *Joint Monitoring Program*. See <https://washdata.org/data#/som>.

¹⁵ UNICEF (United Nations Children's Fund) and World Health Organization. 2019. *Joint Monitoring Program*. See <https://washdata.org/data#/som>

¹⁶ Social norms constrain women participation: anecdotal evidence suggests that banks require the husband to act as a guarantor for a loan, even when the woman has collateral; and inheritance practices limit women's inheritance rights and access to land. At the same time, women tend to have access to fewer channels through which opportunities are advertised, such as notice boards, websites, and print media.

¹⁷ There were 18 categories of shock in the dataset which were collapsed into 8 categories presented in the graphs. Loss of crop and livestock refers to crop failure; crop disease or pest, and livestock death or disease. Reduction in income includes loss of remittances or other assistance, job loss or business failure, and loss of a household member or main earner due to illness or accident. Conflict covers both experiencing violence and land eviction whereas other natural shocks include floods or landslides and fire.



economy, household welfare is closely linked with changes in rain patterns. Of those who experienced a shock, one in two households reported suffering from drought impacts, while one in four households reported loss of crops or livestock and shortage of water for farming or cattle. One in every five households experienced high food prices and two out of five Somali households experienced multiple types of shocks within a year. The negative impact of each shock is greater if a household experiences multiple types of shocks simultaneously, because it leads to accumulation of vulnerabilities.

8. **Women and girls face specific challenges to economic and decision-making access.** Traditional and religious norms limit women's roles outside the domestic sphere and limit their participation in political and public decision-making forums. Despite their increasing engagement in economic activities, women are thought to be far poorer than men, because wealth is unevenly distributed in the household and across the wider economy. Even among those engaged in income-generating activities, the majority are in the informal sector. Furthermore, women's involvement in wage labor is low (33–40 percent) and predominantly concentrated in the agriculture sector.

9. **Gender-based violence (GBV) is a threat to women and girls throughout Somalia.** A 2016 GBV survey commissioned by the World Bank and United Nations (UN) partners found that 17 percent of women have experienced some form of physical or sexual violence from a non-partner.¹⁸ Further, intimate partner violence is a common experience that has been found to be often linked to women's engagement in income-generating activities, affecting 36 percent of women interviewed. Displaced women and girls are among the most affected due to extreme poverty, marginalization and conflict, and climate-related shocks, such as droughts. Data emerging from the GBV Information Management System reveals that over 14,000 cases of GBV were reported from January 2015 through June 2016. Of the total number of cases, over 50 percent were cases of physical assault, while incidence of rape and sexual assault ranged from 30 percent to 34 percent during this period. A significant share of these cases—roughly 20 percent—were perpetrated against girls under the age of 17 years.

10. **Given the low development indicators and widespread vulnerabilities, Somalia needs to reorient government spending toward public investment, particularly investment to boost human capital.** Somalia's growth and prosperity depend heavily on the quality of its human capital, which in turn depends on Somalia's ability to educate its youth and children to become productive citizens. Social protection (SP) interventions can play a key role in supporting poor and vulnerable households to prevent and mitigate the negative and long-lasting impact that shocks have on human capital formation and individual well-being. Further, cash transfers can enable families to spend more on goods (food, clean water, and medicine) and services (health and education) that generate human capital accumulation. Regular and predictable cash also allows families to increase precautionary savings, improve access to credit through formal and informal sharing mechanisms, and improve livelihood strategies. SP delivery systems, particularly social registries, likewise are helpful more broadly, as they provide a 'gateway' for households to register and be considered for one or more social programs. Given the great potential for improving the human capital of its citizens, particularly among the youth, most of whom confront limited socioeconomic opportunities, Somalia needs to put investments in human capital at the center of its peace-building and development agenda for transition from humanitarian to development approaches.

¹⁸ World Bank. 2018. *Country Partnership Framework for the Federal Republic of Somalia*. Washington, DC: World Bank.



11. **Furthermore, in the absence of trusted institutions and inclusive socioeconomic opportunities, Somalia faces a ‘dual development trap’¹⁹ that perpetuates instability and exclusion and exposes the country to the risk of backtracking.** Breaking out of this trap requires strengthening of the citizens’ trust in institutions and creation of inclusive opportunities for the poorest and most vulnerable and marginalized groups in the country. This can only be achieved through significant investments in services, human development, and economic opportunities, while continuing to address structural drivers of fragility.

B. Sectoral and Institutional Context

12. **In the absence of a formal national safety net system, Somalis currently rely on traditional and informal kinship-based systems in the face of increasingly frequent shocks.** However, these come under particular strain in the face of covariate shocks. When in need, Somalis first rely on family, community, or religious leaders, in this order. Remittances represent an important component of income for the bottom 40 percent of households, but they are concentrated within particular clans, lineages, and extended families. Moreover, urban households are more likely to receive remittances. As such, remittances often do not reach the neediest, who are most likely to fall through the cracks of informal safety nets. Marginalized and minority rural groups are also likely to be excluded from such benefits because they lack access to resources.²⁰

13. **In this context, humanitarian and development agencies have stepped in to deliver humanitarian aid and short-term social and livelihood assistance.** In 2017, official foreign development aid to Somalia totaled US\$1.75 billion, of which US\$1 billion was in the form of humanitarian aid. The humanitarian assistance in 2017 spiked due to the drought and increased by 66 percent from the average of the previous three years, which was US\$608 million per year.²¹ Most of these programs were initiated as an emergency response to help the targeted communities and households absorb shocks and hence had a short-term focus. As such, they fail to provide predictable, reliable, and scalable safety nets, which protect poor and vulnerable populations, address their vulnerabilities, and strengthen their resilience to shocks and stresses for medium-term recovery and longer-term development. Furthermore, humanitarian programs do not support national government-led service delivery systems, which contribute to the enhanced legitimacy of, and trust in, institutions and the Government by its citizens.

14. **There are however a few programs that are shifting from emergency relief to greater resilience building, with focus at the household and community levels.** Conditional and unconditional cash transfers continue to be the most common forms of safety net assistance, but there are also schemes related to public works, cash or food for work, skills training, food vouchers, and school feeding and child nutrition. However, most of these programs are of limited duration and coverage. The primary international agencies and nongovernmental organizations (NGOs) implementing SP interventions include the United Nations Children’s Fund (UNICEF), the World Food Programme (WFP), the Food and Agriculture Organization of the UN (FAO), African Development Solutions, Building Resilient Communities in Somalia Consortium, and Save the Children Fund–United Kingdom, among others.

¹⁹World Bank. 2018. *Country Partnership Framework for the Federal Republic of Somalia*. Washington, DC: World Bank.

²⁰Rift Valley Institution. 2017. *Remittances and Vulnerability in Somalia*. Nairobi, Kenya.

²¹Ministry of Planning, Investment and Economic Development. 2018. “Aid Flows in Somalia: Analysis of Aid.” Federal Republic of Somalia, Mogadishu, Somalia.



15. **While these programs deliver critical benefits to the targeted households and communities, they are implemented outside the Government structure and lack a common strategic vision.** Currently, there are wide variations in eligibility criteria, benefit amount, transfer mechanisms, and coverage period among SP programs. For example, some programs use mobile money network operations for money transfer, as Somalia is a global leader in cellphone coverage and mobile money transfers.²² However, significant gaps in the regulatory framework remain a major challenge due to the absence of a well-functioning formal banking system. These variations raise concerns about effectiveness, sustainability, and equity. Due to the absence of a common targeting approach, an integrated management information system (MIS), or a social registry, it is difficult to draw conclusions on programs' overlap, double counting, and inclusion and exclusion errors. WFP's digital beneficiary database (SCOPE), which contains information on around 6 million people who have participated in WFP projects in Somalia, could provide an entry point toward developing a consolidated beneficiary database.²³ However, moving from a program-specific beneficiary list to a national digitized social registry requires a functional ID system. The World Bank is leading the support to the FGS and the private sector on this front through its Somalia Capacity Advancement, Livelihoods and Entrepreneurship through Digital Uplift Project (SCALED-UP, P168115).

16. **There is now a growing consensus among partners to adopt a longer-term development approach that builds the Government's capacity to gradually take the lead in policy formulation and delivery of SP interventions.** The United Kingdom Department for International Development (DFID) and the European Union (EU) in particular, are playing a fundamental role in paving the way to transition from a humanitarian to a development approach. DFID funds multiple cash transfer projects and has set up a monitoring and evaluation (M&E) cell in Nairobi known as MESH that conducts phone-based interviews with the beneficiaries of these programs. This data provides a wealth of information particularly on benefit delivery and use that can help inform the way forward. The EU has also supported the initiation of a Donors Working Group (DWG) and the setup of a Technical Assistance Facility (TAF) on safety nets. The primary role of the DWG is to promote donor harmonization and alignment toward a common vision and funding strategy. The TAF is intended to promote pooled financing of technical experts to support the DWG in achieving a collective approach to technical assistance (TA). In addition, there is a Cash Working Group that brings together all actors that are using cash-based interventions to coordinate their activities. It also has a work stream on mobile money that tries to facilitate the use of mobile phones for delivering cash and often invites private sector actors to its meetings. The role of the Government in these initiatives is being further identified and supported.

17. **Since 2018, a Shock Responsive Safety Net Project has been piloted by WFP (funded by the EU) in the Banadir region of Somalia.** The objective of this project is to shift support to vulnerable families from humanitarian assistance to a longer-term, predictable intervention that helps people withstand shocks and reduce their vulnerability. The project targets 125,000 urban poor people (about 20,000 households) through predictable cash transfers. Beneficiaries are chronic poor, most of whom are protracted IDPs with little to no livelihood opportunities, as well as the disabled and families with

²² Eighty-eight percent of Somalis above the age of 16 years own at least one SIM card and 83 percent of SIM card owners use mobile money. See World Bank. 2018. *Stocktaking of Evidence for a Social Protection Policy Framework*. Washington, DC: World Bank.

²³ WFP has recently undertaken a stocktaking exercise of existing beneficiary databases and is looking at the interoperability of the system.



malnourished children. The project is designed to enable scaling up of the safety net cash transfer amount in times of shock. Furthermore, the participation and ownership of the Banadir Regional Authorities (BRA) has been embedded in the project design, in terms of beneficiary selection, verification, and outreach. From 2019, a portion of the transfers will also be delivered by BRA directly, with technical and financial support from WFP. Regular monitoring has shown that the use of severe coping mechanisms, with households spending less money on food, has decreased over time. During qualitative interviews, beneficiaries also indicated that they were now able to send children to school, thereby improving education outcomes.

18. **In recent years, the FGS, represented by the Ministry of Labor and Social Affairs (MoLSA), initiated a policy dialogue to explore options for shifting from humanitarian to a Government-led SP agenda.** Currently, MoLSA is leading a ‘Food Security, Nutrition and Social Protection’ sub-working group at the federal level under the Government-led ‘Resilience Pillar Working Group’ of the National Development Plan (NDP). Several ministries²⁴ are represented in this sub-working group. In addition, MoLSA has drafted a National Social Protection Policy, which has been approved by the Steering Committee for the Social Protection Joint Program,²⁵ and is nearing approval by the subcommittee of the Social Sector Cabinet. MoLSA has also been developing a five-year Social Protection Implementation Framework, with TA from UNICEF and WFP. Further, MoLSA has created a Technical Working Group on Social Protection comprising focal points from the Offices of the President and the Prime Minister and relevant ministries, including the Ministry of Finance (MoF), as well as focal points from all the FMS. Nonetheless, the development of a formal SP system is still at a nascent stage, particularly in terms of institutional and governance arrangements at the federal and state levels. The capacity of MoLSA requires further strengthening to effectively take over the delivery of safety net interventions. Therefore, substantial institutional capacity building and policy dialogue will be required between federal and state levels, engaging partners, NGOs, civil society, and the private sector.

19. **There now exists an opportunity to support efforts toward establishing a Government-led SP system, as the FGS is on track to achieve debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative.** The most recent third Staff-Monitored Program (SMP) by the International Monetary Fund (IMF) assessed that implementation of necessary macroeconomic and fiscal reforms by the FGS is continuing satisfactorily, leading to positive outlooks for increased domestic revenues resulting from a strengthened tax base and administration. Intergovernmental transfers have increased, and financial sector reforms are providing the private sector confidence to increase deposits and banks to increase lending. At the same time, Somalia has an opportunity to leapfrog a traditional banking sector, which currently has only 15.5 percent penetration, and move toward a mobile money-based system, which has a penetration of 73 percent, with about US\$400 million ‘saved’ in the system.²⁶ Although the financial sector legal and regulatory framework is making real progress, gaps remain and the system is vulnerable to insecurity and weaknesses in the broader rule of law system. Nonetheless, an opportunity exists today to use the pre-arrears clearance grant facility within IDA to support efforts in strengthening SP systems in the country.

²⁴ These include Agriculture, Planning, Humanitarian Affairs and Disaster Management, and Office of the Prime Minister.

²⁵ The Social Protection Joint Program is chaired by MoLSA, and members include the ministries of Planning, Humanitarian Affairs and Disaster Management, WFP, UNICEF, and the Italian cooperation, who has also funded the program.

²⁶ World Bank. 2019. “Presentation – Somalia: Achieving Debt Relief under the Heavily Indebted Poor Countries (HIPC) Initiative.” World Bank, Washington, DC.



20. **In this context, the proposed Shock Responsive Safety Net for Human Capital Project (SNHCP) builds a bridge beyond the humanitarian approach, addressing Somalia’s immediate food security and nutrition issues, while also laying the foundations for human capital investment over the longer-term.** The SNHCP will provide poor and vulnerable households nutrition-linked cash transfers to meet their immediate consumption gaps and protect against food insecurity and malnutrition risks expected as a result of the developing drought in 2019. With a view toward longer-term development, it would also support efforts by the FGS to strengthen institutional resilience and establish the basic delivery mechanisms of a national social safety net (SSN) system. Further, the project would build on the experiences and lessons learned to date of partners in Somalia providing humanitarian assistance and safety net support, considering the findings and recommendations of the numerous research works conducted in the country to ensure a flexible and ‘learning-by-doing’ approach. As such, it would gradually scale up what is already working, adjusting the design during implementation, as needed.

C. Relevance to Higher Level Objectives

21. **SP is an important part of the FGS strategy to fight poverty and promote resilience.** This is enshrined in the Provisional Constitution of Somalia (2011), which provides for the rights of all persons to access economic and social rights, including SP and the protection of particular vulnerable groups. Further, it is articulated in the NDP of 2016 whose overall vision is to “Enhance peace and stability, economic prosperity and national cohesions” such that “...the most marginalized can become productive members of society and the economy and the most vulnerable can live with dignity and safety.” The NDP therefore represents a guiding framework for articulating SP as a platform that can be leveraged to unlock human capital outcomes by creating access to services and opportunities for the poor and most vulnerable. Lastly, a draft of the Somalia Social Protection Policy (2019) is now being finalized, where the FGS prioritizes SP “to address predictable needs through the life cycle in order to protect all groups, and particularly the poor and vulnerable, against shocks, help them to manage risks, and provide them with opportunities to overcome poverty, vulnerability, and exclusion.”

22. **The SNHCP is well aligned with the World Bank’s Systematic Country Diagnostics (SCD) undertaken in 2018 and Country Partnership Framework (CPF) discussed by the Board on September 25, 2018.** The SCD notes that “a well targeted and effective social protection program adaptable to local contexts is an overarching objective to avoid famines and open a path to sustainable poverty reduction and shared prosperity. It would also help build trust in state-run programs, and ultimately in state authority.” The CPF also highlights a scalable and reliable safety net system as a key contributor to one of its two objectives, that is, to improve delivery systems for inclusive social services. As such, it notes the need for the “Bank team [to] start work, together with international donor and humanitarian partners, to build the systems of government necessary to leverage existing cash-transfers towards a more sustainable social safety net system able to respond to shocks.”

23. **The project is also well aligned with the World Bank’s Africa Regional Strategy (2019) and draft Strategy for Countries affected by Fragility, Conflict, and Violence (FCV) 2019.** Both emphasize that addressing fragility effectively requires a fundamentally different development approach based on innovative solutions and an adapted toolkit. As such, the strategies encourage leveraging partnerships with the UN in fragile situations. Further, it emphasizes that strengthening the humanitarian-development nexus is key to effectively addressing fragility and entails, among others, (a) fighting against exclusion and



addressing grievances, (b) building capacities to achieve results, and (c) reinforcing accountability of and building citizens' confidence in institutions.

24. **The proposed SNHCP aims to strengthen the humanitarian-development nexus.** In the short term, the project would meet immediate consumption gaps arising from the impending 2019 drought by providing cash transfers to the poorest and most vulnerable households in communities underserved by humanitarian interventions. Through these efforts, it is expected that the SNHCP would enhance the resilience of targeted households by helping them avoid negative coping mechanisms and mitigate the impact of recurrent droughts, while also easing the financial burden on humanitarian assistance. In the medium term, it would establish key building blocks of a national SSN system that can deliver a reliable, predictable, and scalable safety net for medium-term recovery and longer-term development outcomes. It would also work to strengthen the capacities and institutional resilience of key institutions within the FGS and FMS to ensure that the Government is empowered to adopt a greater role in delivering support to its people in the future for sustainability of efforts. This is also expected to contribute to a strengthened social contract between the Government and its citizens.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

25. 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.

26. Shock responsiveness is defined and measured by the establishment of a social registry, which will support the scale-up of future safety net programs during shocks.

PDO Level Indicators

27. The project is expected to measure achievement of the PDOs with the following outcome indicators:

- (a) Nutrition-linked Unconditional Cash Transfers
 - a) Beneficiaries of social safety net programs, of which female (core indicator)
- (b) Delivery Systems and Institutional Capacity Building
 - a) National cash transfer program targeting methodology developed and endorsed by FGS
 - b) Operational manual of the national social registry developed and endorsed by the FGS



B. Project Components

28. **The SNHCP has a total of US\$65 million financed from the IDA’s pre-arrears clearance grant facility and would support three components, to be implemented over a three-year period.** The components are (a) Nutrition-linked Unconditional Cash Transfers; (b) Delivery Systems and Institutional Capacity Building; and (c) Project Management, Monitoring and Evaluation, and Knowledge Management.

29. **The project would be guided by principles of government ownership and capacity strengthening, collaboration with partners, complementarity with humanitarian assistance, and enhanced resilience.** While implementation of the project would initially be supported by development partners, namely WFP and UNICEF, to implement significant activities, the FGS would be the direct recipient of the IDA grant and be responsible for all aspects of project design and implementation. From the onset, focus would be on strengthening government capacities in terms of systems, procedures, and institutional development. However, the path to government ownership and expanded capacity lies through partnerships with development partners that have developed capacity and know-how of delivering safety net style assistance on a large scale. The SNHCP would therefore actively collaborate and coordinate with partners to ensure that the experiences and lessons learned to date are included in the design and implementation of the project.

Component 1: Nutrition-linked Unconditional Cash Transfers (SDR38.16 million, US\$53.0 million equivalent)

30. **This component would provide unconditional cash transfers to households that are chronically poor and vulnerable to drought and malnutrition and link them to complementary nutritional support programs.** The objectives of the component are to (a) support households to strengthen their resilience and avoid negative coping mechanisms (for example, selling off existing household assets) to meet escalating needs because of the drought in the short term and (b) promote human capital investment in the medium to long term by linking beneficiary households to complementary nutrition services (where they exist)²⁷ and continuing to smooth consumption gaps through predictable and reliable provision of cash transfer, even after drought risks are no longer present. Around 200,000 beneficiary households (approximately 1.2 million individuals)²⁸ with children under five years will receive a monthly payment of US\$20 delivered quarterly, initially for one year. The FGS is seeking support from development partners, including IDA, for sustaining the delivery of the cash transfers beyond the first year. Successful implementation and delivering results on the ground, are expected to promote the program and mobilize additional funding, including the potential of a gradual shift from humanitarian funding to funding a national shock-responsive safety net program supported by this Project. The benefit size has been based on estimates and initial data on prices of the minimum expenditure basket (MEB) for food.²⁹ While food prices vary significantly by region and season, rough estimates indicate that a US\$20 benefit would cover, on average, about 50–70 percent of the MEB, based on the December 2018 price data. Mothers or female caregivers of children would be the direct recipients of the transfer.

²⁷ It would also be expected that this could lead to an increased demand by households for nutrition services, thereby compelling service providers to expand coverage in rural areas.

²⁸ This assumes an average household size of six members.

²⁹ The MEB for food includes a household of six members with caloric needs for cereal, cowpeas, oil, and sugar.



31. **This component would complement humanitarian assistance as a means of responding to the impending 2019 drought.** Humanitarian agencies generally focus on areas experiencing emergency and crisis levels of food insecurity to prevent famine. At the same time, areas classified as ‘Stressed’ which cannot fully meet food consumption needs, are excluded from humanitarian assistance, and therefore, are at risk of worsening food conditions, if not protected. By contrast, this component would allow for targeting of poor and vulnerable households, thus providing them with cash transfers to mitigate the likelihood that they would be pushed into higher categories by the impending drought. Further, by extending protection to the ‘Stressed’ populations, Component 1 would lessen the burden on the humanitarian assistance programs by preventing beneficiary households from reaching emergency and crisis levels of food insecurity.

32. **The cash transfers would be available across Somalia’s FMS³⁰ and would focus primarily on rural areas,³¹ which are often in the ‘Stressed’ category and are underserved by humanitarian assistance programs.** Most humanitarian assistance focusses on urban areas and IDPs. Although present, humanitarian agencies focus less on rural areas despite the fact that around 50 percent of the population reside there. This is because rural areas experience more chronic levels of food insecurity, rather than acute humanitarian needs. Cash transfers under Component 1 would therefore prioritize rural areas, including in Somaliland, to ensure that benefits are provided to the underserved or unserved. Districts selection will be based on a distress index as described in the targeting methodology in Annex 3.

33. **Implementation of Component 1 will be supported by WFP that will be contracted by MoLSA under a service contract arrangement to deliver nutrition-linked cash transfers.** To enhance the visibility of the role of the FGS in delivering assistance to its people, WFP will make clear that this is a Government project through its sensitization and communication to communities and the general public. The operational cycles for the cash transfer would include communication, registration of potential beneficiaries, enrolment for and issuance of a program card, payment delivery, and grievance redress and monitoring. Implementation experiences of the cash transfer would also feed into documenting the lessons learned. These delivery processes will benefit from WFP’s experience in Somalia and their well-developed SCOPE beneficiary management platform. WFP will maintain the database of the project beneficiaries, which will be migrated to MoLSA once the Government’s capacity to manage the database is in place. While maintaining the database on behalf of the FGS, WFP will apply its established personal data protection and privacy processes, aligned with the 2017 WFP corporate guideline and further detailed in annex 2.

Component 2: Delivery Systems and Institutional Capacity Building (SDR4.32 million, US\$6.0 million equivalent)

34. **Component 2 would establish the key building blocks of a SP delivery system, advance policy development, and strengthen institutional capacity of relevant government ministries to manage and implement it.** The objective of the component is to build capacity of the FGS/MoLSA to gradually take over full management and implementation of a safety net program and lay the foundation for a more comprehensive SP system in Somalia. The component will provide policy support; TA for the development

³⁰ Official FMS include (in alphabetical order): Hirshebelle, Galmudug, Jubbaland, Puntland, and South West. Somaliland is also included in Component 1 of the SNHCP to ensure a fair distribution of resources.

³¹ For example, Banadir will not be covered under Component 1 because it is an urban municipality with strong presence of humanitarian agencies.



of safety net delivery systems, which include a social registry, MIS, operational procedures for registration, enrolment, targeting, grievance redress, payment delivery, monitoring, community outreach and information campaigns; and capacity-building activities.

35. **The component will be implemented with TA and implementation support by UNICEF.** UNICEF will be contracted by MoLSA under a service contract arrangement to provide TA for the establishment of the key building blocks of a national SP system and institutional capacity building through training and other related services. Detailed descriptions of the specific activities are provided in Annex 3.

36. **The backbone of an effective and scalable SP system is a social registry.** Several humanitarian and development agencies maintain separate lists of beneficiaries, but these are not linked, raising concerns of effectiveness and targeting. This component would support the development of a consolidated beneficiary lists across programs, enhancing coordination and collaboration and improving efficiencies. This would also serve as a first step toward a national social registry that in the future can also be used for coordinated service delivery to the poor and vulnerable and emergency assistance, thereby bridging existing humanitarian and development efforts.

37. **Activities under this component will be closely coordinated with the Somalia Cash Working Group and the TAF to enhance alignment and coordination of cash transfer programs.** They will also benefit from several World Bank-supported interventions such as the foundational ID initiative and the regulatory framework of the information and communication technology sector, under the SCALED-UP Project, and would draw on the technical expertise of government experts, mobile network operators, financial service providers, technology service providers, and so on.

