

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC14816

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Ethiopia	Project ID:	P151712
Project Name:	Urban Productive Safety Net Project (UPSNP) (P151712)		
Task Team Leader(s):	Muderis Abdulahi Mohammed,Ruth Hill		
Estimated Appraisal Date:	14-Oct-2015	Estimated Board Date:	15-Dec-2015
Managing Unit:	GSP01	Lending Instrument:	Investment Project Financing
Sector(s):	Public administration- Other social services (90%), Solid waste management (10%)		
Theme(s):	Social Safety Nets/Social Assistance & Social Care Services (60%), Improving labor markets (30%), Other urban development (10%)		
Financing (In USD Million)			
Total Project Cost:	450.00	Total Bank Financing:	300.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			150.00
International Development Association (IDA)			300.00
Total			450.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The PDO of the proposed project is to support the GoE in providing access to safety nets and livelihood services to the poor in selected urban areas.

C. Project Description

1. The GoE is in the process of developing a 10 year Urban Productive Safety Net Program to

support over 4.7 million urban poor living in 972 cities and towns. It is envisaged that this will be achieved over a long term period through a gradual roll-out plan of different phases starting with bigger cities with a population of over 100,000 people. The proposed phase of the project for World Bank support will be the first in a series and is planned to target 11 major cities including Addis Ababa and the regional capitals. In this phase, over 1.2 million beneficiaries will be targeted through a gradual roll out plan during a five year period. The project will start with about 400,000 beneficiaries during the first year. It is expected that each beneficiary will remain in the project for at least three years. The project will target those living beneath the national poverty line and a combination of targeting mechanisms will be used to identify beneficiaries. The total project budget proposed for IDA support is USD 300 million.

2. The proposed project will have 3 major components: i) Safety Net Support ii) Livelihoods and Skills Development iii) Institutional Strengthening, Program Management and Coordination.

Component I: Safety Net Support

3. This component will support the delivery of a predictable, timely and productive safety net through conditional and unconditional safety net transfers. The conditional transfers will target able bodied persons in households eligible for the project. Conditions could vary from participation in public works (see below) to enrollment in tailored training programs aiming at connecting project clients with job or self-employment opportunities (see component 2). Unconditional transfers will target persons that for various reasons are unable to perform work (e.g. chronically ill, elderly and people with disabilities)

4. Transfers: The project will introduce and support effective safety net transfer mechanisms and systems. The key principles of transfers including timeliness, predictability and adequacy will be ensured by implementing appropriate delivery mechanisms that will promote transparency and accountability, and determining the size of benefit based on best practices. The direct support transfers will be provided to extremely poor households among the poor that have no capacity to supply labor. Appropriate safety net transfer values which provide meaningful impact on the welfare of beneficiaries based on a thorough analysis of the market situation will be determined. The level of both conditional and unconditional transfers will be linked to the cost of a basic food basket in urban areas. The Project will closely monitor urban food prices to ensure that purchasing power is maintained and adjustments are made as necessary.

6. It is expected that there will be good access to financial transfer services, including electronic payment systems, through banks, MFIs and other services in urban areas. The project will explore appropriate options among available payment systems and select the most cost effective alternatives. All aspects of transfer mechanisms will be further developed during the preparation of the project.

7. The Project will establish a system to closely monitor food prices in urban areas. This will inform not only adjustments to transfer sizes, but also provide surveillance on possible food price-induced crises as those that hit the country in 2008 and 2011. In other words, the monitoring of food prices will both inform design adjustments but also act as an early warning system for the program as a whole. In case of large covariate shocks affecting urban areas, the Project will closely coordinate a required response with the Disaster Risk Management and Food Security Sector of the Ministry of Agriculture (DRMFSS), PSNP and other programs. The project will also include a contingency budget to temporarily increase the number of project clients in response to moderate shocks.

8. Labor Intensive Public Works (LIPWs): Project households with at least one able-bodied household member will participate in LIPWs. The project will support targeted LIPWs through financing development of sustainable community assets and public services. The range of works being considered includes: construction of cobblestone roads, building drainages and community infrastructure, development of a shelters and workshops for income generation SME activities, provision of home-based care to elderly, sick and disabled and participation in trainings. The design and implementation of LIPWs under this component will draw from lessons learned from implementation of public works projects under the third generation Productive Safety Nets program, the Urban Local Government Development Program (ULGP) and other donor and government funded projects as well as from international experience from urban works programs.

9. Planning for the LIPWs projects will be community based with technical assistance provided by city, woreda and kebele administrations. Implementation of public works in urban areas in Ethiopia and elsewhere has already shown that a range of these works can be implemented using labor intensive methods e.g. cobblestone roads, environmental management and, building drainages and communal infrastructures. As part of the detailed design work, feasibility assessments will be done to help determine appropriate LIPWs in the urban environment that will provide desired workfare opportunities but also generate anticipated community benefits in each target city. In addition, care will be taken to ensure that the works selected are truly public in nature and do not crowd out private provision of services or goods. A menu of LIPWs appropriate for the urban areas and customized to the special environments in each of the participating cities will be provided as guidance to the communities in participating areas. Specific guidelines and manuals will be developed to guide the design and implementation of various public works sub-projects. In this process, reference will be made to various implementation manuals developed by the MoUDHC through ULGDP to ensure that overlaps will be overcome and that necessary synergies between the projects will be ensured.

10. Implementation of the LIPWs will seek to build basic skills amongst the project beneficiaries. The LIPW will be selected to ensure that, where possible, project beneficiaries are building transferable skills as they are engaged in the LIPWs. This will involve both technical skills, such as in construction, catering or home care, and soft skills such as timeliness and discipline. The training provided in component II will complement this. In addition, the LIPWs will seek to strengthen community livelihoods by encouraging the development of sustainable community assets and an improved enabling environment for self-employment income generation and job creation.

11. Finally, the design of the LIPWs will take into account the time beneficiaries need to look for wage employment or engage in self-employment activities. Whilst the investment of time by beneficiaries in LIPWs is inevitable, the LIPWs will be designed in such a way that participation in these schemes does not result in unnecessarily high levels of foregone income opportunities. This will be done by ensuring that LIPWs occur during periods when self-employment and job search activities are less intense, but rather complements those efforts. Specific details of LIPW seasonal calendar will be developed during project preparation.

Component II: Livelihood Services

12. This component will support the urban poor by improving their access to livelihood services (wage employment opportunities or increasing their capacity to be engaged in productive self-employment activities). It will provide support in form of technical assistance through coaching and mentoring, basic skills transfer and financial support programs. The two main forms of support will

be provided through two main livelihood pathways namely: (i) self-employment based income generating activities; (ii) linkages to labor markets (wage employment). Lessons will be drawn from the early stages of implementation of the Competitiveness and Job Creation Program on how best to increase employability and access to wage-employment among safety net beneficiaries and ULGDP and the Women's Entrepreneurship Development Program on improving self-employment outcomes.

Component III: Institutional Strengthening, Program Management and Coordination

13. The UPSNP is a new intervention in Ethiopia that is being led by an institution which has not been involved in safety nets design and implementation in the past. The project design and implementation are thus envisaged to require targeted continuous and fast-tracked capacity development and institutional strengthening as part of implementation readiness and following effectiveness. To this end, the proposed project will support a number of major activities to enhance appropriate design and effective program management and institutional strengthening as further elaborated below.

14. Targeting: Given the profile of the urban poor and urban set up dynamics, effectiveness of the targeting function will be a critical design element and its implementation will need close monitoring and evaluation. In terms of defining an 'urban' beneficiary, the Project will consider options for open interventions to eligible urban residents or establish minimum residential criteria, for example requiring that participants lived for at least 1 year in a given city. Such arrangements will be reviewed and considered to manage possible unintended effects on migration patterns and opportunistic program participation. Similarly, the Project will set out clear guidance on how to manage cases arising from informal settlements not considered as 'urban' from a strictly master plan perspective (but being de-facto urban based on population density and housing).