38. **Support to the above activities would be led by the FGS and would seek to reach an arrangement to define the role and working relationship between the FGS and its member states in delivering safety net programs.** These would be undertaken through an inclusive dialogue to define the governance structure and roles between the federal and regional/state levels. The component will also support consultation with the private sector, humanitarian and development partners, NGOs, and civil society organizations. These would be supported through extensive consultations, workshops, and round table discussions. The purpose would be to ensure sustained commitment from all stakeholders to the common vision of supporting Somalia to establish a sustainable SP system.

Component 3: Project Management, Monitoring and Evaluation, and Knowledge Management (SDR4.32 million, US\$6.0 million equivalent)

39. **Component 3 would establish a Project Implementation Unit (PIU), strengthen MoLSA's coordination arrangements, promote learning and knowledge management through robust M&E, and support the design of a pilot productive safety net activity targeted at youth.** Specifically, the PIU would be established at the federal level at MoLSA during the first year. Subsequently, separate antenna PIUs or focal points would be created in each of the member states. Focus would also be given to strengthening MoLSA's coordination arrangements within other ministries and stakeholders at the federal level, and between the federal level and the member states at the local level.

40. **The federal PIU structure will be as follows.** It will be headed by a project manager/coordinator and will include an operations officer, communications officer, MIS officer, grievance redress mechanism



(GRM) and social risk management officer, M&E officer, financial management (FM) officer, and procurement officer. The composition of the focal points at the member state level will be formed after consultation with state governments and will be informed by the agreed implementation and governance structure of the national safety net program.

41. **The PIU will support MoLSA on the day-to-day management of the project, coordination with other stakeholders, and for the project M&E.** The component will finance the establishment of the PIUs, training of government officials and PIU staff, purchase of IT, goods, and office equipment and operating cost, as relevant. Additionally, the component will finance the contract of the third-party monitoring (TPM) firm and financial audits.

42. **Knowledge management and learning activities would also be supported by Component 3.** This would include documenting the lessons and experiences of implementation of the project, which is expected to promote ‘learning by doing’ and adjustments to project design, as well as knowledge dissemination. The activities carried out under this component will contribute to the global knowledge on designing and implementing SP interventions in FCV contexts.

43. **The component will also support the design and preparation of a pilot productive safety net activity targeting youth.** It is expected that, if successful, this will be rolled out using additional financing, and/or external financing by development partners. This will support government capacity to test other forms of productive safety net interventions to address multiple vulnerabilities.

C. Project Beneficiaries

44. **The SNHCP is expected to target 200,000 poor and vulnerable households (approximately 1.2 million individuals) across the FMS with nutrition-linked cash transfers.** Targeting of beneficiaries will be conducted in three stages: (a) selection of districts, (b) selection of communities in the targeted districts, and (c) selection of households in the identified communities based on the household eligibility criteria through a community-based targeting (CBT) approach. The targeting methodology for Component 1 is detailed below and elaborated further in Annex 3.

45. **Selection of districts.** Districts that meet the following selection criteria would be selected from each of the FMS: predominantly rural districts with high distress rating, which will consider vulnerability in terms of malnutrition, and past impact and/or risk of drought. Poverty rates will not be considered in the distress rating given that the number of poor people per district seems to be heavily contested. Several other considerations will affect the final choice of districts, including security and local capacity constraints such as the presence of implementing partners, and the ability of the payment agencies to disburse payments in those districts.

46. **Selection of communities.** Even with a limited set of districts, not all communities may be covered due to the limited budget. The final list of communities will be based on the rates and caseload of severe acute malnutrition (SAM) and moderate acute malnutrition (MAM). These malnutrition data are available with WFP and UNICEF. The lowest level of disaggregation for these data are treatment facilities for SAM/MAM and the corresponding ‘catchment areas’ with multiple catchment areas per district. Catchment areas with highest rates and caseloads will be chosen up to the point allowed by the budget



allocated to the state and with consideration of the local socioeconomic dynamics. The list of communities corresponding to these areas will be compiled by UNICEF and passed on to WFP.

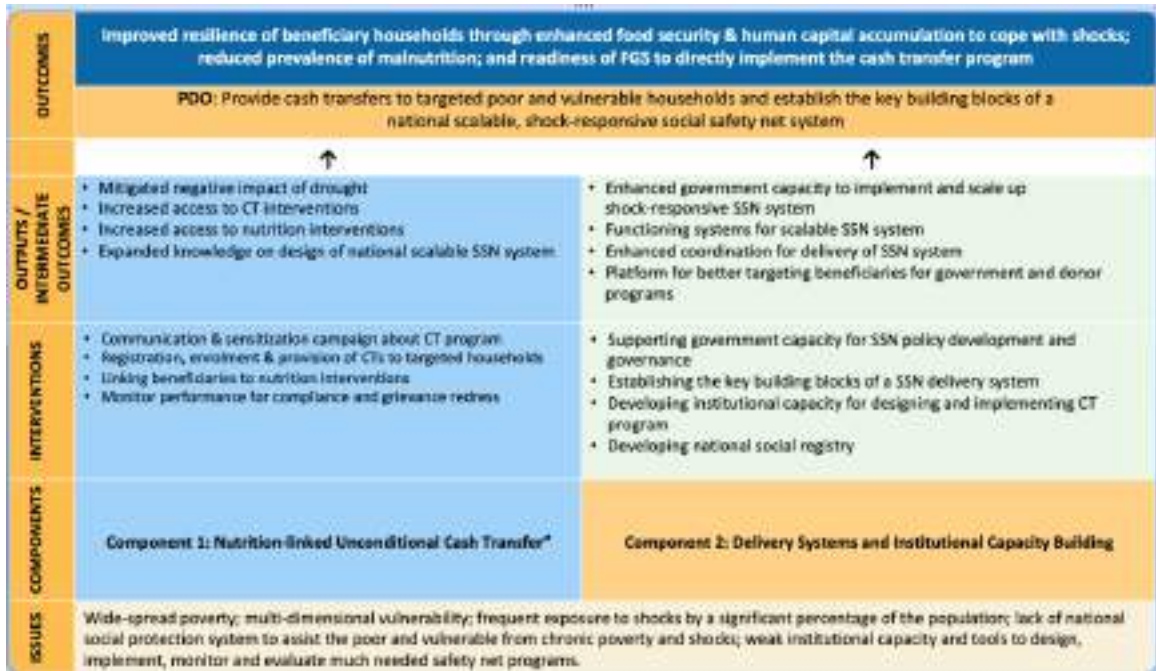
47. **Selection of beneficiary households.** Using the existing SCOPE database, WFP will produce lists of households with women and children under five years corresponding to the selected communities. The list of households in each community has already been derived from CBT exercises conducted by WFP. All the households in the SCOPE database who meet the project eligibility criteria will be eligible for nutrition-linked cash transfers under Component 1. The beneficiaries will be able to update their data (for example, changes in household composition) using the standard case management and grievance procedures under SCOPE, if necessary. Households that meet the eligibility criteria (poor and vulnerable households with children under the age of five) in the targeted communities, but may not be in the SCOPE registry, will also be able to register.

D. Results Chain

48. **The SNHCP would provide reliable cash transfers to poor and vulnerable households to enhance their purchasing power and build resilience, while strengthening government capacity to design and implement a shock responsive safety net program for longer-term human capital growth.** This is expected to meet urgent needs and mitigate impending drought risks in the short term. In the medium to longer term, a reliable and scalable safety net system would help households to smooth consumption gaps, secure basic needs, diversify livelihoods, and invest in human capital and economic participation. Through building resilience of beneficiary households, the project would support them to avoid negative coping mechanisms that may have irreversible adverse impacts on human capital, that is, eating less and/or poor quality and taking children out of school. The project is also expected to lay the foundations for a national safety net delivery system in Somalia that is owned, designed, and implemented by the Government. The project would thus aim at a gradual handover of the direct delivery of cash transfers to MoLSA, once it has sufficient capacity in place.



Figure 1. Theory of Change for the SNHCP



Note: CT = Cash Transfer;

E. Rationale for Bank Involvement and Role of Partners

49. **The World Bank is well placed to support the SP sector in Somalia given its global, regional, and FCV country-specific technical expertise** with cash transfers and scalable safety net systems that protect the poor and vulnerable from shocks, while promoting resilience. In particular, the World Bank brings expertise in developing SP delivery systems. This includes experience in the design of social registries for objective and transparent targeting of the poor and vulnerable, particularly in times of shock, that is, drought or flood, requiring scale-up of assistance. Further, it brings expertise in supporting governments to develop neutral and accountable targeting mechanisms, strong citizen-based socially accountable GRMs, and technology-based payment transfer systems, among others. Specifically, it has long-standing experience in working closely with governments and partners in capacity-constrained fragile contexts such as Afghanistan, Central African Republic, Democratic Republic of Congo, South Sudan, the Republic of Yemen, and others to support efforts aimed at strengthening humanitarian-development links and building resilience of households and communities for medium-term recovery and longer-term development outcomes.

50. **The proposed SNHCP would add value conceptually, institutionally, and operationally.** Conceptually, it would result in the World Bank providing investments in a highly challenging situation to support critical safety net assistance with greater geographic spread in rural areas that have been heretofore underserved. It would also strengthen the humanitarian-development nexus for crisis response in the short and medium terms by providing cash transfers to mitigate impending drought risks. Institutionally, the SNHCP would establish the necessary foundations for longer-term development outcomes, developing the building blocks of an effective Government-led SP delivery system, and strengthening the capacity of relevant institutions to manage and implement it, thereby contributing to



the enhanced legitimacy of, and trust in, institutions and the Government by its citizens. Operationally, the project would engage in strategic partnerships with the UN to leverage their expertise and comparative advantage in supporting the delivery of safety net assistance and establishing safety net systems, while retaining flexibility and adopting a ‘learning-by-doing’ approach.

51. **The project has been designed in close consultation and with inputs from development partners and UN agencies.** This collaboration will continue and expand during the implementation, supervision, and M&E of the project, particularly through the various working groups and platforms established to coordinate efforts across relevant complementary development activities. These include the MoLSA-led ‘Food Security, Nutrition and Social Protection’ sub-working group and the Technical Working Group on Social Protection, as well as the partners-led DWG and the Cash Working Group, among others.

F. Lessons Learned and Reflected in the Project Design

52. **International experience working on crisis response, including climate-related, protracted conflict and/or fragility, indicates the need to bridge the humanitarian-development divide.** This is further reinforced by the draft FCV strategy (2019). The SNHCP design attempts to achieve this by delivering rapid safety net assistance (that is, cash transfers) to poor and vulnerable households affected by the current drought, while supporting efforts toward human capital accumulation (starting with access to nutrition services). With a view toward longer-term development, it also aims to establish a Government-led SP system and strengthen national institutional resilience for a gradual and sustainable approach to reducing extreme poverty and investing in human capital. Moreover, the project advances SP policy dialogue and governance arrangements to support joint efforts by humanitarian and development partners to gradually move from a pure humanitarian approach (that is, lifesaving interventions) to a more development-based approach that focuses on the accumulation of human capital, institutional and household resilience, and joint programming aligned with national strategies to maximize impact on poverty and vulnerabilities.

53. **Global and regional experiences of safety net implementation demonstrate that cash transfers can reduce poverty and food insecurity in Africa and other developing countries.** Cash transfers that serve as a predictable and regular source of income to poor and vulnerable households have been found to reduce poverty gaps, increase food consumption, and alleviate reported hunger in countries such as Mexico, Brazil, Lesotho, and Zambia. Improved consumption has been shown to increase nutritional intake for children, a prerequisite for developing their future prospects. Moreover, cash transfers have been found to be effective in protecting households from shocks, preventing them from sliding into poverty, and helping them to avoid negative coping mechanisms. Furthermore, it supports households with access to resources to engage in entrepreneurial activities. In Kenya and Ethiopia, for example, cash transfers have been found to improve welfare through strengthened food security, enhance human capital through continued investment in health and education outcomes, and increase engagement in financially productive activities leading to greater savings and access to credit.

54. **Lessons from World Bank operations in FCV countries, that is, South Sudan, Republic of Yemen, and others, as well as ongoing projects in Somalia, emphasize the importance of ‘doing no harm’ and promoting social cohesion.** The SNHCP design integrates measures not only to avoid aggravating conflict because of the project interventions, but to emphasize addressing the drivers of conflict. For example, the targeting approach ensures clear and objective criteria reduce exclusion and considers political economy



and fair and equitable access to participation. Community consultations are embedded in implementation processes, and a functional GRM is a prerequisite for project launch. These are achieved through engaging NGOs that are familiar with local contexts and challenges. Special attention is also given to the inclusion of minority and marginalized groups. In other FCV countries, effective community engagement and participation and rigorous monitoring have proven to help support social cohesion and foster inclusion of marginalized groups, including women, displaced populations, and other minorities.

55. **A World Bank review of global trends and challenges of SP programs in FCV countries indicates that in fragile settings, SP policies and programs can play a dual role in reducing exclusion and promoting cohesion.** Specifically, SP policies and programs can contribute to (a) reducing social inequalities and exclusion through provision of income support/security, and access to employment opportunities and basic services, especially to historically excluded groups or populations in lagging regions and (b) enhancing social cohesion and social capital and thereby, reducing the probability of social tension, conflict, and violence, as well as building trust in state institutions, thereby supporting the state-building agenda.

56. **The 2011 World Development Report argues that strengthening legitimate state institutions and their ability to provide stability, justice, security, and jobs mitigates risks of repeated cycles of conflict and fragility.** SP thus plays an important role in restoring confidence; transforming institutions that provide security, justice, and jobs; addressing external stresses; and mobilizing international support to overcome FCV. Through developing a national SP system that protects Somalia's most vulnerable populations across the country, the project would restore a sense of identity to individuals and confidence in the ability of the state to deliver services and improve social inclusion and equity. This, in turn, would contribute to the objectives of state building.

57. **The World Bank SP diagnostic work in Somalia provides relevant lessons for policy formulation and programming.** These emphasize that regularity and predictability of cash assistance are critical for protecting beneficiary households from resorting to harmful or negative coping strategies and enabling them to meet basic needs and invest in human capital and livelihood enhancement opportunities.³² Therefore, humanitarian cash assistance can support a government-led safety net system but not replace it. Second, trust and transparency in the delivery system by the people are critical for its success and scalability. Thus, it is important to design and implement safety net programs with deep understanding of political economy dynamics, which inform necessary measures that foster trust, accountability, and transparency.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

58. **MoLSA would be the primary institutional home for the SNHCP and responsible for project implementation.** The SNHCP would be implemented through MoLSA's existing structures, supported by

³² Rift Valley Institute. 2017. *Remittances and Vulnerability in Somalia*. Nairobi, Kenya



the PIU, as described in Component 3. The SP section of MoLSA would be responsible for the day-to-day management of the project and will report to the Minister of Labor and Social Affairs.

59. **The PIU structures at the federal level would be as follows.** The PIU at the federal level will be headed by a project manager/coordinator and will include an operations officer, a communications officer, an MIS officer, a GRM and social specialist, an M&E officer, an FM officer, and a procurement officer. Capacity building at the FMS level will be phased in and a support structure at FMS level would be determined in discussion with state governments. This may include support structure for key technical functions such as M&E, GRM and social risk monitoring, and communications.

60. **MoLSA would sign service contracts with WFP and UNICEF to support the implementation of Components 1 and 2, respectively.** These service contracts will follow the ‘Standard Form of Agreement for Use by World Bank Borrowers: Delivery of Output Service Contract.’ Detailed implementation arrangements are described in annex 1.

61. **WFP was selected to support the FGS implement the cash transfers (Component 1) due to its experience and track record of implementing cash-based transfers in Somalia and globally.** WFP has been implementing cash-based transfers in Somalia since 2012, starting with the use of paper vouchers and gradually shifting to multipurpose cash-based transfers since 2015.³³ To optimize processes, since February 2015, WFP Somalia moved to using SCOPE,³⁴ a digital beneficiary and transfer management platform that supports WFP’s operational cycles from beginning to end. Due to the lack of a base registry, widespread incidents of gatekeepers, and poor regulations of financial institutions in Somalia, WFP chose to use biometric signatures for authenticating delivery of transfers. The use of biometric signatures provides beneficiaries, donors, and government partners the assurance that WFP assistance will reach the intended beneficiaries. SCOPE offers offline capabilities for challenging environments with poor Internet connectivity. WFP has the largest beneficiary registry in Somalia containing about 5.6 million individuals. The registry is dynamic and gets updated frequently. To enhance preparedness for delivery of cash-based transfers, WFP currently has agreements with a total of around 1,000 retailers and cash withdrawal points (combined) across the country with potential for expansion based on demand. This network of service providers enables beneficiaries to use e-transfers on their SCOPE card to receive their cash assistance from a local service provider.

62. **UNICEF is also uniquely positioned to support the FGS to establish the key building blocks of safety net delivery systems and support institutional capacity building (Component 2).** UNICEF’s strategic priorities in Somalia includes a commitment to support the FGS to build a government-led SP system, reflected in its Country Programme Document (2018–2020). As such, UNICEF has been supporting the FGS to establish a fit-for-purpose national SP system on the ground, building on its in-depth knowledge of and long-term operational presence in Somalia. To that end, it has supported MoLSA, in collaboration with other partners, to develop the National Social Protection Policy. Moreover, UNICEF is well placed to support delivery systems and institutional capacity, as it is the lead agency within the UN country team focused on strengthening local authorities’ capacity for social service delivery at the district level. In addition, UNICEF supports institutional building and service delivery at the FMS, district, and community

³³ WFP experience has indicated that the delivery of paper vouchers from Nairobi to different field locations, and the subsequent manual reconciliation of redeemed vouchers had a high management cost and logistics complexities.

³⁴ It is a cloud-based solution used for biometric registration of beneficiaries, intervention setup, distribution planning, entitlement transfers, and distribution reporting.



levels for long-term human capital development, including health to nutrition; education; water, sanitation, and hygiene; and child protection. UNICEF has recently augmented its in-house technical expertise in the social policy, equity, and gender section to ensure evidence-based technical and impartial quality advice to the FGS and the sector. Further, UNICEF can leverage its global experience and expertise to technically support and operationalize a nationwide SP system in high-risk environments such as Somalia, supported by in-house technical experts at headquarters and regional offices. This will enrich the opportunities for the FGS to learn from regional experience.

B. Results Monitoring and Evaluation Arrangements

63. **MoLSA would have overall responsibility for monitoring and supervision of project activities, supported by WFP and UNICEF.** A dedicated M&E officer will be hired by the MoLSA PIU to lead project M&E and would report to the project manager. WFP and UNICEF will ensure timely and quality monitoring of the activities and would report on progress and challenges/issues to MoLSA. MoLSA will provide the World Bank with semiannual progress reports, including social management plan implementation reports and quarterly financial reports. These reports are to be submitted 45 days after the end of each reporting period. In addition, MoLSA will hire a TPM agency to undertake quarterly monitoring and verification of the cash transfer component. This will include verification of the targeting mechanism, beneficiary identity verification, compliance of the payment delivery agents, and beneficiary feedback. The quarterly TPM exercise will be conducted on a sample of beneficiaries with a focus on high-risk areas and will include visits to payment sites as well as to beneficiaries' homes.

64. **A targeting evaluation would be undertaken during the first year of implementation.** The purpose would be to assess the accuracy of the targeting and distribution of beneficiaries and benefits, and to measure the soundness of the targeting approach under Component 1. The results of the evaluation would be used to inform and adjust the targeting approach under Component 1, and also provide input to the dialogue and design of the national program's targeting methodology under Component 2.

C. Sustainability

65. **The project seeks to target the poorest households, those whose living standards are estimated to be at half of the national poverty line.** Therefore, the transfers will improve the standard of living of the poorest and most vulnerable households and protect them from shocks (that is, droughts). It is expected that cash transfers will also diminish the depth of poverty for these communities, with a slight reduction in extreme poverty. Due to this improvement, the poverty gap index of the targeted communities is expected to be slightly reduced contributing to the overall reduction in extreme poverty for the targeted households.

66. **The SNHCP will lay the foundations for a government-led national SSN system and will strengthen capacities at the FGS and FMS levels to manage and implement it.** Building human capital is a pathway to resilience and a sustainable investment. At the community and household levels, resilience involves investing in communities' and households' ability to cope with shocks and crises and to invest in their human capital (health and education), productive livelihoods, and community assets. Although



strengthening systemwide resilience will be gradual and is expected to evolve as the Government's capacity expands, this project is a first step in that direction.

67. **By developing a social registry, a future SP program is likely to achieve cost efficiencies and improve transparency.** The new system is expected to reduce transaction costs and wait times for beneficiaries and reduce duplication across programs. It will also generate more usable information for policy makers, who currently have little more than aggregate statistics and periodic household sample surveys with which to evaluate program performance and impact. It is also expected to improve the coordination and targeting effectiveness of the humanitarian interventions during shocks.

68. **Given the current low revenue base of Somalia, it is expected that the project will initially depend on external funding.** To ensure fiscal sustainability of the national program in the long run, it would be important to incorporate provisions in the public budget to gradually phase in public contributions for the program, as government revenue collection improves. Another aspect of sustainability is that building institutional ownership and capacity will encourage development partners, including humanitarian agencies, to contribute financing to the program instead of implementing separate projects outside government systems and the national budget. Once a government-owned SSN program is functional and trusted, it will provide a platform for international partners to shift toward a well-targeted national social assistance mechanism, aligning with and contributing to the Government's social and economic agenda. Beneficiary feedback assessment will be carried out to understand their experiences with the processes and the effect of transfers on households' nutritional outcomes.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis (if applicable)

Technical Analysis

69. **Strategic relevance.** Repeated shocks, such as widespread droughts, lead to an increase in risks faced by the poor and vulnerable. Even a temporary loss of income because of a shock can lead vulnerable households to fall into poverty without strategies to build up their resilience and protect their human capital, further depleting their productive assets. This project will establish the foundation for a sustainable safety net system that can help poor and vulnerable households and those affected by malnutrition and repeated shocks in the short and medium term.

70. **Technical soundness.** The project will provide cash transfers to 200,000 households (equivalent to about 1.2 million people) with mothers and children under five years, in selected rural districts. Based on the 2014 population data, target districts will account for 18 percent of all children under the age of five years, 24 percent of the rural population, and 26 percent of all IDPs. By targeting the rural poor, the project will complement humanitarian interventions that focus largely on urban areas with concentrated IDP camps. By building the resilience of the rural poor, the project will reduce the rural to urban migration during droughts and lessen the burden on humanitarian assistance in the medium to longer term. The project's emphasis on developing the social registry would allow future national safety net programs to be shock-responsive by facilitating rapid identification of potential beneficiaries for expanded coverage. It would also support enhanced coordination among relevant government institutions and humanitarian and development partners for services delivery, leading to improved efficiency of interventions.



71. **Cash provides liquidity to allow the purchase of food and basic necessities and potentially inputs for productive investment that alter production possibilities.** Helping households to become more food secure and resilient to droughts is an important long-term aim of the SNHCP. The project also focuses on building human capital in a phased approach, as delivery systems and procedures are developed. Beneficiaries of the cash transfers will be supported to access preventative and curative nutritional services that are delivered by humanitarian agencies, which is expected to improve the nutrition outcome of beneficiary mothers and children.

72. **Beneficiary targeting is based on objective criteria associated with poverty, risks of experiencing droughts, and food security/nutrition vulnerability.** Mothers and children under five years³⁵ are targeted to address the malnutrition challenge and invest in the early years that are critical for human development and children's future prospects and productivity.

73. **MoLSA will engage WFP to support the implementation of the cash transfers and UNICEF to support the building blocks of a government-led national SP and capacity building** to enable future direct implementation by the FGS. Beneficiary database and case management will be supported by WFP and eventually transferred to MoLSA once the social registry and data protection policy are established (with support under Component 2) and in agreement with member states. UNICEF will provide TA for the development of safety net delivery systems. UNICEF will also support the development of a governance structure that defines the roles and responsibilities and governance and implementation relationships between federal level and member states, and across ministries in delivering and managing SSN programs. These will be developed in a participatory and consultative process at all levels and will determine the implementation arrangement and governance structure of the future national safety net program.³⁶ Terms of references (TORs) for consultancy firms and/or individuals will be developed with UNICEF's TA support and input from MoLSA and WFP (to reflect lessons from Component 1).

74. **Payment agents will be encouraged to expand their outreach network to minimize the travel distance for beneficiaries.** Beneficiaries can also formally authorize another family member to collect benefits on their behalf. They have the option to collect their benefits in cash or have it transferred to their mobile wallets (for those who have access to a secure mobile phone). Under Component 2, the project will support a shift to mobile payment, in coordination with the World Bank-funded SCALED-UP project, which is supporting the regulations of mobile companies and the foundational ID system. Accountability and risks of leakage/fraud will be mitigated through a multilayered implementation and monitoring process, including (a) securing biometrically enhanced beneficiary identification, (b) transferring an electronic beneficiary list to the payment agency through secure data exchange protocols (supported by SCOPE), (c) using the GRM to address grievances/complaints, and (d) contracting a TPM agency which will assess beneficiaries' experience with regard to the benefits received as well as the delivery processes.

75. **Gender.** The proposed cash transfer project is expected to have a positive impact on targeted poor and vulnerable households, especially females. It is envisioned that in the longer term, cash transfers under Component 1 would help to smooth consumption gaps, increase food consumption, reduce

³⁵ Targeting of beneficiaries will include measures to include those with disability, IDPs, expectant mothers, and female-headed households.

³⁶ Consultations will include Somalia's development partners, NGOs, civil society organizations, and the private sector, as relevant.



prevalence of malnutrition, secure basic needs, diversify livelihoods, and lead to investments in human capital and economic participation. Of the total 200,000 beneficiary households, the vast majority of the direct recipients of the cash transfers would be pregnant and lactating women and mothers or the primary female caregiver of children under the age of five years. This is expected to contribute to addressing the gender gap in accessing socioeconomic opportunities and to enhance women's decision-making power in the household and community. As women will also be linked to nutrition services, it is further expected that this will contribute to improved nutrition welfare of mothers and children, thereby supporting human capital accumulation at the household level.

76. Field facilitation will be supported by NGOs, including women staff, to ensure effective outreach to female beneficiaries. Therefore, the TPM agency and GRM will include female workers to also reach women and ensure that they are able to voice any potential concerns or complaints in a safe environment. Finally, the program was designed to reduce negative coping mechanisms by targeting support to poor and vulnerable households in rural areas, as women and girls often move to urban areas and IDP camps during shocks and may be exposed to GBV and sexual exploitation and abuse (SEA). While the project is likely to increase household resilience and address a number of factors that may otherwise exacerbate GBV risks, there is potential that project activities, particularly cash transfers, may increase exposure to GBV and in particular to SEA. To address these risks, the project will adopt robust GBV risk mitigation measures to prevent incidents from occurring (as detailed in the environment and social section below).

77. Climate change adaptation. The proposed project has been screened for short- and long-term climate change and disaster risks. The climate vulnerability of the project was identified, and climate adaptation measures considered in the project design. The proposed project would build the resilience of households through provision of emergency cash transfers, as it would enable them meet urgent needs and mitigate drought risks, as well as avoid negative coping mechanisms that could be harmful to the climate. Further, the SNHCP would improve the shock responsiveness of the safety net system in Somalia, which is increasingly affected by frequent devastating droughts occasioned by climate change. For example, the social registry would eventually contribute to a system more responsive to shocks through better identification and categorization of beneficiaries. The expanded coverage of potential beneficiaries in the future would also enable identification for other service delivery interventions, beyond SSN, for example nutrition services, social, and economic inclusion services, further contributing to improved resilience and human capital accumulation of poor and vulnerable households.

Economic Analysis

78. The economic analysis of the nutrition-linked cash transfer component shows that the level of transfer is likely to have a positive impact on the level of poverty and food insecurity in Somalia. Further, it is commensurate with international experience. The benefit level would be set to US\$20 per household per month, which is equivalent to US\$240 per household per year. This benefit size is based on estimates and initial data on prices of the MEB. While the value of the MEB varies significantly by region and season, rough estimates indicate that a US\$20 benefit would cover about 70 percent of the MEB, based on the December 2018 price data. Targeted beneficiaries will be covered by nutrition-linked cash transfers for 12 months.

79. The average poverty gap in Somalia is 29 percent, indicating that the average consumption level of a poor Somali is about 71 percent of the international poverty line. While almost three-fourths of the



population in rural areas, IDP settlements, Mogadishu, and among nomads are poor according to survey estimates, poverty is deeper in rural areas and IDP settlements (34 percent for both), compared to Mogadishu (27 percent, $p < 0.1$) and other urban areas (24 percent, $p < 0.05$). A large share of Somalis living in poverty, together with a large gap between their consumption expenditure and the poverty line indicates that many of the poor are far from overcoming poverty and would need a substantial increase in their consumption to bring it to the poverty line.

80. **The needs of the poor and most vulnerable in Somalia are therefore significant, and the situation worsens in times of drought.** The SNHCP with its contribution of US\$65 million would cover 200,000 households (approximately 1.2 million people) with the nutrition-linked cash transfer program.³⁷ This project would also establish a foundation for a sustainable safety net system that can help poor and vulnerable households and those affected by malnutrition.

81. **The economic benefits of the proposed SNHCP would include both protective and productive benefits to households.** These will include (a) improvements in household well-being because of consumption smoothing (through cash transfers) and (b) enhancements in access to nutrition services that will augment human capital development in the short and long term.

82. **Level of transfers compared to basic food needs.** The project includes a transfer of US\$240 per year per beneficiary household, which is an average of about US\$40 per household member per year. This represents about 7.1 percent of the national poverty and 70 percent of the MEB.

83. **Impact of safety net activities on poverty.** The project seeks to target the poorest of poor households, those whose living standards are estimated to be at one-half of the national poverty line. Therefore, the transfers will improve their standard of living and protect them from a shock (drought). The depth of poverty for these communities will diminish and extreme poverty will be reduced slightly. Due to this improvement, the poverty gap index of the targeted communities will be slightly reduced. An increased benefit amount would have stronger poverty impacts. However, this would create negative incentives for labor participation and productivity. Further, it would mean that fewer beneficiaries could be covered, which would increase exclusion and risk exacerbating tensions within the communities.

84. **By developing a social registry, the project is likely to achieve cost efficiencies and improve transparency.** The new system is expected to reduce transaction costs and wait times for beneficiaries and reduce duplication of paperwork across programs. It will also generate more usable information for policy makers, who currently have little more than aggregate statistics and periodic household sample surveys with which to evaluate program performance and impact.

B. Fiduciary

(i) Financial Management

85. **The proposed project will be implemented by the FGS with technical and implementation support from WFP and UNICEF.** Technical and FM assessments of both WFP and UNICEF were conducted in line with the Financial Management Framework Agreement (FMFA) between the World Bank and the

³⁷ This is estimated to cover about 13 percent of the poor, assuming a population of 12 million Somalis and 77 percent poverty rate.



UN. As part of design and appraisal, an in-depth assessment of end-to-end cash transfer business processes and technical design assessment of the cash transfer component have been undertaken to be implemented through support of WFP. The purpose of this in-depth assessment was to identify key risks and possible cash transfer systems strengthening interventions, design improvements, and the risk mitigation measures. The FM systems and arrangements will include budgeting; accounting; internal controls; funds flow; financial reporting and internal and external auditing arrangements; FM staffing; and risks management and related policies, procedures, and practices. The objective of the assessment was to ascertain that the FM and cash transfer systems will facilitate the preparation of regular, timely, and reliable financial statements and will support the provision of a complete, true, and fair record of all transactions and balances, safeguard assets, and internal and external auditing arrangements, in line with World Bank FM policies and internationally accepted standards.

86. **In view of the specific context and the operating environment in Somalia, the combined overall fiduciary risk for the project is assessed as High.** The High risk rating is largely attributable to (a) country-specific weak and evolving rudimentary funds flow and banking systems particularly at the implementation level in Somalia, characterized by potential anti-money laundering and anti-terrorism financing risks; (b) inadequate public financial management (PFM) and cash transfer management capacities at the implementing agency and community level to spend and account for the funds correctly and on time; (c) limited access to the project sites at the local level due to security constraints; and (d) potential beneficiary inclusion and exclusion errors in the context of the emergency situation.

87. **Proposed ongoing measures to mitigate the identified risks:** (a) strengthening the existing beneficiaries' identification and enrolment systems through the use of biometric systems as a way of identifying beneficiaries at enrolment and payment check points; (b) strengthening the existing framework agreements with third-party payment service providers to facilitate delivery of payments and services, in particular, practical measures to minimize liquidity challenges; (c) deploying TPM arrangements complemented by field-based monitors; and (d) agreeing with the Government and WFP to ensure utilization of banking institutions supervised by recognized regimes. The World Bank will also carry out regular joint implementation support reviews of the project, led by the Government with support of WFP and UNICEF. The proposed interim risk mitigation measures will further be strengthened as part of the design and appraisal process with the overall aim of strengthening country institutional capacities, systems, policies, and procedures.

88. **Given the consideration for use of country systems (UCS), the project will adopt the UCS in various aspects of the project's FM,** including budgeting, accounting and reporting, banking, and oversight arrangements with the Office of the Auditor General. This will be supported by TA with clear requirements for knowledge transfer incorporated in the TORs. Similar to other World Bank-supported operations, the External Assistance Fiduciary Section (EAFS) units, established within the Offices of the Accountant General at the FGS and FMS, will be charged with the project's overall FM responsibility for all projects financed by either the Somalia Multi Partner Fund or IDA resources at the FGS and FMS, whose performances thus far has been satisfactory. With overall guidance from the accountant general(s) and the EAFS units, the respective PIUs will continue to provide day-to-day FM of the project. The effectiveness of the EAFS unit alongside other key functional units will be continuously monitored while key areas of capacity strengthening will be identified and supported through the project. The existing organizational and functional structure of the EAFS units are expected to be maintained and further strengthened to provide effective FM support to the project.



89. **All project FM transactions will be recognized, captured, recorded, analyzed, summarized, and reported through the Government's Financial MIS.** The EAFS units with support of the Accountant General will ensure that

- (a) All important business and financial processes are adhered to,
- (b) Adequate internal controls and procedures are in place and adequately enforced,
- (c) Unaudited interim financial reports (IFRs) are prepared on time,
- (d) All statements of expenditure from UNICEF and WFP are consolidated and submitted to the World Bank on time,
- (e) Project financial statements are prepared on time and in accordance with International Public-Sector Accounting Standards cash basis, and
- (f) External audit is completed on time and audit findings and recommendations/issues raised in the Management Letter are implemented expeditiously.

(ii) Procurement

90. **Procurement will be carried out in accordance with the requirements in** the 'Procurement Regulations for IPF Borrowers: Goods, Works, Non-Consulting and Consulting Services dated July 1, 2016 (revised November 2017 and August 2018)'; 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016)'; and provisions stipulated in the Financing Agreement. Given Somalia's FCV country status, procurement will be processed under the special procurement arrangements referred to under paragraph 12 of Section III of the World Bank Policy on Investment Project Financing dated September 30, 2018.

91. **The main procurement activities under this project will include** contracting of specialized UN agencies, namely WFP and UNICEF, to support the FGS in the implementation of Components 1 and 2. Other procurement activities will include procurement of goods and services by MoLSA, mainly under Component 3.

92. **Project Procurement Strategy for Development (PPSD) and Procurement Plan (PP).** According to the requirement of the procurement regulations, the recipient has developed a PPSD, based on which the PP for the first 18 months has also been prepared. The PP sets out the selection methods to be followed by the borrower during the project implementation in the procurement of goods, works, and consulting services. The PP will also include the cost estimates, time schedules, the World Bank's review requirements, brief description of the activities/contracts, and so on. The PP will be updated at least every 12 months, or as required to reflect the actual project implementation needs, but each update shall require World Bank Group approval. All PPs will be publicly disclosed in accordance with World Bank Group disclosure policy.

93. **Systematic Tracking of Exchanges in Procurement (STEP).** The World Bank Group's STEP system will be used to prepare, clear, and update PPs and conduct all procurement transactions for the project.



The system allows the systematic planning and tracking of procurement activities throughout the project cycle, including online collaboration with clients and recording service level standards through workflow. The PIUs will be trained on using STEP.

C. Legal Operational Policies

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

D. Environmental and Social

94. **Potential environmental and social risks and impacts have been screened and been assessed to be minimal on the environment, but Component 1 holds substantial risks for the human population.** Given that the project will be implemented in areas of fragility due to endemic poverty, acute drought and protracted conflict and insecurity, directly accessing vulnerable beneficiaries will require careful planning. Security risks and difficulty in accessing rural Somalia make stakeholder engagement effective and community participation challenging. As such, the primary challenge for the project is ensuring that cash transfers reach the most vulnerable eligible community members such as minority groups, people with disabilities, or widows. In addition, gender dynamics in Somalia can be restrictive for women and children (the target beneficiaries) and the nature of the project could potentially exacerbate GBV through providing opportunities for exploitation of vulnerable women. The implementing agency, MoLSA, has been assessed as having limited capacity to apply the World Bank's Environmental and Social Framework on the project. For these reasons, the social risks have been assessed to be Substantial.

95. **To overcome the clients' limited capacity and effectively manage the project-related risks outlined, the project will rely on high-capacity partners: WFP and UNICEF.** WFP will be the FGS's implementing partner for Component 1 and hence responsible for managing the majority of project risks. WFP has a proven track record in effectively implementing unconditional cash transfers, including in rural areas in Somalia and has developed mitigation mechanisms for all of the risks identified in paragraph 114 below and applied them in their standard operating procedures. Central to WFP's process for managing social risks are detailed requirements for robust and meaningful community consultations and a functioning GRM which has been in operation and under near continuous evaluation in Somalia for a number of years. In addition, WFP has developed a robust and multitiered project monitoring approach which is required for all of their operations in Somalia and will be used on this project. TPM agencies will also be used to provide independent verification of results.

96. A Stakeholder Engagement Plan (SEP) has been prepared which includes (a) stakeholder identification and analysis, (b) planning for stakeholder engagement, (c) consultations and disclosures, (d) communication and sensitization campaigns, (e) participatory citizen engagements, and (f) grievance redressal systems. The SEP draws upon the experience and expertise of WFP and UNICEF as the implementing partners, because they have a better understanding of the local context and have existing implementing systems. The client will maintain and disclose a documented record of all stakeholder engagement activities. The SEP includes mechanisms for setting out a GRM which will help the beneficiaries/affected individuals to express their concerns and grievances and enable the borrower to



address them effectively. This will involve the GRM that is currently in use for similar activities by WFP being adopted for the project. Greater detail on the GRM is provided in the section below.

97. As the districts in which the project will operate have not yet been identified, and NGOs with intimate understanding of local sociocultural sensitivities are not yet in place, community consultations have not yet been undertaken in the preparation of this SEP. Instead the risks identified for this analysis were gleaned from WFP's past experience in implementing unconditional cash transfers in rural areas of Somalia and elsewhere. Due to this experience and the nature of the intervention (cash transfers), the lack of community consultations to date is not expected to have significant adverse impact on the project. Once the NGOs, who are central to the strong consultative process which underpins the WFP targeting process are on board, the SEP will be updated to reflect any changes necessary.

98. The project shall ensure that any e-waste generated from project funding is segregated from other forms of waste and is taken to licensed refurbishers, collection centers or recyclers. Details to guide this should be included in the Project Operations Manual.

99. The project will be implemented in areas of fragility due to endemic poverty, acute drought and protracted conflict and insecurity which makes direct access to beneficiaries challenging. Against this backdrop, the major social challenges identified are:

- a) **Security:** Conflict and insecurity remain persistent challenges in Somalia and have, in the past, impeded delivery of drought relief services. Ensuring security for project operations (including the handling of cash) amid armed groups in a region with a recent history of relative lawlessness and the potential for increased conflict due to the drought, will remain a significant challenge. Delivery points cash transfers may be targeted by opportunistic armed actors including Al-Shabaab. This general insecurity may impact both the project workers and beneficiaries. In addition, the presence of security services in the project area can pose a threat to the community through violence, exploitation and abuse.
 - **Mitigation:** By design, the project will only operate in relatively permissive parts of the country, with security of operations and access to site for monitoring and supervision key criteria in the selection of districts for support. Further, the choice of WFP and UNICEF as key implementing partners provides the project access to the UNs system and local capacity for identifying and managing security threats to operations. UNDSS provides overarching security for all UN agencies. In addition, WFP has security officers in all of the regions who oversee the security of the WFP operations. These systems are tried and tested on projects such as this. They work in all districts except those controlled by armed groups and as such have established systems for managing the security of their operations. Moreover, the WFP service agreement with project service providers contain a contractual obligation for the service provider and any contracted security to uphold humanitarian principles such as "do no harm" and to protect beneficiaries (from violence, exploitation and abuse). They also contain an obligation to ensure the security of their own personnel or workers by implementing appropriate risk prevention and mitigation strategies to reduce the likelihood of a harmful event occurring and to mitigate the impact of a security event if it were to occur. The WFP have developed a Safe



Distribution Guidelines which outline their requirements and provide training to contracted entities in their use.

- b) **Exclusion:** The security and other challenges associated with working in rural Somalia make effective stakeholder engagement and community participation very challenging. As such, the challenges of ensuring the project reaches vulnerable community members (such as minorities, people with disabilities or widows present in any cash transfer project are amplified.
- **Mitigation:** In Somalia, community participation has been more robust in rural areas than in Urban and is used extensively by WFP on like projects. The WFP guidelines for community participation (adopted by the Somalia Food Security Cluster) in targeting uses a community driven process for identifying vulnerable people at risk of exclusion. To monitor the application and effectiveness of the targeting process the WFP carries out their own monitoring, of this system and where they are unable to carry out their own monitoring they use a monitoring contractor. Monitoring reports will be included in the SMP along with a detailed description of this process.
- c) **Selection:** The project targets women and children at risk of malnutrition due to the drought. As such gender and other cultural dynamics will need to be managed to ensure transferred cash being captured by spouses, family, nominated caregivers, community leaders or armed groups but instead makes it to the intended beneficiaries.
- **Mitigation:** WFP carries out periodic evaluations of intrahousehold dynamics including in Somalia seeking to better observe and understand this effect. After 10 years of administering cash transfer operations, WFP monitoring has not revealed an increase in intrahousehold abuse of the system including among spouses, family members or caregivers. However, this does remain of potential concern and hence WFP monthly monitoring screens for this effect. External capture has been observed both in terms of soliciting kickbacks and favoring one group of beneficiaries. To combat this, the WFP has developed a robust and multitiered monitoring system including hotline for anonymous reports. Where offenders are individuals, they are dismissed, or where the problem is systemic, contracts with implementing partners may be terminated and the matter is addressed with local authorities. Note WFP has not encountered this impact in their operations in Somalia. As WFP has a requirement to monitor their operations, they do not work in areas controlled by armed groups in Somalia. Similarly, capture by armed groups has not been a problem observed in parts of Somalia with elevated levels of lawlessness. The small amount of the cash transfer (\$20 per month) is also seen as a mitigation measure for this effect.
- d) **Gender Based Violence:** Closely associated to selection risks noted above, the targeting of women and children as beneficiaries necessitates the management of gender-based violence risks. The exchange of sexual favors for registration or transfer of funds, or the spousal abuse to receive cash are key risks for the project.



- **Mitigation:** The project implementing teams will develop and implement measures and actions to assess and manage the risks of gender-based violence due to the receipt of cash transfers by women and children (within households or at payment points) and sexual exploitation and abuse risks such as sexual favors for registration or release of funds. A GBV action plan will be drafted and included in the SMP to include measures for minimizing gender-based violence, most notably sexual abuse and exploitation including outreach to local communities. This will include a code of conduct for partners making payments and their hired security.
- e) **Remoteness:** The unconditional cash transfer system employed on this project has been used more in urban and peri-urban areas of Somalia than rural areas to date. While the methodology has been tried and tested in rural areas of Somalia, the cultural differences between rural areas creates a different set of challenges to urban environments which if not managed could complicate project implementation. The unconditional cash transfer system was designed to operate in both rural and urban areas and has been tried and tested in rural areas in Somalia and has been found to work well. In practice, community cohesion is often stronger in rural areas than urban areas which adds to the effectiveness of the targeting and enrollment process. There are cultural differences between the rural areas and the WFP's use of local NGOs with operational knowledge of how to navigate these cultural differences is the principle mitigation measure along with the robust consultation process outlined below.
- f) **Systemic Weakness:** As noted below, the borrower capacity for the preventing adverse social impacts on the project is limited, as is the borrower's capacity for redressing the impacts of social harm where it has occurred.
- **Mitigation:** The project has two primary approaches to overcoming the low capacity of the borrower. The first is the use of WFP as the implementing agent for the cash transfer system. WFP has a proven track record for delivering unconditional cash transfers in rural Somalia. It is also worthy of note that the project will work with regional and district governments as well, where the capacity is significantly higher than in the FGS. In addition, Component 2 of the project will see UNICEF build the capacity of the FGS to manage a national safety net program.
- g) **Difficulty monitoring:** Security concerns and the remoteness of the project target areas combine to provide a significant challenge for monitoring and supervising project implementation. This can include challenges for community and stakeholder engagement, grievance redress and other risk mitigation protocols.
- **Mitigation:** Under WFP's rules in Somalia, except in extreme lifesaving circumstances, they can only operate in environments permissible enough to monitor the implementation of their risk management processes. So for this project, WFP will use their already established capability for monitoring their operations. WFP have a multifaceted approach to monitoring involving WFP staff, a contracted company that provides staff for monitoring where WFP staff can't go and a complaints hotline. The Hotline is also used for proactive verification by making calls to beneficiaries to check how the project is operating. WFP is also



monitored by other donors (notably USAID and DFID) plus the Bank will be hiring a third-party monitor to oversee this operation

- h) **Elite or Clan capture of project:** With no formal safety net system, Somalis largely depend on informal, clan-based support in the face of increasingly frequent shocks. As such, there is a risk that local community dynamics will see attempts to capture the benefits of the project for a particular group.
- **Mitigation:** WFP's system for targeting beneficiaries is independent of the clan structures and has strong mitigations against elite capture. FAO's Food Security Nutrition Analysis Unit undertake an assessment for food security and nutrition which identified the target groups. This then underpins selection of the districts and existing data bases form a baseline for identifying target individuals within that district. Then the community consultation process is used to validate the data.

V. GRIEVANCE REDRESS SERVICES

100. **As the project is adopting WFP systems and procedures for cash transfers, the GRM currently in use by WFP in Somalia will be adopted.** WFP's GRM operates at the local level, with a 360-degree monitoring and reporting process in place, to enable tracking of complaint resolution time, along with frequency of feedback to the complainant about their complaint status. The system includes channels outside traditional dispute resolution, dedicated call centers and GRMs to enable safe and confidential reporting of incidence of SEA and other forms of GBV, as traditional community-based structures often disincentivize reporting due to sensitivity and fears of stigmatization. This has been reviewed by the World Bank and is considered appropriate for the project. In addition to allowing for registration of grievances at cash disbursement points, the GRM makes use of a WFP hotline where complaints are registered and a mechanism for follow-up and redress is recorded and reported. Complaints are classified according to their risk level (high, medium, low, and residual risk) and are captured in a WFP online case management software. Grievances are received both through a well-established Somalia-based hotline, which provides an opportunity to beneficiaries to contact WFP directly, as well as field monitoring staff visiting the implementation sites.

101. **In the case of reports of conflict of interest, abuse of power, or harassment by project staff, cases are escalated through the risk management and compliance officer.** Reports of sexual exploitation and sexual harassment will be referred to WFP protection from SEA focal points. As part of the communication plan, the GRM will be advertised, so that potential users are aware of its existence and familiar with the process for submitting grievances. In addition, the hotline is widely advertised in the project area.

102. **To support project-specific GRM activities, WFP will also hire a dedicated GRM and risk management officer on a full-time basis.** Further, WFP will also build capacity of implementing staff, GRM operators, and appeals committees to ensure that they understand their roles and responsibilities and are capable of addressing grievances, including around exclusion and manipulation of targeting and payments.



103. In the long term, MoLSA will develop, with support from its service agreement partners, the technical specifications and operational requirements for a comprehensive GRM. These will strengthen accountability to marginalized citizens and help ensure ‘do no harm’, and data collected will be disaggregated by gender, disability status, and other context-specific dimensions of social exclusion. Focus would be on building capacity of implementing staff, local-level coordination structures, and appeal committees to understand their roles and responsibilities and capability to address grievances, particularly around exclusion and manipulation of targeting and payments. Implementation experience of Component 1 would inform the design and scope of MoLSA’s comprehensive GRM.

104. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’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 WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. KEY RISKS

105. The overall risk for achieving the PDO is Substantial. The rating for each category is listed in table 1, with explanations for substantial and high risks.

Table 1. Risk Categories and Ratings of the SNHCP

Risk Category	Rating (H, S, M, L)
1. Political and governance	H
2. Macroeconomics	M
3. Sector strategies and policies	S
4. Technical design of project	S
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	H
7. Environment and social	S
8. Stakeholders	M
Overall	Substantial

106. Political and governance risks are rated High. The planned activities under Component 1 face high political and governance risks. For example, lack of government presence in parts of the country, a volatile security situation, and the ongoing anti-terror campaign can restrict access to deliver and/or



monitor implementation. Upcoming federal elections scheduled in 2020/21, the political contestation between the FGS and Somaliland, and the risk of elite capture during the beneficiary identification process also pose significant risk to project implementation.