15. The identification of the poor may require adjustments to traditional targeting approaches which will necessitate adoption of a combination of methods. Poverty mapping undertaken for Addis Ababa suggests that poverty is relatively evenly distributed across kebeles. Concentrating the project in selected areas of the city would result in substantial errors of exclusion, however geographic targeting can be used to prioritize the most vulnerable urban areas within cities in project roll-out. Within communities, targeting for project will be devised based on further diagnostic studies and consultations but existing experience and evidence suggests that a mixture of proxy-means targeting and community-based targeting will work well to identify the urban poor. The Project will explore innovative ways to raising awareness on programs and ensure effective enrolment.

16. The concept of 'community' in urban areas may differ from that in rural contexts. Cities tend to generate different and more limited social networks and informal support mechanisms generally. Especially in newly formed settlements, barriers such as different languages, lack of family connections and the dynamic in-and-out-flow of temporary migrants, for example, can create substantial pockets of social exclusion and marginalization. Also, in some cases the issue of neighborhood stigma can negatively affect access to opportunities and increases other types of discrimination. Against this background, the project will initially build on the concept of 'community' as it exhibits in Ethiopian urban texture and build on micro administrative structures surrounding it. The decentralized administrative structure of cities in Ethiopia where each resident will have to be registered at the lowest administrative unit (Kebele) will facilitate the identification and targeting of the poor households and individuals. Local level development committees formed at the sub-kebele level will play an important role in facilitating the targeting process and in the planning of project interventions. Using such an existing structure, the Project will adapt approaches

to the identification of communities to ensure they are identifiable, stable and can be mobilized.

17. Capacity building: Capacity building and skills enhancement activities for the parent and other ministries that will be closely involved, as well as other institutions at federal and regional levels will be a priority at the start of the project. Options for taking advantage of existing training and exposure programs during the design process will also be explored, for example, a team from MOUDHCo was recently facilitated to participate in the Bank's safety nets core course in Washington. The capacity development and skills enhancement programs will be customized to the needs of an urban safety net design and implementation. The capacity development activities are expected to ensure that the primary managers, implementers and stakeholders of the UPSNP have minimum awareness levels for safety nets in general and urban safety nets in particular, and impart them with skills to successfully deliver their roles. A comprehensive capacity assessment at federal, regional and cities levels will be conducted during the start of the project to inform the program's capacity building strategy and action plan..

18. Operational systems development: A number of systems development activities will be supported by the project. The main essential ones will include systems for (i) monitoring and evaluation, (ii) financial management, (iii) human resources management (iv) targeting and (v) management information system (MIS). The MIS will be developed to integrate and connect the various systems under the program and provide credible information for decision making to program managers and implementers. This management information system will be harmonized with the MIS of PSNP to contribute to the development of a comprehensive social protection MIS.

19. Coordination, monitoring and evaluation: The UPSNP will support activities for ensuring daily coordination and monitoring of the project implementation at the federal, regional and cities levels. The city administrations will be supported to ensure regular monitoring and collection of data and information on the ground in turn. This support will ensure that project implementation becomes as seamless as possible, and that the generation of data and reports for quarterly implementation reporting purposes becomes a reliable and credible process over time. In addition, this sub-component will provide support to the design and implementation of impact and other evaluations that will assure information on project results and impacts. Monitoring and evaluation will be particularly important in the initial stages of project implementation given the need to learn how best to implement targeting, public works and livelihood services in large urban centers in Ethiopia.

20. Transparency and Accountability: To ensure citizens engagement, transparency and accountability, the project will support development of capacity and systems for introduction of social accountability principles and practices, and financial transparency and accountability interventions. Drawing on lessons from implementation of the PBS- Social Accountability Program (ESAP2), project beneficiaries will receive awareness and sensitization on their rights and obligations, how to engage with service providers in a constructive manner, and mechanisms for registration of grievances and resolving them through constructive dialogue. In addition, financial transparency will be promoted within the project whereby the citizenry and beneficiaries will be provided with access to project information in terms of annual plans, budgets and expenditure information. The citizens will be put at the center of overall project planning and implementation to ensure the above objectives are achieved.