107. **Mitigating measures include engaging with UN agencies, NGOs, and private sector entities who already have good working relationships with the FGS, FMS, and communities through humanitarian interventions.** The SNHCP would be implemented with the support of WFP and UNICEF, who have well-established programs across Somalia with access to remote rural areas. It would deliver cash transfers in each of the member states to ensure equity and the selection of districts within each area would be based on a clear set of objective criteria. In addition, the project would undertake communications campaigns to ensure support from member states and the general public. Component 2 would also support inclusive policy dialogue within the FGS and between the FGS and FMS on SP policy and respective roles and responsibilities and accountability in safety net delivery. It would also benefit from other activities supported by the World Bank and development partners aiming at enhancing the governance and accountability structure of PFM.³⁸ To mitigate the risk of elite capture, local communities would be engaged in beneficiary selection through an inclusive community-based process with the support of and monitoring by NGO partners. WFP would also use its GRM to address any potential deviation from the established project procedures. Additionally, a TPM agency would visit project sites and conduct frequent checks to identify corrective actions, if any.

108. **Sector strategies and policies risk is rated Substantial.** The FGS is strongly committed to establishing a government-led SP system. The principles of SP are embedded in the NDP, and a Somalia SP policy has been finalized and is nearing approval by the sub-committee of the Social Sector Cabinet. Nonetheless, significant capacity constraints at all levels of government pose substantial risks to ensuring full ownership and leadership given the complexities of a well-designed SP strategies and policies. Further, evolving relationships under the federal system of governance in relation to representation and power and resource sharing complicate reaching agreements on institutional and governance arrangements between the federal and state levels for safety net delivery, particularly with Somaliland.

109. **This risk will be mitigated through activities under Component 2 which focus on policy support, capacity building, and institutional development at the federal and member state levels,** leveraging on existing relationships of, and ongoing relevant efforts by, UNICEF. Specifically, support would be given to develop an actionable five-year implementation plan and build consensus on SP programming across federal and member states and sectors and among key stakeholders. A Technical Working Group led by MoLSA, with representation from relevant ministries and partners, will be established to provide technical and institutional guidance, advance policy dialogue, and ensure coordination and alignment among SP-related programs. Options for establishing a National Social Protection Secretariat would also be explored to guide the development and implementation of relevant legal and regulatory frameworks, support intragovernmental collaboration, and execute an oversight role over implementing ministries/authorities. Lastly, a wide range of capacity-building interventions would be undertaken, including knowledge

³⁸ This includes, for example, the Recurrent Cost and Reform Financing Project funded by the World Bank, which is investing in intergovernmental institutional frameworks aimed at providing a conducive environment for constructive intergovernmental relations.



exchange and technical and hands-on training, to deepen understanding of SP issues within the various levels of Government.

110. **Technical design of the project risk is rated Substantial.** Key risks include potential lack of access to target communities and the potential for political capture in the targeting process by the FGS and subnational authorities. The project would mitigate this risk as follows. Geographical targeting of beneficiaries was agreed based on publicly available data with the eligibility selection criteria as described in annex 3; and the targeting of poor mothers with children under the age of five years living in rural areas was selected, to address chronic poverty in rural areas and reduce the push to urban areas. The choice of WFP as the implementing partner is a key mitigation measure given its reputation for political neutrality and objective and transparent fund allocation. The selection of rural beneficiary communities will be limited to areas where WFP has access and is able to monitor activities. To mitigate risks of elite capture, local communities would be engaged in beneficiary selection through an inclusive community-based process with the support of and monitoring by NGO partners. WFP will also implement early and ongoing communications activities to sensitize communities about the government cash transfer program, including beneficiary selection criteria, consent for data sharing with the FGS, and data protection, among others. WFP will also use its monitoring and GRM to address any potential deviation from the project roles. Additionally, a TPM agency would visit project sites and conduct frequent checks to identify corrective actions, if any.

111. **Risk related to institutional capacity is rated Substantial.** The institutional capacity of MoLSA is limited and it lacks previous experience in implementing cash transfer programs or World Bank-funded projects. A PIU will be established to support the day-to-day implementation and monitoring of the project. Implementation of the nutrition-linked unconditional cash transfer component will be supported by WFP through a service contract arrangement with MoLSA, leveraging the existing capacity and delivery system of WFP. For the medium to longer term, Component 2 will focus on institutional capacity development of MoLSA. Relevant staff from the PIU will shadow WFP and UNICEF to gain hands-on experience and capacities. The World Bank will also provide TA to build the procurement and FM capacity of the PIU. The project will draw lessons from the Special Financing Facility for Local Development Project (2016–2019), an urban project supported by the World Bank, which created a similar authorizing and implementation environment for its PIU. The project will also facilitate dialogue and discussion, generate data and information, and document lessons to further build institutional capacity and program sustainability.

112. **Fiduciary risks.** The overall combined FM and procurement fiduciary risk rating for the project is High. The FM risk is rated High, while the overall procurement assessment risk is Substantial. The country's PFM and procurement legal frameworks are weak, fragmented, and inadequate. This is compounded by limited access to the client/project sites, an emerging and weakly regulated banking sector, and inadequate institutional and human capital capacities. The PFM accountability systems, supporting processes, and intergovernmental fiscal transfers mechanisms between the FGS and FMS in the country are evolving. Appropriate risk mitigation measures include periodic extended implementation support activities complemented by close monitoring and 'on-the-ground' fiduciary capacity support to the project. The World Bank's FM supervision will be essential, and mitigation measures for fiduciary issues have been built into the project design in the form of strict fiduciary control mechanisms and application of World Bank fiduciary rules as well as a focus on social accountability. The project will ensure that the



PIUs always have dedicated procurement and FM specialists in place, who are adequately trained, jointly with the EAFS unit and other relevant staff within the Office of the Accountant General.

113. **A series of on-the-job fiduciary trainings ('learning by doing') and the World Bank's periodic review and implementation support will help in mitigating these risks.** The project banking and funds flow risks are high, given the need to use exceptional arrangements and channels in the absence of a solid local banking system. The project will integrate key design aspects as part of nurturing the emerging intergovernmental fiscal transfer framework and mechanisms between the FGS and related member states. To foster transparency and accountability, the fiscal transfers to the FMS are budgeted, accounted, reported, and overseen as conditional transfers both at the federal and state levels. The World Bank, in joint consultation with the mandated government PFM institutions, will undertake periodic monitoring of fund flows. The detailed risks and proposed mitigation measures will be highlighted as part of project FM design. The project will support key activities to strengthen the PFM institutional systems within the relevant government ministries, departments, and agencies involved in SP activities.

114. **Environmental and social risks.** The only environmental risk identified for this project is the possible generation of e-waste under Component 2. To mitigate this, the project will ensure that any e-waste generated from project funding is segregated from other forms of waste and is taken to licensed refurbishers, collection centers, or recyclers. Details to guide this will be included in the Project Operations Manual. However, the project does face potential social risks. These risks and mitigation measures are discussed in Section IV: Project Appraisal Summary, subsection D: Environmental and Social.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Somalia

Shock Responsive Safety Net for Human Capital Project

Project Development Objectives(s)

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.

Project Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
Nutrition-linked Unconditional Cash Transfers			
Beneficiaries of social safety net programs (CRI, Number)		0.00	1,200,000.00
Beneficiaries of social safety net programs - Female (CRI, Number)		0.00	600,000.00
Delivery Systems and Institutional Capacity Building			
National cash transfer program targeting methodology developed and endorsed by FGS (Yes/No)		No	Yes
Operational design of the national Social Registry developed and endorsed by FGS (Yes/No)		No	Yes



Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
Component 1: Nutrition-linked Unconditional Cash Transfers			
Number of direct beneficiary households of cash transfers (Number)		0.00	200,000.00
Percentage of women who benefited from the nutrition services (Percentage)		0.00	25.00
Percentage of children under 5 years of age who benefitted from the nutrition program (Percentage)		0.00	25.00
Percentage of beneficiaries receiving cash transfer payments within the timeframe specified in the Operations Manual (Percentage)		0.00	90.00
Percent of registered grievances that are addressed within the timeframe specified in the Operations Manual (Percentage)		0.00	85.00
Component 2: Delivery Systems and Institutional Capacity Building			
Social protection policy framework and medium-term strategic roadmap developed and endorsed (Yes/No)		No	Yes
Government-led Social Protection Working Group established and functional (Yes/No)		No	Yes
Cash Transfer payment delivery system design prepared and endorsed (Yes/No)		No	Yes
National Cash Transfer MIS system developed (Yes/No)		No	Yes
National Cash Transfer GRM developed and endorsed (Yes/No)		No	Yes
Component 3: Project Management, Monitoring and Evaluation, and Knowledge Management			
Design of a pilot intervention for youth-targeted productive safety net is prepared (Yes/No)		No	Yes



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Beneficiaries of social safety net programs		This assumes a household size of 6 members. However, reporting would be done on actual number of members per household, using SCOPE's capability to report on individuals. Reporting frequency will be done on a quarterly basis.	WFP SCOPE	Program specific MIS	MoLSA and WFP
Beneficiaries of social safety net programs - Female		Assuming 50 percent of	WFP SCOPE	Program specific MIS	MoLSA and WFP



		population as females. Quarterly.			
National cash transfer program targeting methodology developed and endorsed by FGS	This targeting methodology is to be approved and endorsed by the MoLSA for government programs. This is different from the targeting methodology used by WFP for Component 1.	Once	Official letter from MoLSA confirming endorsement	MoLSA PIU informs the World Bank	MoLSA
Operational design of the national Social Registry developed and endorsed by FGS	Design for a consolidated beneficiary registry which would serve as a first step towards a national social registry.	Once	Official letter from MoLSA confirming endorsement	MoLSA PIU informs the World Bank	MoLSA

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of direct beneficiary households of cash transfers	Direct beneficiary households enrolled and received cash transfers	Quarterly	WFP SCOPE	Program specific MIS	MoLSA and WFP
Percentage of women who benefited from the nutrition services	Number of women who attended nutritional referrals divided by total number of direct female recipients who received the cash transfer, expressed as a percentage. This will be a	Quarterly	WFP SCOPE	Program specific MIS	MoLSA and WFP



	subset of direct female recipients identified by WFP and UNICEF who are referred to their nutritional services.				
Percentage of children under 5 years of age who benefitted from the nutrition program	Number of children under 5 years of age who attended nutritional referrals divided by total number of children under 5 years of age in selected households that received the cash transfer, expressed as a percentage.	Quarterly	WFP SCOPE	Program specific MIS	MoLSA & World Bank
Percentage of beneficiaries receiving cash transfer payments within the timeframe specified in the Operations Manual	Beneficiaries that received cash transfers within stipulated timeframes divided by total number of beneficiaries that received cash transfers, expressed as a percentage	Quarterly	TPM	Program specific MIS; TPM quarterly data collection	MoLSA, WFP and TPM
Percent of registered grievances that are addressed within the timeframe specified in the Operations Manual	Grievances addressed within stipulated timeframes divided by total number of grievances filed, expressed as a percentage	Quarterly	TPM	Program specific MIS, TPM quarterly data collection	MoLSA, WFP & TPM
Social protection policy framework and medium-term strategic roadmap developed and endorsed	National SP strategy and a five-year implementation plan	Once	MoLSA Progress Reports	MoLSA PIU informs the World Bank	MoLSA
Design of a pilot intervention for youth-targeted productive safety net is prepared	A proposal including all relevant design features for a youth-targeted productive	Once	Design proposal available and	Submission by MoLSA PIU	MoLSA



	safety net pilot, with costed action plan		shared		
Government-led Social Protection Working Group established and functional	A MoLSA-led technical working group led on SP, including all relevant stakeholders.	Once	MoLSA Progress Reports	MoLSA PIU informs the World Bank	MoLSA
Cash Transfer payment delivery system design prepared and endorsed	Technical and operational requirements for a robust payment delivery system developed and endorsed by FGS.	Once	MoLSA Progress Reports; Supervision Missions	MoLSA PIU informs the World Bank	MoLSA
National Cash Transfer MIS system developed	Technical and operational requirements for a cash transfer MIS system developed and necessary infrastructure (hardware/software) established	Once	MoLSA Progress Reports; Supervision Missions	MoLSA PIU informs the World Bank	MoLSA
National Cash Transfer GRM developed and endorsed	Technical and operational requirements for a cash transfer GRM developed and necessary structures established	Once	MoLSA Progress Reports; Supervision Missions	MoLSA PIU informs the World Bank	MoLSA



Annex 1: Implementation Arrangements and Support Plan

Implementing Entity and Implementation Strategic Approach

1. **The MoF will be the recipient of the IDA grant.** The MoF will be responsible for the overall project performance, results, and funds. The MoF will release funds to MoLSA (the implementing agency for the project) based on MoLSA's request and according to the procedures outlined in the fiduciary management section.
2. **MoLSA will be the main institutional counterpart and will be responsible for project implementation.** Currently, MoLSA's organizational structure includes the minister, below whom is the permanent secretary and then the director general, under whom are 11 section directors responsible for various sectors including SP. The ministry is undergoing an organizational restructuring, and it is hoped that a new SP section will be created directly under the permanent secretary. The restructuring is under review and expected to be approved by August/September 2019. The PIU will be housed within the new SP section in MoLSA. The PIU will be responsible for the day-to-day management of the project and will report to the permanent secretary. MoLSA will be responsible for (a) maintaining oversight of project implementation and performance; (b) hiring and maintaining the PIU staff; (c) providing regular progress, financial, and annual reports to the World Bank; (d) verifying and approving beneficiary lists; (e) ensuring the project's compliance with fiduciary and safeguards requirements; (f) submitting fund withdrawal requests to the MoF; and (g) playing a leadership role in advancing Somalia's SSN policy agenda.
3. **MoLSA will enter into service agreements with WFP to support the implementation of cash transfers, and with UNICEF to support establishing the key building blocks of a safety net delivery system and institutional capacity building.** Given MoLSA's current low institutional capacity to implement components 1 and 2, it will rely on the existing systems, know-how, and capacity of WFP and UNICEF, respectively, to (a) deliver cash to beneficiaries in a rapid, effective, and transparent way and to link beneficiary households to nutrition interventions and (b) develop its delivery systems and institutional capacity. The implementation arrangements with the UN agencies will be governed by service contracts signed between MoLSA and the UN agencies.
4. **MoLSA will contract a TPM firm to monitor and verify delivery of cash transfers, which will provide an additional layer of project oversight.** The firm will conduct sample-based financial and performance audits quarterly. The primary focus of the TPM will be on the verification of payment delivery because this activity is associated with the highest level of risk. At the same time, the Office of the Auditor General will conduct its own audit of project activities.

Project Management

5. **A PIU will be created within the SP Department of MoLSA and will be responsible for the day-to-day management and monitoring of the project.** The PIU at the federal level will be established as soon as possible following project effectiveness. The PIU at MoLSA will comprise the key staff as detailed in the following paragraphs.
6. **A project manager** will lead the project team and have the main responsibility for successful delivery of the project. The project manager will ensure appropriate resourcing, on-time delivery of



financial and key milestone reports to the World Bank and counterparts, and the timely completion of the key activities and the delivery of the outputs. The project manager will work closely with implementing partners, will provide oversight of their performance, and serve as the focal point for communicating with them. The project manager will ensure overall compliance with operational policies pertaining to the project's implementation and management, including for procurement and management of financial resources.

7. **An operations officer** will be primarily responsible for implementing and monitoring operational activities for cash transfer activities, and for linking beneficiaries to nutrition interventions, as needed. S/he will support the project manager in the project management and delivery of all outputs and support the project manager in maintaining close contact with implementing partners on operational issues. The operations officer will keep track of political and economic developments and alert the project manager and the team of their potential impact on the project. S/he will also coordinate the activities of other PIU staff insofar as they are linked to the operational aspects of the cash transfer and nutrition component. In the short term, the operations officer will work closely with implementing partners' operational staff to 'learn by doing' the best operational practices. As institutional capacity is developed, the operations officer will take a more direct role for their responsibilities and also oversee the work of the operations officers at the state PIU level once these are established.

8. **A communications officer** will be responsible for all activities related to the information campaign (communication and sensitization) about the cash transfer and the linked nutrition interventions to all relevant audiences (beneficiaries, non-beneficiaries, national stakeholders, and development partners). As needed, the communications officer will produce (contribute to the production of) a communication strategy and communication materials. S/he will work closely with the communications specialists of implementing partners under Component 2 to initially 'learn by doing' and gradually lead communication activities as s/he develops capacity. The communications officer will also oversee the work of the communications officers at the state PIU level, once these are established, and will report to the project manager.

9. **An MIS officer** will be responsible for keeping the MIS operational, which will include maintenance of software and hardware and troubleshooting as needed. The MIS officer will work closely with the implementing agency contracted to support with building delivery systems and institutional capacity building to design and develop the project MIS at MoLSA and to become fully proficient in MIS design and functionality. The MIS officer will also work closely with other relevant PIU staff whose functions directly depend on the functional state of the MIS (for example, payments officer, GRM officer, and so on). The MIS officer will report to the project manager.

10. **A GRM and social risk management officer** will be responsible for the institutionalization and implementation of an efficient, fair, and accessible GRM for resolving beneficiaries' and other stakeholder's complaints, including establishing GRMs to enable safe and confidential reporting of incidence of SEA and other forms of GBV. S/he will provide guidance in handling complaints, rectifying mistakes, alerting to problems, and helping continuous learning and improvement. S/he will work closely with the GRM staff of the implementing partners to observe and learn from their grievance handling practices. The GRM and risk management officer will also be responsible for monitoring and updating potential risks and ensuring the effectiveness of mitigation measures, as well as the project's overall



compliance with the Environmental and Social Safeguards Framework. The GRM and risk management officer will report to the project manager.

11. **An M&E officer** will participate in developing and implementing the project's M&E framework with support from the implementation partners. S/he will advise the PIU on good monitoring practices, and on designing and maintaining the project monitoring systems. S/he will also ensure timely submission of the semiannual progress reports. The M&E officer will report to the project manager.

12. **An FM officer** will help the project manager ensure accountability for and efficient use of project funds. S/he will be in charge of managing and monitoring requests for financial resources and ensure accuracy and reliability of financial reports and will also process requisitions, purchase orders, and payment requests, and funds withdrawal requests from the MoF, and ensure monthly delivery updates to the project manager on financial delivery performance.

13. **A procurement officer** will carry out all procurement of goods and services according to the World Bank Procurement Guidelines. Both the FM and procurement officers will report to the project manager.

FGS' Implementing Partners

14. **MoLSA will sign service contracts with WFP and UNICEF for project implementation support.** As noted earlier, MoLSA will sign service contracts with WFP for support in implementing the nutrition-linked cash transfers (Component 1), and with UNICEF for TA, training, and implementation support for establishing the building blocks of a safety net delivery systems and institutional capacity to enable MoLSA to directly implement the cash transfers (Component 2) gradually. WFP and UNICEF will be required to follow the World Bank's fiduciary rules and processes, and will submit quarterly financial reports to MoLSA, which will be reviewed by the World Bank for transparency and accountability and to ensure project quality.

15. **WFP will support MoLSA to deliver cash transfers and link project beneficiaries to nutrition interventions** (Component 1), as needed. Specifically, WFP will be responsible for supporting MoLSA with (a) carrying out delivery of cash transfer benefits primarily using existing systems and procedures and according to the SNHCP targeting methodology; (b) conducting additional registration of SNHCP beneficiaries and updating beneficiary lists in locations targeted by SNHCP, as necessary; (c) enrolling beneficiaries and issuing program cards; (d) conducting payment of cash transfers; (e) linking beneficiaries to nutrition programs, as needed; (f) conducting SNHCP-related communication and sensitization activities; (g) managing grievance redressal processes; (h) facilitating 'learning by doing' of federal and state-level PIU staff on cash transfer delivery, as appropriate; (i) developing and executing appropriate protocols for transferring beneficiary data to MoLSA; and (j) reporting to MoLSA on project activities and progress.

16. **WFP will subcontract a local bank and payment agencies to deliver the cash transfers to beneficiaries and NGOs for program monitoring and verification.** WFP will use its established monitoring and GRM processes to monitor the delivery of cash transfers and monitor and address complaints, which will include direct field monitoring by WFP staff and NGO partners, through its call centers, as well as through their own TPM arrangement. WFP will report directly to MoLSA and provide semiannual progress reports and quarterly FM on Component 1 implementation, which will be reviewed by MoLSA and shared



with the World Bank in accordance with reporting arrangement for quality assurance, transparency, and accountability. Finally, WFP will share lessons learned, which will help MoLSA build institutional capacity and delivery systems for cash transfers.

17. **UNICEF will support MoLSA to build institutional capacity and establish building blocks of a delivery system for cash transfers** (Component 2). Specifically, UNICEF will provide MoLSA TA and implementation support in relation to (a) support of SP policy, including providing options for the establishment of a National Social Protection Secretariat, and supporting the establishment of a government-led Social Protection Working Group; (b) development of a social registry; (c) development of a communication strategy and communications materials; (d) targeting policy and methodology; (e) beneficiary registration under the stand-alone MoLSA system (once it is developed); (f) enrolment and issuance of program card; (g) design of the payment system; and (h) development of cash transfer delivery mechanisms including MIS, GRM, social safeguards, and M&E. UNICEF will also support capacity building and knowledge management of lessons learned from the project. Table 1.1 presents a detailed summary of the type of TA activities that UNICEF will provide. In most cases, UNICEF is expected to subcontract the provision of these services to consultants, although some in-house expertise may also be used.

18. **UNICEF will report directly to MoLSA and provide semiannual progress reports and quarterly FM on Component 2 implementation**, which will be reviewed by MoLSA and shared with the World Bank in accordance with the reporting arrangements. UNICEF will also share lessons learned, which will help MoLSA build institutional capacity and delivery systems for cash transfers.

19. **All ToRs for TA services would need to be reviewed by the World Bank for no-objection.** TA activities would also be coordinated with the DWG and the TAF established by donors to support MoLSA. MoLSA will assume a leading role in ensuring this coordination.

Table 1.1. Assignment of UNICEF’s Roles for the Implementation of Component 2

	Technical Assistance
SP Policy	<ul style="list-style-type: none"> • For 5-year road map • SP governance structure (including a high-level government body) • Government-led SP working group • Policy adviser training
Social registry development	<ul style="list-style-type: none"> • Synchronization of various applicant/beneficiary lists • Registration methodology • Registration MIS design • Training on registration module under MIS
Communications	Communications consultant to provide (a) advice on communication strategy, (b) training to MoLSA, and (c) support on development of communication materials.
Targeting policy and methodology	<ul style="list-style-type: none"> • Targeting technical paper (supported by the World Bank/Advisory Services and Analytics) • Targeting workshops for MoLSA • Targeting policy endorsement
Registration under the stand-alone SNHCP (once it is developed)	<ul style="list-style-type: none"> • Development of registration form and updating/development of registration software • Design and delivery training to MoLSA staff on operational procedures related to MIS



	Technical Assistance
Enrolment and ID	<ul style="list-style-type: none"> • TORs on procurement of biometric ID development firm/agency • Training on the use of biometric ID equipment
Payment system design	<ul style="list-style-type: none"> • Payment systems design note - training on payments cycle reporting, reconciliation, supervision of payment delivery
GRM and social safeguards	<ul style="list-style-type: none"> • Develop a GRM and social safeguards arrangement for MoLSA • Training on GRM procedures • Training on social safeguards
MIS	<ul style="list-style-type: none"> • MIS architecture design • Development/update of MIS modules for registration, enrolment, payment, grievance, and so on.
M&E	<ul style="list-style-type: none"> • M&E framework as part of the Operations Manual • M&E training

20. **The project will link beneficiaries to WFP and UNICEF MAM and SAM treatment centers (a total of 1189 Somalia-wide)**, and where possible, will promote links to the female health workers program supported by the Somalia Recurrent Cost and Reform Financing Project (RCRF, P154875) will be promoted, although the latter only includes 400 health workers.

State Governments

21. **The project will seek to build the capacity of member states and engage them in project implementation beyond the formation of PIUs at the state level.** However, the exact nature of their involvement will depend heavily on member states’ capacity. The scope for their initial participation may include endorsement of beneficiary lists, security provision, facilitation of logistics involved in operations, participation in supervision activities of implementation with other relevant partners, and participation in grievance handling (categorizing grievances, directing them to proper channels, and so on), among others. Assessment of member state government capacity and elaboration of the appropriate modalities of engaging them in SNHCP implementation will be included as one of the TA activities under Component 2. The policy support activities under Component 2 will also facilitate a dialogue and consultation with state governments with regard to an expanded future role in implementing the SSN.

Strategy and Approach for Implementation Support

22. The project is an Investment Project Financing (IPF) emergency operation processed under World Bank Policy for Investment Project Financing, Paragraph 12.00, Projects in Situations of Urgent Need of Assistance or Capacity Constraints. The World Bank will conclude a legal agreement with the FGS and disburse funds directly to the FGS in accordance with the terms of such agreement. The project will be subject to World Bank procurement, fraud and corruption, FM, safeguarding, and supervision.

Implementation Support Plan

23. A core technical team will provide hands-on support to implementing agencies and liaise with development partners, including a task team leader (TTL) based in Washington DC and core technical team member based in Nairobi providing on-the-ground support and the needed link with World Bank headquarters. Moreover, the World Bank’s implementation support team will leverage the presence of



specialists in procurement and FM, safeguards, and communication, in the Somalia country office, all of whom have had significant experience in supporting programs in an FCV setting.

24. Regular implementation support will be provided by country-based staff. In addition, quarterly structured and comprehensive supervision missions will be undertaken.

Table 1.2. Implementation Support Plan and Resource Requirements

Time	Focus	Resource Estimate (US\$, millions)
Project design/preparation	Project preparation and consultations	Funded under SN Advisory Services and Analytics
Project start-up support: First 12 months	Project start-up, preparation of safeguards instruments, training fiduciary staff, establishment of PIU, and initiation of procurement	0.30
0–36 months	Supervision and implementation support missions	0.70
Total		1.00

Table 1.3. Skills Requirements

Skills Needed	Annual Number of Staff Weeks	Number of Trips
Team leader	30	6
Sector specialists	30	6
Procurement specialist	5	3
FM specialist	10	3
Social safeguards specialist	5	3
Technical specialists	40	12

25. **Midterm review (MTR).** The MTR mission will require participation of the entire spectrum of specialists having participated to appraisal. The Implementation Support Plan will be reviewed at least once a year to ensure that it continues to meet the implementation support needs of the project.

26. **Political and security risks will exist over the course of the project and are heightened in the early stages due to the African Union Mission in Somalia transition and security sector reform and federal elections in 2020.** In the event of a deteriorating security situation not allowing implementation in one or more states, in consultation with the FRS, the project will be restructured to allow implementation to continue in the other states. The team will continue to monitor and, as the need arises, the MTR could be an appropriate milestone for consideration.



Annex 2: Detailed Components Description

1. **Financed from IDA's pre-arrears grant clearance in the amount of US\$65 million, the SNHCP would support three components, which are to be implemented over a three-year period.** The components are (a) Nutrition-linked Unconditional Cash Transfers; (b) Delivery Systems and Institutional Capacity Building; and (c) Project Management, Monitoring and Evaluation, and Knowledge Management.

Component 1: Nutrition-linked Unconditional Cash Transfers (SDR38.16 million, US\$53 million equivalent)

2. **This component would provide unconditional cash transfers to households that are poor and vulnerable to drought and malnutrition and link them to complementary nutritional support programs.** The unconditional cash transfer will be rolled out as soon as practically possible following the effectiveness of the project as a means of drought response. Linking households to nutrition services (delivered by the humanitarian agencies) will be done at the same time. The project will not set up a stand-alone referral mechanism but will rather pass the list of cash transfer beneficiaries to implementing partners for follow-up based on their procedures. Implementing partners will be encouraged to promote behavioral change interventions for the beneficiary households and communities. To the extent possible, beneficiaries will also be linked to the services provided by the female health workers supported by the World Bank-funded RCRF Project.

3. **The cash transfers would be available in all of Somalia's FMS and would focus primarily on rural areas,³⁹ which are often in the 'Stressed' category and are underserved by humanitarian assistance programs.** Most humanitarian assistance focusses on urban areas and IDPs. Although present, humanitarian agencies focus less on rural areas despite the fact that around 50 percent of the population reside there. This is because rural areas experience more chronic levels of food insecurity, rather than acute humanitarian needs. Cash transfers under Component 1 would therefore prioritize rural areas, including in Somaliland, to ensure that benefits are provided to the underserved or unserved.

4. **Cash transfers under Component 1 is designed to complement the humanitarian assistance responding to the developing 2019 drought.** Humanitarian agencies focus on districts suffering from emergency and crisis levels of food insecurity, classified as IPC levels 3 and 4. At the same time, distressed districts, which cannot fully meet livelihood protection needs but are excluded from humanitarian assistance due to resource limitations, if not protected, are at risk of worsening food conditions. Component 1 will aim to fill this gap by extending greater coverage to poor and vulnerable populations, many of whom reside in rural areas. Further, by extending protection to chronic poor and vulnerable populations, Component 1 will lessen the burden on the humanitarian assistance programs by preventing beneficiary households from reaching emergency levels of food insecurity.

5. **The beneficiaries of this component would be households in target areas with mothers (or female caregivers) and children under five years.** Mothers or female caregivers of the children will be the direct recipients of the transfer. Target districts will be defined according to the targeting methodology presented in Annex 3. By focusing on this subset of households, Component 1 will contribute to preventing

³⁹ For example, Banadir will not be covered under Component 1 because it is an urban municipality with a strong presence of humanitarian agencies.



the deterioration of human capital because of the drought in the short term. In the medium to long term, it will promote human capital investment because beneficiary households will remain protected by the SSN after the risk of drought is no longer present.

6. **Budget and benefit level.** The amount of the total transfer budget allocated to each state will be determined based on the number of eligible households in the selected districts of each state, which is a determinant of the number of poor and vulnerable households with mothers and children under the age of 5 years. The benefit level will be set to US\$20 per household per month, which is equivalent to US\$240 per household per year. This benefit size is based on estimates and initial data on prices of the MEB for food.⁴⁰ While the value varies significantly by region and season, rough estimates indicate that a US\$20 benefit would cover about 70 percent of the MEB, based on December 2018 price data.

7. Of the total project budget of US\$65 million, US\$53 million (about 82 percent) will be allocated to cash transfers, including the cost of delivery. With an estimated US\$48 million benefits payments for one year, the program could reach approximately 200,000 beneficiary households, which is equivalent to 1.2 million individuals, assuming the average household size of six members.

8. **Program scalability.** The design will ensure scalability, both vertically (in terms of benefit size) and horizontally (in terms of coverage). The need and feasibility of increasing benefit size will be informed through evaluations. Horizontal scalability can be achieved through increasing the number of targeted districts and/or communities within them and/or targeting additional groups (elderly, disabled, and so on). Scalability in the short term will be a function of funds availability. In the longer term, scalability will be supported by a well-functioning social registry, which will enable rapid expansion and contraction of SSNs in response to crises.

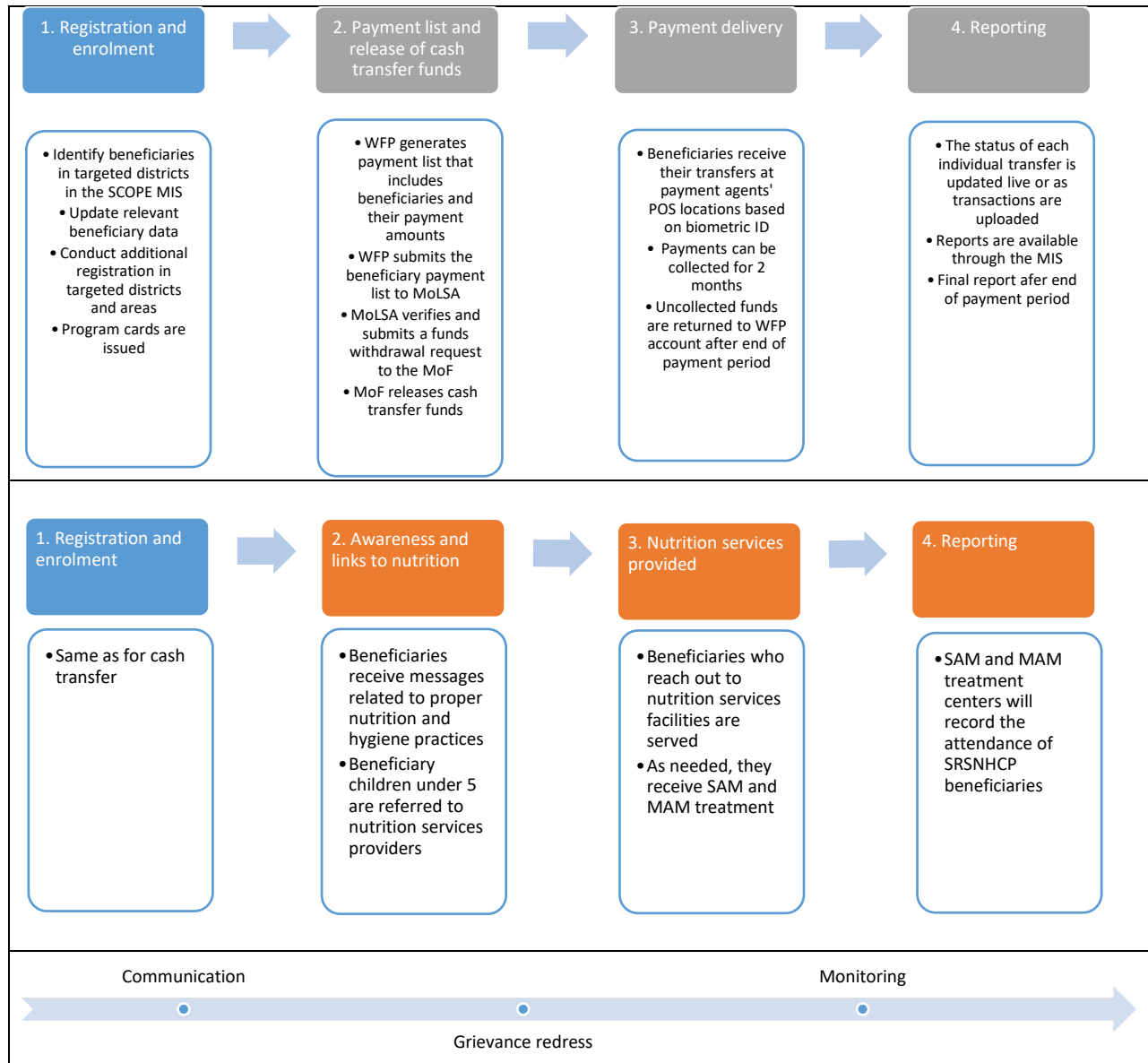
9. **Complementarity with humanitarian assistance.** The project will build complementarities between development and humanitarian assistance in the following ways:

- (a) The unconditional cash transfer benefit will be paid on a long-term basis to households in areas that are not targeted by humanitarian assistance.
- (b) In communities covered both by Component 1 cash transfer and humanitarian assistance, the benefits paid by the humanitarian agencies in response to droughts (or potentially other crises) will be paid as an emergency top-up to the cash transfer benefit, which will reduce the need for and cost of humanitarian assistance.
- (c) Links to nutrition interventions will be done by the humanitarian counterparts.

⁴⁰ MEB for food includes a household of six members with caloric needs for cereal, cowpeas, oil, and sugar.



Figure 2.1. SNHCP Business Cycle of Cash Transfer Delivery and Links to Nutrition Interventions



- Cash transfer business cycle** will consist of four key stages: (a) registration and enrolment, (b) payment list generation, (c) payment delivery, and (d) reporting. After the completion of Stage 4, the business cycle repeats for the next round of payment. Several processes—communication, GRM, and TPM—run throughout the entire business cycle. Linking of beneficiary households to nutrition interventions will be promoted concurrently.
- Registration.** Cash transfer beneficiaries will primarily come from an existing applicant list maintained by WFP through its SCOPE database (which currently has 5.6 million people registered and is a dynamic registry). These will be households that meet the beneficiary eligibility criteria outlined in the targeting methodology (Annex 3): that is, a household with



at least one child under five years and residing in targeted districts and areas (in case, there is excessive demand at the district level). Thus, only limited registration activities will be required because a large part of the beneficiaries' data is already captured in the SCOPE MIS. However, the beneficiaries will be able to update their data (that is, changes in household composition) using the standard case management and grievance procedures under SCOPE. Eligible households in the targeted communities, who may not be in the SCOPE registry, will also be able to register.

- **Enrolment and issue of program cards.** All program beneficiaries will receive a program card using the existing SCOPE technology, which allows for biometric identification of beneficiaries at the point of distribution of benefits. The main recipients and authorized backup family members (maximum two) have biometric data already collected and entered in the SCOPE system. The SCOPE cards are issued to the main recipients, namely mothers or female caregivers.
- **Management of beneficiary database and data protection.** The WFP will initially manage and maintain the project beneficiaries' database and will migrate it to MoLSA once it has the capacity to manage the social registry. Before database migration to MoLSA, the FGS will develop and adopt data protection policy and protocols that are acceptable to IDA. While maintaining the database on behalf of the FGS, WFP will apply its established personal data protection and privacy processes, that are aligned with the 2017 WFP corporate guideline. WFP's process of data protection starts with conducting a Privacy Impact Assessment and ends with sectoral and risk assessments. WFP Somalia has a Data Protection Focal Person (DPFP) appointed by the country director to ensure compliance to processes informing personal data protection and privacy. The DPFP ensures that Privacy Impact Assessments are conducted and advises the country office on how to meet the standards set out in the guideline.

WFP 2017 corporate guidelines on data protection build on the following principles:

- **Lawful and fair collection and processing.** WFP shall collect and process personal data by lawful and fair means with the informed consent of the beneficiary.
- **Specified and legitimate purpose.** WFP shall collect personal data only for specific, explicit, and legitimate purposes and shall further process it in a way that is compatible with those purposes. If a secondary purpose arises that is not compatible with the originally stated purpose, then beneficiary consent must be obtained for this secondary purpose.
- **Data quality.** WFP shall ensure that personal data sought and obtained is adequate, relevant, and not excessive in relation to the specified purposes of data collection and data processing. WFP shall take all reasonable steps to ensure that personal data are accurate and up to date.
- **Participation and accountability.** WFP shall ensure that beneficiaries are consulted about the processing of their personal data before and during all stages of such



processing. processing. Beneficiaries shall be enabled to access, verify, correct, update, and erase their personal data.

- **Data security.** WFP shall continue to implement appropriate physical, organizational, and technological security measures to protect personal data against accidental loss and/or damage, unauthorized access, disclosure, modification, and destruction, and to ensure continuous availability of WFP’s application programs and data.
- **Payment.** Each cash transfer beneficiary will receive a monthly payment of US\$20 delivered on a quarterly basis (a total of four quarterly payments of US\$60). Payments will be made using the SCOPE’s payment process. The cash transfer will appear in the SCOPE system as a separate ‘wallet’, that is, a separate transfer distinguishable from any other transfers a given household may be eligible to receive from WFP. The benefit amount will be deposited into the household’s individual account under SCOPE and can be withdrawn by the beneficiary at any of the payment locations—fixed or mobile delivery points (whereby the payment agency sends payment teams with point-of-sale (POS) machines to remote locations). Payment locations are operated by vetted subcontracted agents who have access to biometric reader-enabled POS machines (to verify that the recipient of cash at the POS is the card holder). After the biometric verification at the payment site, the beneficiary has an option of transferring their benefit through a mobile transfer. For the longer term, the option of conducting mobile payments to beneficiaries will be explored under Component 2 and in close coordination with the World Bank-supported SCALED-UP project, which is supporting the FGS in establishing a foundational ID system and regulation for the mobile sector. NGO partners are also contracted by WFP to provide field support to beneficiaries, including monitoring of the payment process.
- **Reporting.** Payments can be collected for a period of up to two months, after which the payment period is closed, payment reports are produced, and uncollected funds are returned to the WFP account.
- **Processes ongoing throughout the business cycle: communication, GRM, and monitoring** of the SNHCP runs throughout the entire business cycle, albeit the objectives, audience, and content of communication do differ at different stages. Specifically, it will be very important to manage the communication before the start of the program; at that stage it will be important to effectively communicate the objectives of the program and the rationale for targeting in general and for the selection of specific districts both to the potential beneficiaries and to the federal and state governments.
 - **Communication** will be handled by WFP communications staff in collaboration with the federal PIU’s communications officer.
 - **Grievances** will be handled using the existing GRM mechanism under SCOPE with dedicated GRM staff. All grievances related to cash transfer and to nutrition interventions will be recorded and tracked in SCOPE’s GRM module.



- **Monitoring** of all business processes will be conducted through monitoring processes established by WFP, in addition to the M&E officer of the PIU/ MoLSA. WFP uses multiple layers of monitoring, including WFP's own monitors, donor monitors, and private contractor monitors. Additionally, a TPM firm will be hired by MoLSA to strengthen oversight. Special care will be taken to ensure robust monitoring of cash transfer distribution.

10. **Links to nutrition interventions constitute an important vehicle of investment in human capital and will be promoted concurrently with the cash transfer implementation.** As described in figure 2.1, links to nutrition services and behavioral change interventions will be conducted in parallel to the delivery of cash transfer benefits. Households registered for the cash transfer and other community members will be linked to nutrition interventions. Nutritional interventions will include awareness raising and nutrition education for mothers and treatment of SAM and MAM cases. Beneficiary households will receive nutrition services at SAM and MAM treatment centers operated by UNICEF and WFP, respectively. Links to other nutrition and health interventions will also be pursued, however the supply of such services outside of the humanitarian agencies, including UNICEF and WFP, is limited. For instance, there is scope of linking beneficiaries to female health workers supported under the RCRF Project, but there are only 400 of them and they are mostly located in urban areas, while a large share of the project beneficiaries will come from rural areas. Information on the actual use of nutrition services by the referred households will be collected and reported.

11. **Implementation of Component 1 will be guided by principles of government ownership and collaboration with humanitarian agencies to leverage their systems and delivery mechanism.** MoLSA PIU staff from the central and eventually state levels will join WFP staff in conducting the activities involved in the cash transfer business cycle, as applicable. Collaboration with humanitarian agencies will complement payment delivery support with capacity and systems building under Component 2.

Component 2: Delivery Systems and Institutional Capacity Building (SDR4.32 million, US\$6 million equivalent)

12. **Component 2 will cover policy support and systems development as well as capacity building and institutional development of the relevant government ministries.** This will include a social registry, MIS, cash transfer ID system, operation procedures for registration, enrolment, targeting, grievance, payment, monitoring, accountability, information campaign, and so on. It will also support a learning-by-doing process and integrate FGS staff in the project implementation and their capacity building. Systems and procedures developed under Component 2 will form the foundation for a more comprehensive SP system in Somalia.

13. **The primary implementing partner for the FGS for Component 2 will be UNICEF.** UNICEF will be contracted by the FGS under a service contract arrangement to provide TA and training services. However, WFP and other development partners will be able to provide inputs into the TA work conducted under Component 2 through established donor coordination mechanisms including a donor-supported TAF. This section groups TA activities into two broad sets: SP policy and governance support and development of cash transfer delivery systems.



SP Policy and Governance Support

- **Policy framework and a five-year implementation road map.** As needed, Component 2 will provide support to the ongoing policy work undertaken by MoLSA with the support of UNICEF and WFP with the objective of operationalizing a National Social Protection Policy. Special attention will be given to the development of an actionable five-year implementation plan, building on the recently approved SP strategy. The activity will promote and support the FGS in building consensus around the programming of the strategy within the Government (across federal and member states and across sectors), and among key stakeholders including, development partners, private sector, and civil society organizations. The five-year implementation road map will aim at promoting a coordinated and aligned approach to support the implementation and monitoring of SP interventions.
- **SP governance structure.** This activity will explore options for the establishment of a National Social Protection Secretariat. The objective is to institute a body with the required policy and decision-making power to guide and support the development and implementation of relevant legal and regulatory frameworks, support intragovernmental collaboration, and execute an oversight role over implementing ministries/authorities.
- **Government-led SP working group.** The activity will support the establishment of a working group led by MoLSA and including representation for relevant sectoral ministries, civil society, private sector and donors/development, and humanitarian partners. The group will provide technical and institutional guidance to specific issues and contribute to the SP-related dialogue and activities, as well as provide a platform for coordination and alignment.
- **Capacity building.** The activity will support a wide range of capacity-building interventions ranging from exposure to and learning from regional and global experiences in SP policy and programming, to the provision of technical training of staff and management, to provision of hands-on training through the different TA activities supporting system development. The activity will also support MoLSA in enhancing its human resources through the hiring of local experts in key areas required.
- **Knowledge management and learning.** This will include documenting the lessons and experiences of implementation of the project, which will promote ‘learning by doing’ and adjustments to project design, as well as knowledge dissemination. The activities carried out under this component will contribute to the global knowledge on designing and implementing SP interventions in FCV contexts.

Cash Transfer Delivery Systems

- (a) **Communication strategy.** Support MoLSA in developing a communication policy for the SP sector as a whole, as well as specific communication activities linked to the national cash transfer program once fully established. The communication strategy will continue evolving to reflect the evolution of the design of the nutrition-linked cash transfer program and the accumulated experience from the implementation of Component 1 (for example, to address common concerns or problems that will surface through the GRM).



- (b) **Targeting system.** Support the development of the targeting policy building on the early lessons of cash transfer delivery under Component 1. The targeting policy will consider options for horizontal scale-up of the program to potentially incorporate additional districts and/or social groups, as well as evidence-based improvements to the community-based selection of beneficiary households. The development of a targeting methodology will also benefit from the findings of the planned targeting evaluation.
- (c) **Social registry.** This activity will bridge existing humanitarian and development efforts and support the development of a consolidated beneficiary list, which would serve as a first step toward a national social registry. Several humanitarian and development agencies maintain separate lists of beneficiaries, but these are uncoordinated which raises concerns of effectiveness and targeting. The activity will (i) explore options for a governance structure for the management of the consolidated beneficiary list; (ii) establish procedures and protocols on data exchange and data privacy and security; (iii) analyze existing beneficiary data and define gaps for further data collection (that is, different lists may have different fields that may or may not be complete to form the consolidated list); (iv) analyze existing data to review social and regional profile of existing beneficiary lists and identify vulnerable groups and/or regions that are less represented in the lists; (v) develop tools such as a harmonized questionnaire/registration form to survey households, as a basis for a social registry; and (vi) develop the requirement and specification of IT architecture, to support the management of the consolidated beneficiary list (as a first step) and the registry. This activity will be undertaken in close collaboration with the Cash Working Group and will benefit from the World Bank-supported SCALED-UP Project and will draw on the technical expertise of national and international experts, mobile networks operators, financial service providers, technology service providers, and so on.
- (d) **MIS.** Develop the technical specifications and operational requirements for an MIS to support cash transfer delivery at MoLSA, along the entire business cycle. Eventually, the MIS will be able to use the social registry data to target households and individuals and will be sufficiently flexible to support multiple programs with different targeting criteria, benefit types and amounts, payment cycles, and grievance protocols.
- (e) **Social accountability mechanisms.** Develop the technical specifications and operational requirements for comprehensive social accountability mechanisms, including participatory citizen engagement and the GRM. These will strengthen accountability to local communities and marginalized citizens and support the 'do no harm' principle. The social accountability mechanisms will be sensitive to context-specific dimensions of social exclusion, such as gender, disability status, minority group, and others. Their performance in addressing social exclusions will be measured as part of the performance audit and will be supported by adequate data collection protocols (relevant data on exclusion will be collected and will be sufficiently disaggregated and designed appropriately to enable drawing conclusions regarding exclusion on relevant dimensions).
- (f) **Payment delivery system.** Design and identify the technical and operational requirements for a robust payment delivery system, building on humanitarian experience and Somalia's private sector-led experience of mobile banking and experience under Component 1. The



existing well-developed mobile network would be tapped into to create a usable, functional, and effective payment delivery system in a public-private sector partnership. This activity would need to be informed by and coordinated with the ongoing World Bank-supported initiatives related to the policy and regulatory framework of mobile banking. The efforts of these teams in developing a foundational ID system will allow to identify unique individuals and better track distribution of assistance from multiple sources, de-duplicate beneficiary lists, and better harmonize transfers. Regulation of the mobile sector, especially introduction of best know-your-customer practices will enhance the security and transparency of mobile cash transfers by linking specific SIM cards to specific individuals.

14. Support to the above activities will be led by the FGS and will seek reaching an arrangement to define the dialogue and working relation between the federal and regional/state levels. Several of the interventions would require close coordination with other World Bank-supported interventions led by various Global Practices, and in consultation with the private sector, humanitarian and development partners, and civil society organizations. These will be supported through extensive consultations, workshops, and round table discussions to ensure sustained commitment from all stakeholders to the common vision of supporting Somalia in instituting a sustainable SP system.

Component 3: Project Management, Monitoring and Evaluation, and Knowledge Management (SDR4.32 million, US\$6 million equivalent)

15. Component 3 would establish a PIU, strengthen MoLSA's coordination arrangements, promote learning and knowledge management through robust M&E, and support the design of a pilot productive safety net activity targeted at youth. Specifically, the PIU would be established at the federal level at MoLSA during the first year. Subsequently, separate antenna PIUs or focal points would be created in the member states in consultation and agreement with the governments of member states. The component will also strengthen MoLSA's coordination arrangements between the federal level and the member states, as well as with other ministries and stakeholders. The federal PIU will be headed by a project manager and will include an operations officer, communication officer, MIS officer, GRM and social risk management specialist, M&E officer, FM officer, and procurement officer. The composition of the antenna PIUs or establishment of focal points at the member state level will be formed after consultation with state governments. The component will also finance the salary of PIU staff and the purchase of IT equipment and office furniture, as well as the operating cost.

16. The federal PIU will be responsible for managing and monitoring the implementation of activities of all project components and coordination of project activities at the local level. Monitoring the implementation of Component 1 will be conducted by an independent TPM agency contracted by MoLSA. The TPM will be performed on a quarterly basis.

17. M&E activities will ensure compliance with the operational guidelines and focus on generating evidence regarding project performance and results achieved. To this end, an M&E officer would be hired at the federal MoLSA level PIU. At the member state levels, the operation officer would fulfill the monitoring function. A targeting evaluation would be undertaken during the first year of implementation to assess the accuracy of targeting and distribution of beneficiaries and benefits. The results of the evaluation would serve as the basis for any evidence-based modifications of the targeting methodology. Independent quarterly TPM will be undertaken by a firm.



18. **Knowledge management and learning activities would also be supported.** This would include documenting the lessons and experiences of implementation of the project, which is expected to promote learning by doing and adjustments to project design, as well as knowledge dissemination. The activities carried out under Component 3 will contribute to the global knowledge on designing and implementing SP interventions in FCV contexts.

19. **The component will also support the design and preparation of a pilot productive safety net activity targeting youth.** It is expected that this will be rolled out using additional financing, and/or external financing by development partners. This will support government capacity to test other forms of productive safety net interventions to address multiple vulnerabilities.

Project Implementation Time Line

20. **Project activities will be undertaken according to the schedule presented in table 2.1.** The duration of the project will be three years. The current project budget allows the implementation of Component 1 for only one year (four quarterly payments). MoLSA will seek additional financing to support the SSN established by the project. Components 2 and 3 activities will be undertaken through the three years.

Table 2.1. Project Implementation Time Line

	Year 2019				Year 2020								Year 2021							Year 2022																		
	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7		
Component 1																																						
Targeting finalized for initial round of payments																																						
Registration and enrollment																																						
Payment list and release of funds																																						
Payment distribution																																						
Payment reports																																						
Nutrition linkages																																						
Nutrition treatment, behavioral change interventions																																						
GRM																																						
Communication for nutrition-linked CT																																						
Regular monitoring																																						
Component 2																																						
Policy framework and a five-year implementation roadmap																																						
Social Protection Governance Structure.																																						
Government-led social protection working group																																						
Capacity building																																						
Knowledge management and learning																																						
Communication strategy																																						
Targeting system development																																						
Unified social registry																																						
MIS design																																						
GRM and social accountability system																																						
Component 3																																						
Establishment of federal PIU																																						
Equipping of federal PIU																																						
Establishment of state PIUs																																						
Equipping of state PIUs																																						
TPM report																																						
Targeting evaluation																																						
Targeting evaluation report																																						



Annex 3: Detailed Targeting Methodology for Component 1

1. **The project will target beneficiaries in all states of Somalia.** Within each state, targeting will be conducted in three stages: (a) selection of districts, (b) selection of communities in the targeted districts, and (c) CBT of households in selected communities based on the household eligibility criteria.

2. **It is important to recognize that the targeting approach outlined at the outset of implementation may be subject to adjustment based on the realities on the ground.** On the one hand, this is because the quality of data on population, demographics, and malnutrition is rather inadequate and the available figures are frequently based on rather strong assumptions. On the other hand, security considerations are likely to introduce changes in the proposed targeting approach outlined in this annex. To mitigate against these constraints, it is important to build a reasonable degree for flexibility into the implementation of the targeting approach.

Selection of Districts

3. **It is expected that the project will target the same number of districts per state.** To select the potential SNHCP districts, a two-step procedure is followed: (a) identify districts with higher distress ratings (based on a distress index) within each state and (b) adjust the selection based on security and capacity of the implementation partners at the local level.

4. **Within each state, the districts are ranked according to a distress rating,** which is an index that considers the proportion of rural population in the district's total population, district's projected IPC rating (number of times the district was given a crisis or emergency IPC rating since December 2012), and incidence of SAM and MAM in the population of children under five years.

5. **The proposed approach has the following advantages:**

- (a) Focusing on a limited number of districts will allow keeping the scope of cash transfer in each state manageable in terms of both budget sustainability and ease of developing and perfecting business processes and establishing functional implementation arrangements.
- (b) Covering the same number of districts per state will ensure equitable participation in project by each state.
- (c) Favoring rural districts is complementary to the humanitarian interventions (which focus more on urban areas because of their emphasis on IDPs). In the longer-term, extending SSN coverage to rural districts will reduce the 'push' factor in rural-urban migration by improving resilience in rural areas.
- (d) Considering past impact and/or risk of drought, cash transfers will be positioned as a drought mitigation measure without compromising its overall focus on human capital investment.

6. **Each of the indicators that constitute the distress index is coded on a scale from 1 to 5 such that the higher value of the indicator corresponds to the greater distress and, therefore, need for support**



through the SNHCP. Table 3.1 details the assignment of scores for the indicators comprising the index based on the value of underlying variables.

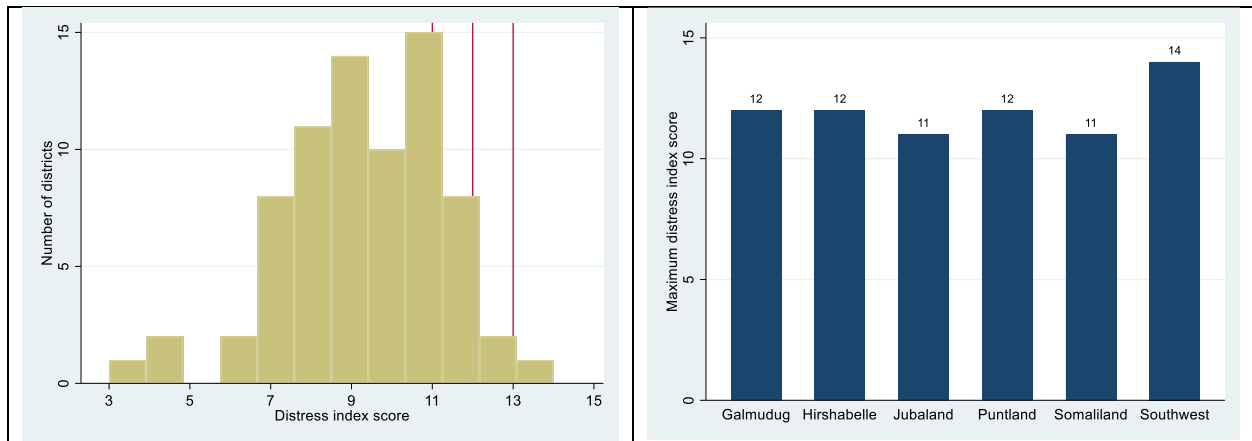
Table 3.1. Assignment of Scores to Index Component Indicators

Score	Percentage of Rural Residents in Total Population, 2014 ^a	Number of IPC3 and IPC4 Rankings Since December 2012 ^b	Percentage of SAM and MAM Cases Relative to the Total Number of Children Under Five Years ^c
1	≤20%	0 or 1	≤30%
2	>20% and ≤40%	2 or 3	>30% and ≤36%
3	>40% and ≤60%	4	>36% and ≤41%
4	>60% and ≤80%	5 or 6	>41% and ≤45%
5	>80% and ≤100%	7 or 8	>45% and ≤100%

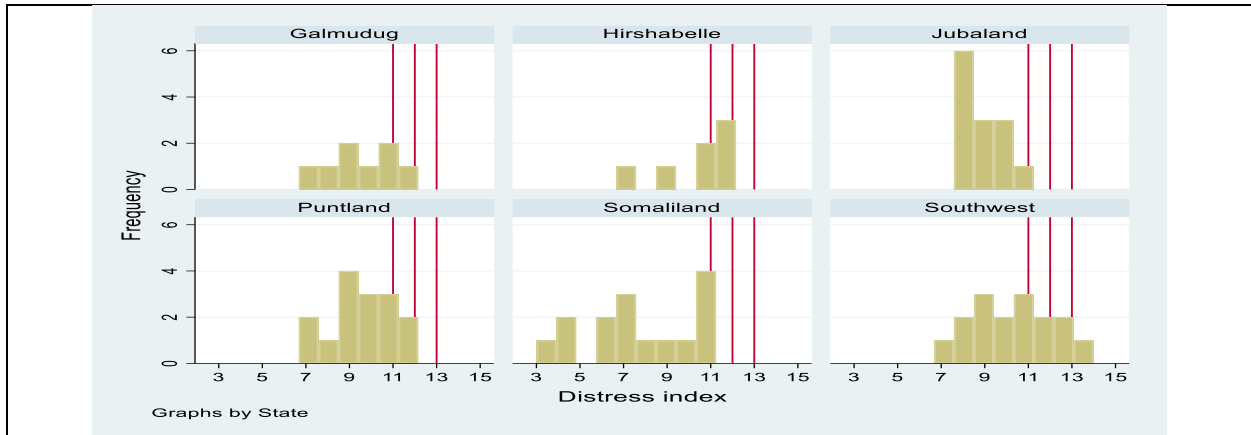
Note: (a) Total district population is a sum of urban residents, rural residents, and IDPs; (b) maximum number of IPC3 or IPC4 rankings since December of 2012 is 8; and (c) maximum district SAM + MAM incidence is 50.14 percent.

7. The index is a sum of scoring indicators and ranges, theoretically, from 3 to 15. Figure 3.1 shows that the actual distribution of the index scores varies across states. For instance, in Jubaland and Somaliland, the maximum distress index score is 11, while in Southwest, it is 14.

Figure 3.1. Distribution of Distress Index Scores for Somalia’s Member States⁴¹



⁴¹ Source: Project’s team analysis based on United Nations Population Fund (UNFPA) and WFP data.



Note: Red line marks distress index scores of 11, 12, and 13.

8. In each state, the same number of districts with the highest scores on the distress rating will be selected and identified as potential target districts for the SNHCP cash transfer (see table 3.2). In cases when districts receive the same index score, preference is given to those with higher total share of SAM and MAM cases relative to total number of children under five years. The number of districts per state is determined based on the expected beneficiary load, initially proxied by the estimated number of households with children under five years in the SCOPE database and subject to field verification.

Table 3.2. Rankings of Districts by Distress Index within Each State

State	District	Distress Index (overall)	SAM + MAM Cases Relative to the Number of Children Under Five Years (%)	Number of Children Under Five Years (UNFPA 2014)	Population (UNFPA 2014)	Number of Households with Children Under Five Years	Number of Households with Children Under Five Years with 3% Increase
Galmudug	Dhuusamarreeb	12	42.3	26,827	144,407	14,735	15,177
	Ceel Dheer	11	43.6	15,057	109,870	8,270	8,518
	Hobyo	11	41.6	18,016	115,222	9,347	9,628
	Ceel Buur	10	43.1	20,601	83,610	11,315	11,655
	Xarardheere	9	42.7	6,819	51,961	3,538	3,644
	Cadaado	9	41.5	21,612	129,588	11,870	12,227
	Cabudwaaq	8	39.6	29,790	101,959	16,362	16,853
	Gaalkacyo	7	43.7	—	171,436	—	—
Hirshabelle	Jalalaqsi	12	45.6	25,262	147,189	13,714	14,125
	Bulo Burto/Maxaas	12	41.7	27,433	138,283	14,893	15,340
	Adan Yabaal	12	36.8	7,572	37,781	4,399	4,531
	Belet Weyne/Matabaan	11	42.8	44,580	235,214	24,201	24,927



State	District	Distress Index (overall)	SAM + MAM Cases Relative to the Number of Children Under Five Years (%)	Number of Children Under Five Years (UNFPA 2014)	Population (UNFPA 2014)	Number of Households with Children Under Five Years	Number of Households with Children Under Five Years with 3% Increase
	Cadale	11	37.7	16,740	86,896	9,726	10,018
	Balcad/Warsh eikh	9	38.8	42,287	212,261	24,569	25,306
	Jowhar/Mahaday	7	37.9	36,609	179,097	21,270	21,908
Jubaland	Doolow	11	40.6	14,074	41,245	7,639	7,868
	Saakow/Salagle	10	41.1	2,800	79,116	1,945	2,003
	Jamaame	10	39.5	14,455	97,911	10,040	10,341
	Jilib	10	36.8	35,473	174,819	24,638	25,377
	Kismaayo	9	38.1	38,997	162,733	27,085	27,898
	Afmadow/Xagar	9	38.0	36,151	172,485	25,109	25,862
	Bu'aale	9	37.9	20,447	108,986	14,201	14,627
	Luuq	8	41.2	8,440	69,660	4,581	4,718
	Belet Xaawo	8	41.1	16,053	83,116	8,713	8,974
	Garbahaarey/Buur Dhuubo	8	38.8	30,089	76,952	16,331	16,821
	Baardheere	8	37.9	24,457	177,384	13,274	13,673
	Ceel Waaq	8	37.6	8,568	60,046	4,651	4,790
	Badhaadhe	8	36.0	8,259	56,178	5,736	5,908
Puntland	Laasqoray/Badhan	12	42.2	79,405	238,855	44,720	46,062
	Taleex	12	37.0	7,704	73,529	4,191	4,316
	Caluula	11	41.5	9,976	48,986	5,965	6,143
	Eyl	11	40.6	18,470	81,033	10,556	10,873
	Qandala	11	40.2	10,072	52,111	6,022	6,203
	Jariiban	10	42.3	15,433	81,890	8,007	8,247
	Iskushuban	10	38.8	12,072	58,415	7,218	7,435
	Bandarbayla	10	33.3	2,857	15,481	1,708	1,759
	Burtinle	9	42.8	12,280	64,963	7,018	7,229
	Galdogob	9	42.4	19,246	79,595	9,985	10,285
	Garoowe	9	40.2	47,789	246,702	27,313	28,132
	Laas Caanood	9	35.0	44,158	156,438	24,018	24,739
	Gaalkacyo	8	41.9	84,059	171,436	43,613	44,921
	Bossaso	7	38.3	94,957	469,566	56,776	58,479
Qardho	7	38.1	16,096	85,588	9,624	9,913	
Southwest	Baydhaba/Bar daale (Baidoa)	14	47.1	35,736	315,679	19,190	19,765
	Xudur	13	48.5	23,965	108,902	14,951	15,400



State	District	Distress Index (overall)	SAM + MAM Cases Relative to the Number of Children Under Five Years (%)	Number of Children Under Five Years (UNFPA 2014)	Population (UNFPA 2014)	Number of Households with Children Under Five Years	Number of Households with Children Under Five Years with 3% Increase
	Waajid	13	48.3	24,475	125,521	15,269	15,727
	Ceel Barde	12	50.1	12,441	59,129	7,762	7,994
	Tayeeglow	12	48.3	12,565	73,675	7,839	8,074
	Rab Dhuure	11	48.6	—	—	—	—
	Diinsoor	11	38.5	28,929	174,932	15,535	16,001
	Buur Hakaba	11	36.5	25,641	197,198	13,769	14,182
	Kurtunwaarey	10	40.5	51,456	262,315	29,598	30,486
	Qansax Dheere	10	35.6	13,873	104,373	7,449	7,673
	Qoryooley	9	39.3	56,455	292,394	32,474	33,448
	Baraawe	9	38.7	14,290	74,072	8,220	8,466
	Marka	9	38.0	39,583	198,301	22,769	23,452
	Afgooye/Aw Dheegle	8	38.3	52,567	238,655	30,237	31,144
	Sablaale	8	37.3	4,991	23,447	2,871	2,957
	Wanla Weyn	7	37.5	21,102	113,035	12,138	12,502
Somalil and	Ceel Afweyn	11	40.0	23,838	99,950	13,425	13,828
	Xudun	11	36.2	5,847	38,380	3,180	3,276
	Caynabo	11	36.2	7,777	59,080	4,230	4,357
	Zeylac	11	28.2	15,360	76,951	9,814	10,108
	Lughaye	10	28.3	19,889	100,819	12,707	13,089
	Ceerigaabo	9	40.0	37,243	205,318	20,975	21,604
	Baki	8	29.0	19,852	96,885	12,684	13,065
	Gebiley	7	24.9	20,690	106,914	16,035	16,516
	Owdweyne	7	24.7	19,950	101,358	10,657	10,977
	Buuhoodle	7	23.5	22,936	83,747	12,252	12,620
	Berbera	6	26.7	35,762	176,008	27,716	28,547
	Sheikh	6	26.5	13,193	75,904	7,048	7,259
	Borama	4	25.4	79,552	398,609	50,828	52,353
	Hargeysa	4	24.5	191,949	959,081	148,762	153,224
Burco	3	24.4	88,193	460,354	47,112	48,525	

Source: Project team's calculations based on UNFPA and WFP data.

Note: (a) average number of children taken from High Frequency Survey 2017 regional average used; (b) assume that number of children under five years is stable between 2014 and 2017; and (c) average N children under five years per household = approximately 1.7.

The following districts have been excluded because of missing data: Dan Gorayo, Badhan, Laasqoray, Maxaas, Matabaan, Warsheikh, Mahaday, and Salagle.



9. **The selected districts will be assessed against the criteria of security and availability of implementation capacity at the local level.** If any of the districts are deemed to lack accessibility because of security challenges or capacity, they will be replaced by the next most distressed district in the state.
10. **Because the beneficiary load figures are approximate, the rollout will be conducted gradually with priority given to the most distressed districts in each state.** The number of beneficiaries in the SCOPE data is approximate for several reasons: (a) for some households the information collected by SCOPE—for example, presence of children under five years in households—may be out of date; (b) the actual number of beneficiaries will be affected by migration patterns; and (c) there may be households who are eligible but are not yet registered in SCOPE. Therefore, the initial list of potential beneficiaries obtained from the WFP SCOPE database will be subject to field verification/update and registration of new potentially eligible households that are not yet in SCOPE. To avoid the possibility of exceeding the available budget because of oversubscription, each state registration will be conducted gradually: first in the most distressed districts in each state, then in the less distressed ones.
11. **Based on the 2014 population data, the target districts will account for 18 percent of all children under five years, 24 percent of rural population, and 26 percent of all IDPs** (even though the proposed targeting methodology is not explicitly focused on IDPs but will ensure their inclusion).

Selection of Communities and Households in Targeted Districts

12. **Using the existing SCOPE database, WFP will produce lists of households with women and children under five years corresponding to the selected districts.** The existing list of beneficiary households will be used with the possibility of adding new households that meet the SNHCP eligibility criteria. Similarly, the details of households whose composition has changed will be updated.
13. **The existing SCOPE lists of households in each community have been derived from CBT exercises conducted by WFP.** CBT is guided by a detailed CBT manual (updated on a regular basis to reflect lessons learned from implementation and monitoring) that specifies the parameters and procedures for identification of eligible households. The CBT procedures ensure that the household selection process is fair and transparent. WFP relies on partner institutions to organize community committees and oversee the CBT exercises. Partner institutions undergo vetting by WFP to ensure capacity, local knowledge, and neutrality, among other factors. All the households in the SCOPE database that meet the project targeting and eligibility criteria will be eligible for cash transfer.
14. **The household selection procedures will ensure that eligible households from minority groups, disabled and child-headed households, and female-headed households have equal opportunity to participate in the project.** This will be achieved by (a) making clear provisions in the CBT guidelines, (b) training and sensitizing partner institutions, (c) communicating and sensitizing community committees involved in household selection on these aspects of exclusion, and (d) monitoring for the inclusion of these vulnerable households' participation and taking corrective actions during the course of implementation as needed (to this end the TPM firm will collect data as relevant for the purpose of monitoring these aspects of exclusion).
15. **In case of risk of oversubscription within a given district, eligibility can be limited only to communities with high malnutrition rates.** If the district-level geographic targeting performs consistent



with expectations, the SNHCP will be able to extend benefits to all households with children under five years residing in the targeted districts. However, in case the project faces oversubscription, targeting at the subdistrict level will be narrowed to a subset of SAM/MAM catchment areas with higher malnutrition rates. The data on the treatment center catchment areas are maintained by UNICEF and WFP for a total of 1,189 centers. Catchment areas with highest rates and case load will be chosen up to the point allowed by the budget allocated to the state and with considerations of local socioeconomic factors.



Annex 4: Financial Management Arrangements

A. Organization of the Financial Management Arrangements

1. The FM risk is assessed as High. FM capacity challenges include lack of key FM competencies and internal controls, reliance on consultants, and lack of regulatory framework for key PFM aspects, among others. Various mitigating measures are designed both specific to the project and as part of other World Bank/donor engagements in the country. Given the consideration for UCS, the project will adopt country systems in various aspects of the project’s FM, including accounting and reporting, banking, oversight arrangements with the Office of the Auditor General, and staffing. This will be supported by TA, with a clear requirement for knowledge transfer incorporated in the TOR. The EAFS, already established under the Office of the Accountant General and staffed with mainstream civil servants in consultation with the Directorates of MoLSA will oversee and manage the project FM. The EAFS Unit has been fully operational at the FGS for the last two years. The need for a dedicated project accountant based at the PIU will be determined, to which the accountant general will second an accountant from the EAFS to the PIU. The EAFS and the PIU staff will be trained on World Bank FM procedures. Throughout the implementation of the project, the Government is expected to ensure the EAFS and PIU are staffed with professionals with relevant and adequate qualification and experience acceptable to the World Bank. The EAFS will work closely with the two UN agencies, which will be contracted by the Government to implement Components 1 and 2.

Figure 4.1. Organization Structure for the EAFS

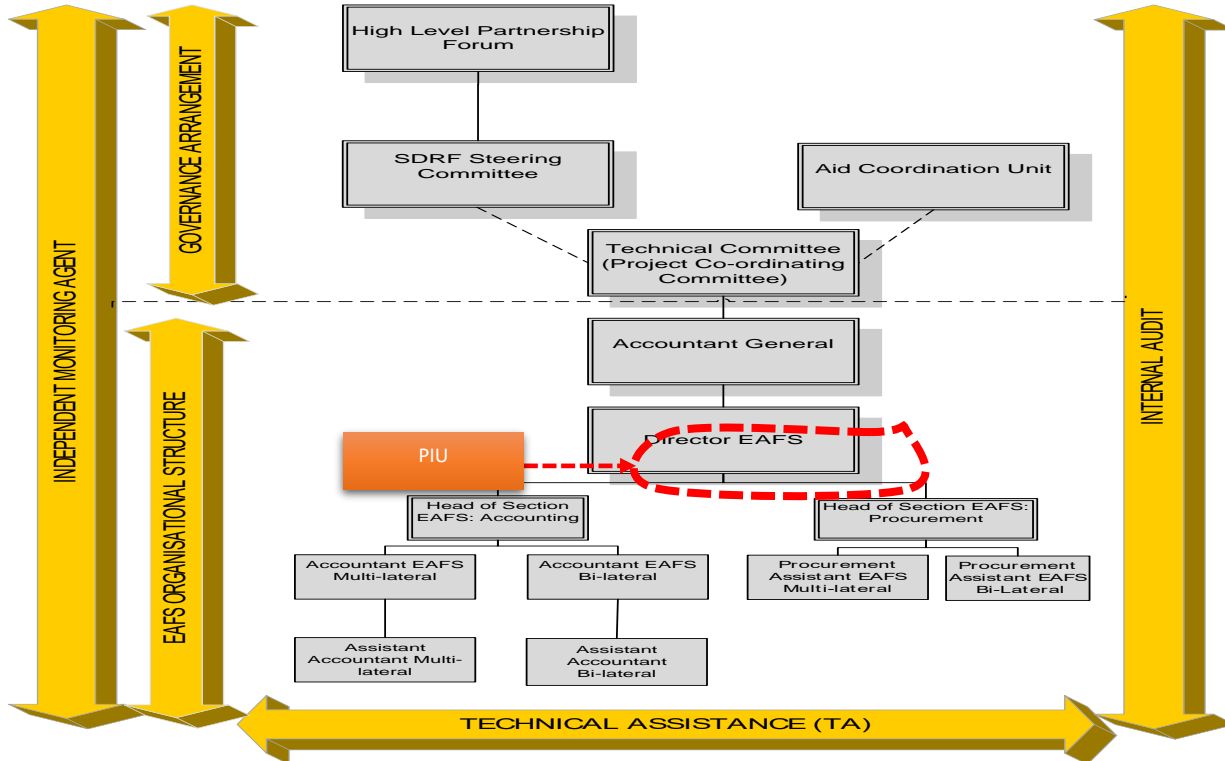
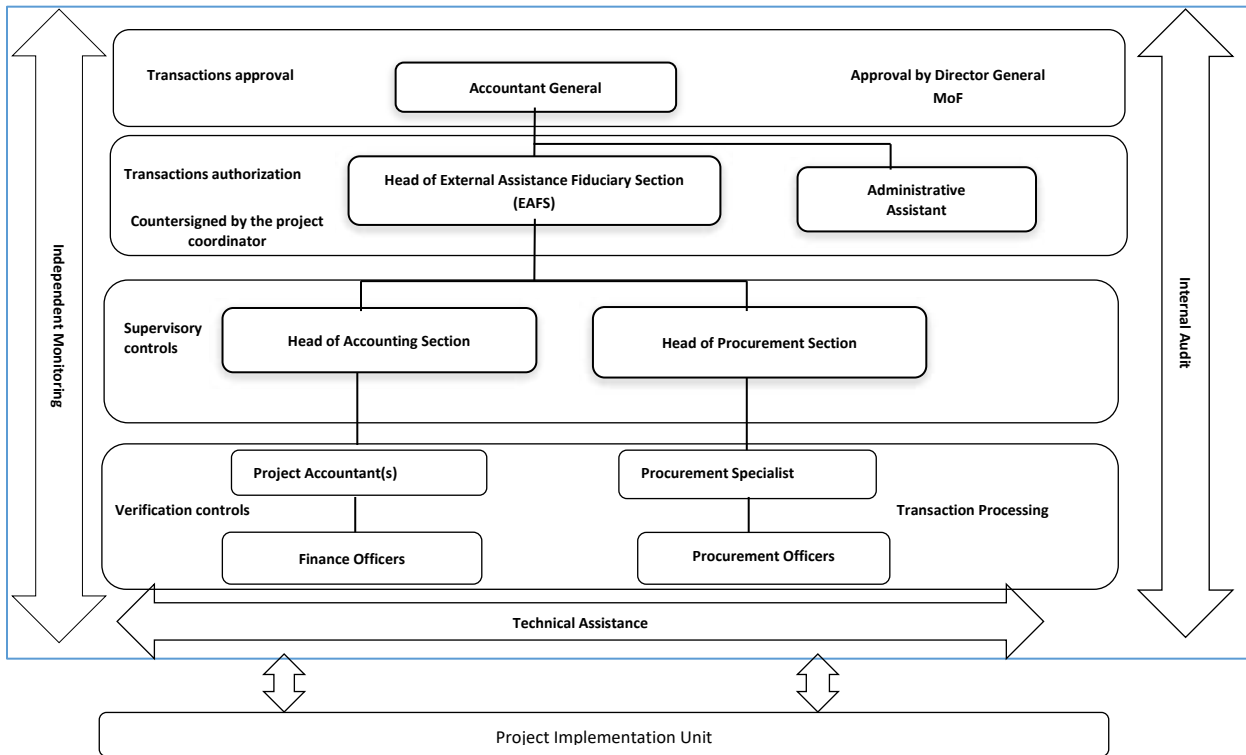




Figure 4.2. EAFS Functional Structure



2. The WFP headquarters is in Rome, Italy, with WFP Somalia operating directly under WFP Rome. The Somalia Mission FM function is led by the Head of Finance and Administration supported by a team of 35 staff based in Nairobi and in different field offices in Somalia. FM reporting responsibilities, staffing, and functional responsibilities are documented in the various human resource/FM policies and procedures. The Finance Department works in close consultation with the Logistics Department particularly in contracts management, commitment control, reconciliation of commitments balances in WINGS accounting system and the purchasing and stores management system.

3. The UNICEF headquarters is in New York, United States, with UNICEF Somalia operating directly under UNICEF, New York. The Somalia Mission FM function is headed by a finance officer supported by a team of administrators and accountants based in Nairobi and in different field offices in Somalia. FM reporting responsibilities, staffing, functional responsibilities are documented in the various human resource/FM policies and procedures. The Finance Department works in close consultation with the Logistics Department particularly in contracts management, commitment control, reconciliation of commitments balances in SAP-VISION Accounting System and the Purchasing and Stores Management System.

4. WFP's and UNICEF's Finance and Administration Departments, in close consultation with the project technical teams in the respective organizations, will assume leadership in the overall responsibility in the management of the project FM function. The two organizations will take steps to ensure that the project FM activities are integrated into their existing FM systems. The FM organizational structures and



the related control environment were reviewed and found to be adequate to support the implementation of the project activities.

B. Budgeting

5. For both agencies, WFP and UNICEF, the detailed project budget will be prepared based on the specific activities to be executed over the life of the project-based outputs/deliverables as outlined in the Project Appraisal Document for Components 1 and 2. This budget will be agreed with the Government and the World Bank and for it to be included in the government appropriations and the relevant sector within the FGS budget. Monitoring of budget execution will be done through regular submission of the quarterly reports to the Government and a copy submitted to the World Bank. The Government will prepare the budget utilization reports for the entire project, which will be submitted to the World Bank 45 days after the end of the quarter. Any significant variances between the actual and budgeted performance will be discussed with the World Bank as part of project implementation support.

6. The two organizations (WFP and UNICEF) will prepare and submit to the Government and the World Bank, the project annual work plans, budget estimates, and cash flow forecasts for each component/subcomponent and for necessary review and clearance. The work plans, cash flow projections, and budget shall include the figures for the year analyzed by month and quarter. The cash budget for each month and quarter will reflect the detailed specifications for project activities, schedules, and expenditure on project activities scheduled by month, quarter over the life of the project. The approved budget estimates shall be posted into WFP and UNICEF accounting systems as stipulated in their respective FM Regulations.

7. On the part of Government, the EAFS unit working closely with the PIU will prepare and submit the project’s annual work plans and budget and cash flow forecast for each project component for the necessary approvals by the TTL at the World Bank. The work plans, cash flow projections, and budget will include the figures for the year analyzed by months and quarters including the components implemented by WFP and UNICEF. The cash budget for each month and quarter will reflect the detailed specifications for project activities, schedules (including the PP), and expenditure on project activities scheduled respectively for the quarter. All annual cash budgets will be sent to the TTL at least two months before the beginning of the government fiscal year for review and approval.

Table 4.1. Key Risks and Mitigation Measures

Key Potential Risks	Summary Analysis and Mitigation Measures
Organizational FM systems may not be accurately configured to provide support to the requisite specific project budget execution monitoring reports.	Configured budget execution reporting formats will be reviewed during budget preparation and submission to the Government and the World Bank. World Bank FM team will provide guidance and support as needed.



Key Potential Risks	Summary Analysis and Mitigation Measures
Potential budget expenditure overruns.	The total budget provisions by components is specified in the Financing Agreement. The specified budget amounts by component and subcomponents shall be posted into FM systems of the respective organizations (WFP and UNICEF). Withdrawal of grant proceeds shall be restricted to the allocated budget for each expenditure categories and contracted amounts to the two agencies.

8. **Conclusion.** For implementing the project, the budgeting arrangements for WFP and UNICEF were found sufficient. The planning and budgeting risks are assessed as Moderate.

C. Accounting and Internal Controls

9. The two UN agencies have detailed FM Regulations that comprehensively provide detailed step-by-step guidelines in the management of the FM function and the ability to account for the donor funds and internally generated funds. The regulations outline policies and procedures on the financial reporting calendar, internal controls, accounting architecture, coding structures in their respective SAP design, cash and banking, payments, payroll, assets and inventory, foreign currency management, budgeting, grants management (including overhead cost recovery), sub-awards, insurance and risk management, audit arrangements, personnel management, and country operations management. In addition, the two organizations have elaborate risks management and control frameworks that are well documented and operationalized both at the corporate and implementation level. Both agencies operate an automated risks management and control framework that works closely and feeds into the work of the technical teams, FM/compliance, and programmatic M&E. Key issues are summarized into a management dashboard to inform decision making with a clear escalation mechanism to the respective internal audit functions and the Office of the Inspector General.

10. The accounting and internal controls were reviewed and found to be adequate for managing project financial activities. Both agencies’ external review and control function shall mainstream the project activities into their annual work plans. The two entities shall take necessary steps to ensure that

- All important project financial processes are adhered to;
- Adequate internal controls and procedures are in place;
- Quarterly financial reports shall be prepared well in advance, 15 days after the end of the quarter and submitted to the Office of the Accountant General with a copy to the World Bank (EAFS.). These shall be consolidated by the EAFS and be submitted to the World Bank as unaudited IFRs—also to be used as basis for funds draw down;
- The financial statements are prepared on time and in accordance with the organizational FM Regulations; and



- External audits and, where necessary, internal audits are completed on time and audit findings and recommendations/ issues raised in the Management Letter are implemented expeditiously.

11. On the part of the Government, the EAFS in the Office of the Accountant General will ensure that financial reports are designed to provide relevant and timely information to the Project Management Unit and various stakeholders monitoring the project’s performance. It is expected that all levels of implementation will maintain adequate filing and archival systems of all accounting and relevant supporting documents for review and for audit purposes. The original financial records of the project including all the supporting documentations shall be maintained at the EAFS units. The project’s financial transactions will be captured, recorded, analyzed, summarized, and reported in line with the provisions of the International Public-Sector Accounting Standards Cash Basis of Accounting. These will be supported by appropriate records and documentation to track commitments and to safeguard assets. To facilitate preparation of the relevant reports and annual financial statements, the project budgets and expenditures will be recorded, classified, and reported through the IFMIS according to the approved SCoA.

12. The project will be required to provide periodic and annual reports covering total project expenditures; total expenditure on each of the project’s components/activities; and an analysis of that total expenditure into various categories of goods, works, training, consultants, and other procurement and disbursement categories. Eligibility of expenditures will be based on the actual amount incurred and supported by appropriate documentation. Accounting records will be maintained in U.S. dollars. The EAFS in consultation with the FMS and UN agencies will ensure that invoices and payment requests are consistent with signed contracts before processing and release of payments. They will also monitor and report on the utilization of project funds, including the fiduciary standards and the reliability of the FM systems. A Fixed Assets Register will be prepared for the project, which will be regularly updated, and physical verification of assets routinely carried out. The Fixed Assets Register will reflect: details of suppliers, description and location of goods, original costs, disposal of assets, assets reference (identification) numbers, serial or registration numbers, dates of purchase, assets additions, condition of assets, and assets’ useful life and residual value. Contracts Registers will also be maintained with respect to all contracts with consultants, contractors, and suppliers

Table 4.2. Key Potential Risks and Mitigation Measures

Key Potential Risks	Summary Analysis and Mitigation Measures
Increased workload largely due to rapid scale-up leading to potential lapse in internal controls particularly those related to cash payments at the community level in Somalia.	The internal control framework was found to be adequate and the World Bank will heavily rely on the FMFA and the agencies’ capacity to operate rapidly and independently, prioritizing its response on the basis of the most urgent needs and vulnerabilities of the people it endeavors to support.
Although the document management systems across the two organizations were found to be fairly robust, essential supporting documentation may not be maintained, particularly documentation relating to decentralized cash transfer payments in Somalia.	Given that the FM fiduciary risk is rated High, FM implementation supervision shall be undertaken at least once every six months. Monitoring and quality assurance of implementing partners will be conducted through the Harmonized Approach to Cash Transfers Framework used by UN agencies, which includes programmatic visits to track results, financial spot-checks, audits, and capacity-building activities.



Key Potential Risks	Summary Analysis and Mitigation Measures
Implementation fraud and associated risks.	<p>Recruitment and deployment of TPM arrangements focusing, among others, on specific two fiduciary aspects: (a) ongoing monitoring of the payment distribution processes to include financial compliance and (b) post-transfer monitoring. In addition, the TPM agents will focus on specific internal control reviews in respect of cash transfers in particular (i) analysis and control of the database of beneficiaries and list of payments; (ii) review and monitoring selected payment agents/volunteers (iii) cash transfers FM arrangements, funds mechanisms and related financial reports for payment, and (iv) GRM.</p> <p>The recruitment of the TPM shall be guided by robust TOR and risk-based data analytics tools</p>

13. **Conclusion.** Internal controls risks are assessed as High. The risk rating is largely due to inherent risks associated with cash transfers to the mass target population.

D. Financial Reporting

14. The two UN agencies have adequate FM systems and arrangements to provide quality and timely FM reports. The respective Heads of Finance at the country offices of WFP and UNICEF in consultation with the technical teams and their head office counterpart staff shall each prepare and submit to the Government, and copy to the World Bank, quarterly financial reports in a format (for ease of consolidation in the FGS’s IFMIS) to be agreed by the Government (Office of the Accountant General – EAFS section), World Bank, and jointly with the two UN agencies. These reports shall be submitted to the Government, with a copy submitted to the World Bank, not later than 15 days after the end of the reporting period. The Government will then extract from IFMIS, the unaudited IFRs, which shall (include costs incurred on activities directly implemented by the Government) submit to the World Bank not later than 45 days after the end of the quarter. These reports shall form the basis for funds flow draw down. During the FM assessment, it was confirmed that both agencies have the capability to be configured to support generation of the project financial reports.

15. Each agency shall configure and create a unique project code in their respective FM systems to ensure the project specific reports are generated directly from their systems. The quarterly reports shall provide details on all funds received under the project as a whole as well any counterpart funds received under the project (if any). The reports shall include a statement showing period and cumulative inflows by sources and outflows by main expenditure classifications (components/subcomponents), beginning and ending cash balances of the project, and supporting schedules comparing actual and planned expenditures. Expenditures would be classified by component and by activities. Semiannual cash forecast statements should also be included. The report formats shall be agreed upon between the Government, World Bank, WFP, and UNICEF.



Table 4.3. Key Potential Risks and Mitigation Measures

Key Potential Risks	Summary Analysis and Mitigation Measures
Delays in generation and submission of quality and timely financial reports. The basis through which additional funds shall be released from World Bank.	In-built flexibility for both agencies to prepare and submit demand-based project financial reports (funds draw down requests) based on project’s needs.
Internal delays within WFP and UNICEF to obtain necessary budget revisions/amendments/approvals from their respective headquarters in line with the proposed components flexibilities.	Advance disbursement based on six-monthly forecast is expected to provide sufficient liquidity while the reporting and accounting process is being processed.

16. **Conclusion.** Reporting risk is assessed High but will be revisited during implementation.

E. External Audit

17. The two UN agencies have audit committees that are appointed by the director general and have a membership which is fully external agreed by the council on the recommendation of the director general and Finance Committee. The committee consists of five external members and a secretary ex-officio. All members and the secretary are appointed by the director general. Members are selected on the basis of their qualifications as senior audit and/or investigation professionals. The committee elects its own chairperson. The inspector general provides secretariat services to the committee. At the discretion of the chairperson, the committee can meet three to four times each year. Additional meetings may be called by the chairperson if deemed appropriate. The World Bank’s audit requirements are expected to be fulfilled through the normal audit function of WFP and UNICEF’s own external auditors.

18. The auditor general of the FGS will carry out the external audit of the project with support of TA. An external audit firm will be engaged and funded by the project to carry out the audit of the project activities. The audited project financial statements together with any additional information required will be submitted to the World Bank not later than six months after the end of the project. The audit would be in conformity with the World Bank’s audit requirements and in accordance with internationally recognized auditing standards. The auditor will express an opinion on the financial statements in compliance with International Standards on Auditing (ISA) and prepare a Management Letter giving observations and comments, and providing recommendations for improvements in accounting records, systems, controls, and compliance with financial.

19. The external audit will pay special attention to the risks of material misstatement of the financial statements due to fraud, in line with ISA 240: "The auditor’s responsibilities relating to fraud in an audit of financial statements." The specific project’s FM arrangements will further be spelled out in the Project Implementation Manual. Fixed assets control procedures over fixed assets and contracts management will be the responsibility of the EAFS in consultation with the PIU. The project will liaise with the internal audit unit to ensure that project internal audit reviews are included in the annual work plans. The project internal audit reports shall be prepared and shared with the EAFS/PIU and made available to the World Bank team during project supervision. The internal audit capacity is to be strengthened and linked with other governments’ and development partners’ capacity-building interventions. The internal auditors will carry out risk-based systems audits to strengthen the project’s internal control systems. Part of the



supporting documentation for the audit will be from the two UN agencies so that the auditor general will be able to express an opinion on the entire project.

Table 4.4. Key Potential Risks and Mitigation Measures

Key Potential Risks	Summary Analysis and Mitigation Measures
The agencies’ biannual audit cycle may not be aligned to the project implementation period—leading to protracted delays and resolutions of audit findings that may emerge long after the project is closed.	The Government will negotiate with the respective agencies to undertake specific project audits. The life of the project financial statements together with the Management Letter be submitted to the World Bank not later than 6 months after the respective agency’s financial year.

20. **Conclusion.** External Audit risk is assessed High.

F. Funds Flow, Cash Transfers, Banking, and Disbursement Arrangements

21. Based on respective components’ cash forecasts, funds for the project shall be disbursed directly from the World Bank to UNICEF Head Office (New York) and WFP Rome, Italy. UNICEF and WFP will have negotiated administrative/overhead charges which shall form part of the consolidated budget to be submitted as part of the FM report. The request for funds withdrawal shall be submitted through the World Bank Client Connection in line with UNICEF and WFP grant withdrawal procedures. UNICEF and WFP FM systems have the capability to track and report withdrawal proceeds receipts, commitments, expenditures, and balances.

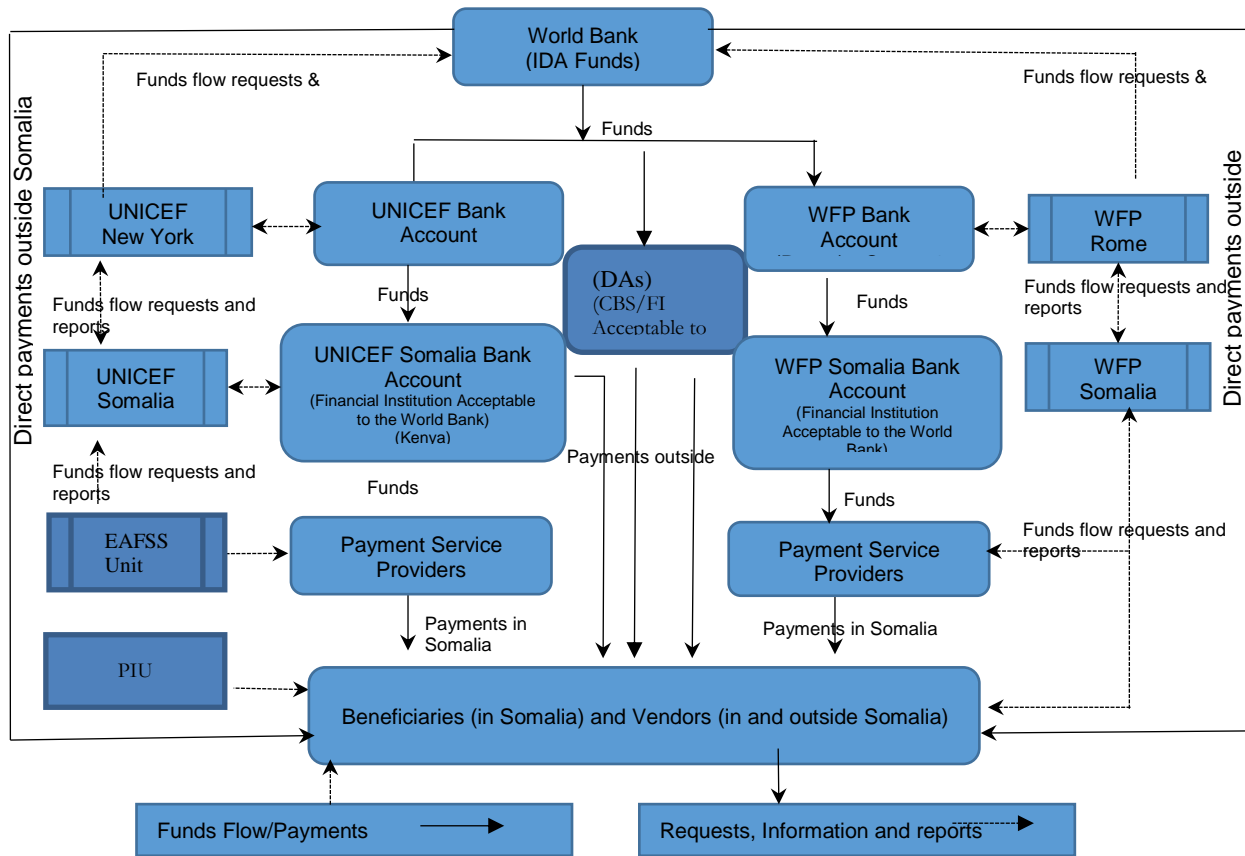
- (a) Funds flow and banking arrangements shall be domiciled to a financial institution acceptable to the World Bank.⁴² The maximum amounts (ceilings) to be disbursed from World Bank to UNICEF (New York) and WFP (Rome) shall be negotiated with the Government during contracting. Due consideration shall be accorded to the need to maintain adequate cash to finance the project operations.
- (b) The fiduciary responsibility and associated risks rest with WFP and UNICEF.
- (c) Initial withdrawal shall be based on negotiated lump sum amount based on the cash forecast. Subsequent withdrawals shall be report based and approved by the Government.
- (d) All project expenditures shall be incurred and reported in U.S. dollars.
- (e) For the funds disbursed directly to the Government, the Government shall open a designated bank account in a financial institution acceptable to the World Bank. The signatories to this account shall be as per existing mandate provided by Government unless otherwise changed: Category A: Panel A: Director General of MoF; and Panel B: Accountant General.

22. Detailed funds flow arrangements are shown in figure 4.3.

⁴² On terms and conditions in the World Bank Disbursement Guidelines for Projects (May 1, 2006:11).



Figure 4.3. Detailed Funds Flow Arrangements



G. Cash Transfers to Beneficiaries

23. This is an extract from the WFP system of managing cash transfers. In the likely event that this project is approved by the Board, WFP will be implementing Component 1 and the process will be as follows: the first step of the process flow is the identification of the beneficiaries, which is based on geographical targeting followed by household targeting, according to established criteria (households with children under five years, for instance). Potential beneficiaries are identified by the community and WFP’s cooperating partner through a community exercise aiming to identify the most vulnerable households in the given community, as per the agreed criteria. People already registered in SCOPE are verified for completeness and accuracy of the previous registration data, while beneficiaries who are not yet in SCOPE are registered for the first time and issued with SCOPE cards. WFP staff conduct physical verification of the beneficiary lists once prepared.

24. Following identification and registration, beneficiaries are enrolled in the specific activity (in this case, predictable multipurpose cash transfers). The distribution cycle is then created in SCOPE, defining the transfer value, transfer validity (start and end dates), and planned beneficiaries; following which payment lists are created by WFP for the specific distribution cycle.

25. The cooperating partner downloads e-tokens created into top-up POS devices, and beneficiary cards are credited when the POS with new e-values synchronized with the chip of the beneficiary card.



26. When a beneficiary with a topped-up SCOPE card reaches a transfer redemption agent (in this case the bank, whether fixed or mobile), the beneficiary’s fingerprint scanned by the fingerprint scanner attached to the POS device needs to match the fingerprint configured in the chip of the card, for the transaction to be possible. Beneficiaries redeem their transfer, either fully or partially, either in cash or by asking the bank teller to credit the amount on their mobile phone. A receipt confirming the amount redeemed and the amount still available on the card, if any, is then issued to the beneficiary.

27. Cash agents upload their transaction data to the SCOPE online platform at least once a day in the form of a ‘Z report’. WFP then downloads the data from the Z report and verifies the transactions, ensuring that it matches with the CBT redemption amounts redeemed by households with their SCOPE cards.

28. Every month, WFP issues a SCOPE generated proforma invoice that is shared with Standard Chartered Bank. Invoices are settled against the accepted proforma invoices. If there are any discrepancies, they are verified and settled with Standard Chartered Bank.

Table 4.5. Key Risks and Mitigation Measures

Key Potential Risks	Summary Analysis and Mitigation Measures
The Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) risks particularly cash payments (conditional and unconditional cash transfers) to potential risk of including in the list of beneficiaries’ persons affiliated to potential Al-Shabab	TOR for the TPM shall be reviewed and discussed to consider measures to address validation of beneficiaries against UN debarred list.
Funds may not be available to beneficiaries as a result of ineffective cash transfer arrangement.	The World Bank will rely on the existing cash transfer arrangements for WFP and UNICEF to channel funds to the beneficiaries because these arrangements have so far proven to be effective. Cash transfer arrangements will be periodically reassessed during the project implementation as part of audit and FM implementation support missions, and risks will be mitigated.
Liquidity constraints due to rapid scale up to meet increased demands of the project.	Continuous engagement with the implementing agencies to consider review and possible revision of bank accounts replenishment ceilings based on the projected cash requirements. In addition, the implementing agencies will be encouraged to prudently consider increasing the number of payment agents offering services into Somalia. Consideration and priority should be given to potentially new areas of operations with no existing coverage by the current providers.
Inadequate financial sector and banking systems and regulatory framework that may further exacerbate AML/CFT risks- increasing the World Bank’s reputation.	Consider avenues through which opportunities presented by the new project are linked and mainstreamed to UCS through other World Bank-supported operations.

29. **Conclusion.** Funds flow and banking arrangements risks for the projects are assessed as High. This is on account of inherent AML/CFT risks coupled by a weak nascent unregulated banking and financial sector.



H. Fraud and Corruption

30. Possibility of circumventing the internal control system with colluding practices such as bribes, abuse of administrative positions, misprocurement, and so on, is a critical issue and may include (a) late submission of supporting documents; (b) poor filing and missing records; (c) lack of system integration; (d) lack of budget discipline; (e) unauthorized commitment to suppliers, bypassing budget and expenses vetting procedures; and (f) unsecured safekeeping and transportation of funds. These are mitigated as follows: (a) specific aspects on corruption auditing would be included in the external audit TOR; (b) FM procedures (as part of the Operations Manual) is approved and in operation for the project (c) strong FM arrangements (including qualified project accountants in the EAFS) are put in place, (d) periodic IFRs including budget execution and monitoring are prepared; (e) measures to improve social accountability and transparency are built into the projects' design; (f) annual PFM forums will be held; and (g) portfolio-wide periodic preliminary audits feed into the annual audits. The external audit will pay special attention to the risks of material misstatement of the financial statements due to fraud, in line with ISA 240: "The auditor's responsibilities relating to fraud in an audit of financial statements."

I. Community-level Accountability

31. If there are community-level activities, they will be detailed in the project-wide annual work plan and annual budget including community contributions if any. The SNHCP PIU will be responsible for preparation and consolidation of project-wide annual work plan and budgets across all the levels of the project implementation. The consolidated plans will be presented to the Project Steering Committee for review and approval. The eligibility criteria, implementation arrangements, accountability, monitoring, reporting, and oversight arrangements for the community-based subprojects/ activities will be detailed in the Operations Manual.

J. Conclusion and Supervision Plan

32. The overall residual FM risk for this operation is assessed High, requiring World Bank implementation support supervision once every six months. This assumes that the project oversight, implementation, and coordination arrangements shall be centralized within MoLSA. The implementation support supervision will be consistent with a risk-based approach and will involve a collaborative approach through the project implementation arrangements. Additional supervision activities will include desk review of quarterly IFRs and internal audit reports, audited financial statements and Management Letters, as well as timely follow-up of issues arising, and updating the FM rating in the Implementation Status and Results Report and the Portfolio and Bank Risk Management System. A collaborative approach will be adopted to separate review or offer World Bank FM implementation with WFP and UNICEF.



Annex 5: Procurement Arrangements

1. Procurement will be carried out in accordance with the requirements in the Procurement Regulations for Borrowers under IPF: Goods, Works, Non-Consulting Services, and Consulting Services dated July 1, 2016 (revised November 2017 and August 2018); Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016); and provisions stipulated in the Financing Agreement. Given Somalia's FCV country status, procurement will be processed under the special procurement arrangements referred to under paragraph 12 of Section III of the World Bank Policy on Investment Project Financing dated September 30, 2018.
2. **PPSD and PP.** According to the requirement of the regulations, the recipient has developed a PSD, based on which the PP for the first 18 months has also been prepared. The PP sets out the selection methods to be followed by the borrower during the project implementation in the procurement of goods, works, and consulting services. The PP will also include the cost estimates, time schedules, the World Bank's review requirements, a brief description of the activities/contracts, and so on. The PP will be updated at least every 12 months, or as required to reflect the actual project implementation needs, but each update shall require the World Bank Group's approval. All PPs will be publicly disclosed in accordance with the World Bank Group disclosure policy.
3. **PPSD summary.** A summary of the PSD is as follows. The project envisages procurement of the following main contracts:
 - (a) **Goods and non-consulting services.** The contracts under goods include office equipment, furniture, and office supplies. The contracts under non-consulting services include activities such as hiring of conference facilities, transport, or IT services. The type and budget for such activities will be defined and agreed between MoLSA and the World Bank during the project implementation period.
 - (b) **Consulting services.** Recruitment of UN specialized agencies, consulting firms, and individual consultants as the need arises for technical support and assistance.

Operating Context

A. Governance

4. The FGS is faced with the challenge of rebuilding state institutions in the midst of recurrent and protracted conflict. Since the collapse of the Siad Barre Government in 1991, Somalia has experienced cycles of conflict that fragmented the country, destroyed legitimate institutions, and created widespread vulnerability. Past transitional governments were undermined by ongoing insecurity and rise to militia-based opposition, known as the Al-Shabab movement. The fragile governance context is further exacerbated by competition over key economic resources by groups with an active interest in sustaining conflict, primarily to gain access to the economic and financial resources.

5. New FMS have been established in the past five years, but the federation process is complex. State formation is both a significant development opportunity and a contentious process. While state formation has set a course for Somalia's governance and service delivery, it has also opened new



uncertainties over representation and sharing power and resources. Urban areas in Southern Somalia formerly under Al-Shabaab control are now the capitals of newly formed FMS and responsible for subnational administration. Powerful local actors emerged as leaders of the five FMS, while the relationship between the FGS and Somaliland remains unresolved. Risk of political instability continues to be high and could slow or derail project implementation. Political economy risk will be heightened over the course of the project as consequential and high-level decisions will occupy the FGS's agenda. The constitutional review process, the African Union Mission in Somalia transition and security sector reform, federal elections in 2020, and state-level elections each year toward and beyond 2020, as well as increased regulatory activity at the federal level will affect the emerging formal institutional framework and the informal networks currently providing space for reform.

B. Economic Aspects

6. Somalia is classified by the UN as one of the least developed countries. Despite experiencing two decades of civil war, the country has maintained an informal economy, based mainly on livestock, remittance/money transfers from abroad, and telecommunications. Somalia's GDP per capita of US\$450 makes it the fifth poorest country in the world. In 2015, Somalia's economy was estimated to be US\$6.5 billion. In addition, remittances from the diaspora were estimated at US\$1.2–US\$2 billion and remain an important source of household income and a buffer against shocks. In recent years, aid flows have increased dramatically, reaching US\$2 billion in 2017. Half of Somalia's estimated 12 million people live in rural areas pursuing pastoralist and agropastoralist livelihoods. The agriculture sector remains the backbone of the economy and accounts for about 75 percent of GDP, among the highest in the world. Livestock alone accounts for about 40 percent of the sector's 79 percent share of export earnings, bringing in over US\$500 million a year.

C. Sustainability Aspects

7. Because of the protracted war and persistent drought conditions in many parts of Somalia, the country is facing uncertainty regarding the sustainability of the programs intended to support the growth of the economy, thus supporting sustainable programming. It is hoped that with the steps that the country has been able to take since 2012, and with the new Government in place, the country will be able to develop more long-term sustainable development.

D. Technological Aspects

8. Besides the devastating impact of Somalia's civil war, the technology sector has been growing in the country for years. Somalia has one of the most active mobile money markets in the world, with millions of people subscribed to e-payment services. Young people, with increased access to the Internet and mobile phones, have shown interest in launching technology-driven businesses and crowdfunding entities and even innovating around famine relief efforts.

E. Market Research and Analysis

9. **Consultancy services.** The procurement activities under consultancy services for this project will be hiring of consultants. These will include recruitment of specialized UN agencies for the following activities:



- (a) **Provision of unconditional cash transfer to the households that are poor and vulnerable to drought and malnutrition under Component 1.** There are a number of international and local agencies that are currently implementing safety net programs in Somalia. These include FAO, International Committee of the Red Cross, UNICEF, WFP, Save the Children Fund, Concern International, and World Vision, among others. Even though these agencies have been involved in cash transfers to vulnerable populations in Somalia, many of them do not cover as wide an area as WFP and none of them have done cash transfer at a large scale as in the case of WFP. WFP has been involved in Somalia in the safety net programs, specifically the cash transfer to vulnerable individuals and households, for many years and has a large coverage and authenticated database for the targeted population in Somalia in comparison to other agencies. In this regard, WFP has a long-standing experience in delivering cash transfers in Somalia and has a well-developed delivery system, enhanced with the SCOPE technology. WFP also has the advantage of an established wide network of NGOs and a payment delivery network with experience in supporting field-level activities as well as a large database of registered potential beneficiaries (around 5.6 million individuals). Thus, due to inherent advantages, the possibility of using WFP to implement this activity would be considered as the first option.
- (b) **Delivery systems and institutional capacity building under Component 2.** UNICEF has been the lead agency supporting MoLSA with the development of the SP Strategy, which provides the policy framework for this project. UNICEF is also a lead agency in the provision of TA and capacity development to MoLSA in thematic areas that complement the interventions under the project. UNICEF also has global experience in supporting the SP sector and the social inclusion agenda, including under cash transfer programs with similar design to the SNHCP. In this regard, the possibility of using UNICEF to implement this activity would be considered as the first option.

Other Consulting Services

10. Other consultancy services will include recruitment of individual consultants and consultant firms including recruitment of a TPM firm, as needed, from local and international markets, as appropriate. There are qualified individuals and consultants' firms available in Somalia/from the region many of whom have participated in previous similar assignments funded by the World Bank.
11. **Procurement of non-consulting services.** Given the nature and size of the non-consultancy services to be procured, most of the potential bidders are available locally. Such services will be procured through the National Open Competitive market approach and Request for Quotations (RfQs).
12. **Office equipment, furniture, and supplies.** Somalia has available local traders for information and communication technology equipment, scientific equipment, furniture, and other office supplies. These items are available either locally or internationally. Such items will be procured using either Open National/International or RfQ methods, as appropriate.
13. **STEP.** The World Bank Group's STEP system will be used to prepare, clear, and update PPs and conduct all procurement transactions for the project. STEP allows for the systematic planning and tracking



of procurement activities throughout the project cycle, including online collaboration with clients and recording service-level standards through workflow. The PIUs will be trained on using STEP.

14. **Procurement templates.** The World Bank's Standard Procurement Documents (SPDs) shall be used for procurement of goods and consulting and non-consulting services under International Competitive Procurement. However, International Competitive Procurement is not anticipated. As there are no national bidding documents, the World Bank's SPDs may be used under National Procurement Procedures. Similarly, selection of consultant firms shall use the World Bank's SPDs, in line with procedures described in the Procurement Regulations.

15. **Publication (advertising).** MoLSA will prepare and submit to the World Bank a General Procurement Notice. The World Bank will arrange for its publication in United Nation Development Business (UNDB) online and on the World Bank's external website. Specific Procurement Notices for all procurement under International Competitive Procurement and Requests for Expressions of Interest for all consultancies shall be published in at least one newspaper of national circulation in Somalia, or in the official gazette, or on a widely used website or electronic portal with free national and international access, and on UNDB online.

16. **National Public Procurement Law.** The Public Procurement, Concessions, and Disposal Act (PPA 2015) for the FRS is the relevant public procurement legal framework. The new act foresees a decentralized system of procurement. The act further provides for an independent oversight body that will foster the regulatory and the policy framework of public procurement in the country. The PPA has been reviewed by the World Bank and found to be satisfactory and consistent with the National Procurement Procedure requirements prescribed in paragraph 5.4 of the Procurement Regulations to a large extent. However, institutions in accordance with the act are not yet in place. Similarly, regulations and other procurement guidance documents, including standard bidding documents, are yet to be prepared.

17. The private sector and civil society have limited capacity or functionality. Currently, the process of operationalizing the PPA is under way, through a consultancy assignment. Until such time that the PPA is operationalized, and the documents are reviewed and found satisfactory by the World Bank, the project shall use the World Bank's SPDs. In accordance with the PPA, it is anticipated that, when the PPA is operationalized, for the national procedures to be used, the following shall be observed: (a) the request for bids/request for proposals document shall require that bidders/proposers submitting bids/proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of, and compliance with, the World Bank's Anti-Corruption Guidelines, including without limiting the World Bank's right to sanction and the World Bank's inspection and audit rights and (b) rights for the World Bank to review Somalia's procurement documentation and activities.

18. **Training and workshops.** The project will finance training and workshops. These costs should not be on the PP. If required, these will be based on an annual training plan and budget which shall be submitted to the World Bank for its prior review and approval. The annual training plan will identify, among others (a) the training envisaged, (b) the justification for the training, (c) the personnel to be trained, (d) the duration for such training, and (e) the estimated cost of the training. At the time of the actual training, the request shall be submitted to the World Bank for review and approval. Upon



completion of the training, the trainees shall be required to prepare and submit a report on the training received.

19. **Procurement implementation arrangements.** The proposed project will be implemented by the FGS using the PIU anchored in MoLSA in Mogadishu. The PIU will be responsible for day-to-day project management and will coordinate closely with other stakeholders covering the project's priority areas. MoLSA, through the PIU, will be fully responsible for procurement activities to foster ownership, including preparation of TORs, developing evaluation criteria for selection of consultants, and review of deliverables.

20. A PIU will be established within MoLSA. The PIU will have the overall responsibility for project management, coordinating project implementation, M&E, and reporting of results to stakeholders. The PIU staff for the project will either be seconded from the Government or hired as consultants, through a competitive process. Short-term local and international consultants will be recruited to support the PIU as needed. The capacity in the PIUs will be enhanced through on-the-job training and mentoring by the World Bank's technical staff working on fiduciary and safeguards and the task team leader. MoLSA will develop a Project Operations Manual to govern technical, financial, and procurement functions of the project at the implementation stage.

21. **Procurement assessment.** A procurement capacity assessment was done by the World Bank team in June 2019. The objectives of the assessment were to (a) evaluate the capability of MoLSA to undertake procurement and the adequacy of the systems that are in place to administer procurement; (b) assess the ability of MoLSA to effectively carry out the procurement processes; (c) develop an action plan to be implemented as part of the project to address the deficiencies detected by the assessment, aimed at minimizing the risks identified; and (d) propose procurement supervision plans for the World Bank considering the relative strengths and weaknesses and risks revealed by the assessment.

22. The assessment identified the following major challenges: (a) inadequate experience in undertaking procurement in accordance with the requirements in the Procurement Regulations for Borrowers under IPF: Goods, Works, Non-Consulting Services and Consulting Services dated July 1, 2016 (revised November 2017 and August 2018); (b) inadequate experience in contract management; and (c) a weak record keeping system. In this regard, MoLSA will require support to undertake the necessary procurement according to the World Bank procedures satisfactorily.

23. Because of the anticipated procurement work load, it is proposed that the PIU to be established will recruit a procurement specialist with knowledge and experience of the World Bank procurement procedures to support the procurement activities of the project. The procurement specialist will work alongside the procurement personnel in MoLSA for knowledge transfer to enable them to gradually take over the procurement activities of the project. The World Bank will also provide procurement trainings/hands-on support on the application of the New Procurement Framework to build the capacity of the Government's local procurement staff during project implementation.

24. **Risk assessment.** In view of the challenges outlined earlier, the risk for procurement was considered 'High'. The risk is reduced to a residual rating of 'Substantial' in view of the mitigation measures proposed in table 5.1.



Table 5.1. Procurement Risks and Mitigation Measures

S.No	Risk Description	Mitigation Measures	Time Frame	Responsibility
1.	Inadequate knowledge and experience of World Bank Procurement Regulations for Borrowers under IPF: Goods, Works, Non-Consulting Services, and Consulting Services dated July 1, 2016 (revised November 2017 and August 2018)	Recruit a procurement specialist with knowledge and experience of World Bank procurement to build the capacity of the existing procurement staff	Immediate	MoLSA/World Bank
		Conduct training for client on World Bank Procurement Regulations for Borrowers under IPF: Goods, Works, Non-Consulting Services and Consulting Services dated July 1, 2016 (revised November 2017 and August 2018)	During project implementation	
		Prior review of all contracts regardless of the value.		
2.	Inadequate knowledge and skills in contract management by the implementing agency.	Conduct training tailored toward addressing weakness in contract management for the PIU staff and technical departments	During project implementation	MoLSA/World Bank
3.	Inadequate skills by the end users in developing specifications and TOR	Need for TAs/consultants in the respective technical areas to extend hands-on support	During project implementation	MoLSA with TA
4.	Need for systematic filing system to have complete records of the procurement processes	Establishment of a satisfactory filing system	During project implementation	MoLSA
5.	Use of unqualified and inexperienced evaluation members and varying of the evaluation criteria through elimination or skewed sub-criteria.	Use of qualified and experienced sector-relevant evaluation panel who have the time to undertake the evaluation within the shortest time possible and ensure confidentiality. Use of clearly defined evaluation criteria established in the bidding documents without varying to skew the information. Training of the evaluation members on carrying out bid evaluations.	During project implementation	MoLSA

Thresholds for Procurement Approaches and Methods

Table 5.2. Thresholds for Procurement Approaches and Methods

Thresholds for Procurement Approaches and Methods (US\$, millions) - Goods, Works, and Non-Consulting Services
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Category	Prior Review	Open International	Open National	RfQ
Works	≥0.2	≥5.0	<5.0	≤0.2
Goods, IT, and non-consulting services	≥0.1	≥0.5	<0.5	≤0.1
Thresholds for Procurement Approaches and Methods (US\$, millions) - Consulting Services				
Category	Prior Review	Short List of National Consultants		
		Consulting Services	Engineering and Construction Supervision	
Consultants (firms)	≥0.1	≤0.1	≤0.2	
Individual consultants	≥0.05	n.a.	n.a.	

25. **Selection method.** For goods and non-consulting services, Request for Bids and RfQs will be used as appropriate. Where there is justification, Direct Selection may be used. For consulting services, the preferred method would be Quality- and Cost-Based Selection. However, other methods including Selection Based on the Consultants' Qualifications and Direct Selection would be used as stipulated in the PP.

26. **Contract strategy.** Goods and services will be packaged in economical packages to attract bidders who are qualified and can offer good prices and complete contracts within the stipulated period resulting in value for money.



Annex 6: Gender and Gender-based Violence Analysis

Gender Analysis

1. Despite severe gender disparities and inequities across most socioeconomic and human development indicators, and despite their circumscribed status in Somali society, women play a critical role as key resilience actors and in household coping strategies. During non-crisis periods, men and women in pastoral communities also maintain a well-defined synergistic partnership in livestock and crop production activities, with women playing a significant, specialized role in the overall maintenance of the pastoral system.
2. In the face of crisis, such as insecurity, drought, or famine, the gender roles shift, as men and women adopt different coping strategies to increase household resilience. Family splitting, for example, constitutes an important survival mechanism as families break up to spread economic risks and increase access to livelihood opportunities. Men and older boys may take herds and migrate long distances in search of water, resources, or possible alternative livelihoods; alternatively, they may migrate to urban centers to seek economic opportunities. Women may remain with small children, the elderly, and weaker animals, or may travel to towns to engage in petty trade and engage in the informal economy. Women may also take children and move to an IDP camp, in theory, for greater access to resources and security, despite the risks that migrations may increase exposure to greater security threats.
3. While family splitting may be a common coping strategy, prolonged exposure to conflict and recurring droughts in Somalia have extended separation beyond traditional limits and rendered separation, in many instances, permanent, and increased household vulnerability, particularly for women and girls. During the 2016/17 drought, consultations with women's grassroots organizations highlighted facets of marginalization and vulnerability both of women who chose to migrate or to remain home to support the household. Protracted separation has contributed to a rise in female-headed households, as well as households in which women become the primary or contributing breadwinners for the family. While this has enabled women's increasing economic engagement, opportunities remain limited for both men and women, and female-headed households remain among the most vulnerable; women are often still reliant on charity through SP mechanisms such as zakat and remittances.
4. Conservative social norms remain entrenched, restricting women's movement and relegating them to the exclusive responsibility for domestic tasks. Women are therefore bearing the double domestic burden of earning an income and taking care of the home. The consequences of this burden often fall to girls in the family, who are expected to contribute to the maintenance of the home, often at the expense of education and skills development. In the context of climate-related shocks, such as drought, these vulnerabilities are enhanced; women who stay behind often lack access to basic resources and remain disconnected and marginalized from humanitarian support networks. Girls are often the first to be withdrawn from school, largely because of early and forced marriage, increased household chores such as water and firewood collection, and caring for family members suffering from malnutrition or water-borne illnesses.
5. As indicated, migration and displacement in the face of climate-related shocks is also common. According to the 2018 Drought Impact Needs Assessment, women and children accounted for over 75 percent of the newly displaced during the last drought. Displaced women and children are among the most vulnerable populations, confronting multiple constraints such as lack of access to shelter and economic opportunities and lack of control over critical resources. Displaced populations, particularly female IDPs, confront higher rates of poverty,



malnutrition, and food insecurity and meet serious barriers in access to basic services, including access to quality water, education, and health facilities. Female IDPs are also particularly vulnerable to SEA and other forms of GBV.

6. The SNHCP focuses on providing cash transfers to women in an effort to contribute to positive impacts on equity, poverty, and gender empowerment. Specifically, the project will provide cash transfers to women with children under the age of five years from poor and vulnerable households and pregnant women. This aims to prevent the deterioration of human capital for women and children, including female children in the household. Experience from other safety net programs have demonstrated that making female members of the households the direct beneficiaries of cash transfer programs also ensures that the funds are largely used for household needs. Further, it positively contributes to gender outcomes by empowering women to take more control of household spending and engage in livelihoods activities. In addition, the project will provide cash transfers to rural beneficiaries to reduce the ‘push’ factor in rural-urban migration by improving the purchasing power of targeted households in rural areas.

Gender-based Violence

7. GBV in particular constitutes an enormous challenge throughout Somalia. A GBV survey commissioned by the World Bank and UN partners found that in Puntland alone, 25 percent of women have experienced some form of physical or sexual violence from a non-partner, while intimate partner violence is a common lifetime experience, affecting nearly 40 percent of women who were interviewed. Drivers of GBV in Somalia include pervasive insecurity, increased vulnerability and displacement—linked both to conflict and climate-related disasters—and deteriorating social and customary structures. Displaced women and girls are among the most vulnerable populations to extreme poverty, marginalization, and conflict- and climate-related shocks. IDPs in Somalia are also particularly vulnerable to varied forms of violence.

8. Drought- and climate-related shocks exacerbate protection challenges and in particular, incidence of GBV, particularly as women and girls travel extended distances for food, livelihoods, and other resources, or travel to displacement settlements or areas offering humanitarian support. The separation of many women and girls from community and familial support structures, as well as from traditional livelihoods activities, also contributes to an increased reliance on marginal, inconsistent, and hazardous livelihood strategies, which often increases exposure to violence.

9. Drought conditions in Somalia between 2016 and 2017 exacerbated protection challenges, with reported increases in rates of GBV and domestic violence in the Puntland region because of unmet needs and general hardships. In addition to drought conditions, the ongoing conflict exacerbates an already challenging situation, including crowded IDP camps that enable a rise in GBV. Female IDPs, in particular, face unique risks of GBV, including sexual exploitation, because of limited security in the IDP settlements, poor living conditions, and limited clan protection. The GBV MIS reported a 9 percent increase in reported rates of GBV—including physical and sexual assault, as well as child sexual abuse—between the first and second quarter of 2017. Of these cases, more than 75 percent of those affected were IDPs. Additional protection risks for children include family separation and child recruitment; arbitrary arrest; drop out from or lack of access to education; hazardous child labor; and elevated exposure to GBV, including assault, trafficking, and psychosocial distress.

10. Measures to mitigate risk will include PIU sensitization and capacity building to improve understanding, management, and monitoring of GBV/SEA risks throughout the life of the project; ensuring regular community consultations to raise understanding of risk of GBV/SEA and measures for reporting and response. In partnership



with WFP and UNICEF, the project will identify in advance community-level partners to provide GBV response services in project areas of influence. The project will also ensure that grievance redress measures include mechanisms for safe and confidential reporting of GBV cases and partnership arrangements include measures to protect against incidence and provide GBV services should cases of GBV/SEA arise during project implementation.



ANNEX 7: MAP