21. Gender, HIV/AIDs and Environment. The project will make specific plans to ensure that important cross-cutting issues such as gender, HIV/AIDs, and environment are properly mainstreamed during the design, planning and implementation of the project interventions. Specific

studies will be undertaken to understand the dynamics of such social and environmental issues in urban setting and specific provisions will be included in the project implementation manuals and specific components guidelines. Given the higher level of vulnerability among women in urban areas, the project will ensure that special consideration is given to women during targeting and appropriate support is provided in various project components. Specific capacity building support will be provided to the implementers to ensure that Environment and Social Safeguards are properly monitored and implemented.

22. Financial management: The financial management inherent risk of the country is rated substantial due to systemic weaknesses noted in the various elements of the Public Financial Management system. A detail financial management capacity assessment will be carried out for the implementing agencies of the project taking into account recent assessments conducted for the entities in similar projects and also after taking into account the lessons learned. Financial management risks will be identified and mitigating measures will be proposed to ensure that the resources in the projects are used for the intended purpose.

23. Procurement: Procurement capacity assessment shall be carried out when the institutional arrangement for the project is agreed upon and finalized. However, a procurement capacity assessment of major urban centers in the country was carried out in relation to a pipeline Bank financed project recently. According to the findings of the assessment though all the regional states and cities assessed do have reasonably acceptable procurement legal framework and systems, the practical implementation of the procurement rules and procedures is found to be irregular and therefore may pose high risk to planned procurement operations. Procurement oversight particularly in Regions for procurement audit and complaints handling appears to be weak. Lack of procurement proficient staff at all levels and high level of staff turnover might also pose further challenge to procurement operations and to the fulfillment of the procurement objectives of economy, efficiency, effectiveness, transparency and accountability in procurement operations. Hence there would be a need to put risk mitigations majors in place in order to minimize the effects of such challenges in the area of procurement operations under the project.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

24. The proposed phase of the project for the World Bank support will be the first in the series and is planned to target 11 major cities including Addis Ababa and the regional capitals.

E. Borrowers Institutional Capacity for Safeguard Policies

25. An Environmental and Social Systems Assessment (ESSA) was recently undertaken to review the systems and procedures followed by MUDHCo, Regional and Urban local governments to address environmental and social issues. The ESSA confirms that Ethiopia has an adequate legal framework for environmental and social management in the urban areas. However, the quality of implementation and effectiveness of the provisions are uneven. Specific problems include lack of application of standard procedures for risk screening and for implementation of mitigating measures, and a lack of technical capacity and resources. Under the World Bank-supported Second Urban Local Government Development Program (2nd ULGDP), all Urban Local Governments (ULG) must demonstrate that they have established a functional system for environmental and social management that outlines specific roles and responsibilities for environmental and social risk screening, due diligence and regulatory requirements, consultation and coordination and other local and regional agencies, technical tools for implementation and monitoring, and a staffing and capacity-building plan. After the first year (2014/15), ULGs will be required to demonstrate that all

projects undertaken by the ULG are screened for impacts and mitigating measures defined, and that all projects have environmental approvals from REPAs prior to initiating works. In order to ensure that these objectives are met, the 2nd ULGDP has allocated US \$1.2 million/annum from FY2015, totaling \$6 million over a five-year period, to be disbursed as the relevant indicator is met. This indicator requires each ULG to demonstrate that they have established a functional system for environmental and social management as a minimum condition to access the 2nd ULGDP performance-based grant, including the appointment of an environmental and social safeguards focal person. Since the UPSNP will follow in the wake of implementation of this capacity-building program, and given the fact that the LIPW sub-projects will be small, community-based sub-projects with minimal impacts, it is expected that the ULGs will have sufficient capacity for the satisfactory implementation of the proposed ULGDP Environmental and Social Management Framework (ESMF). In addition, at the federal level MUDHCo will have a core team of environmental and social specialists responsible for coordination and capacity-building of ULGs.

F. Environmental and Social Safeguards Specialists on the Team

Asferachew Abate Abebe (GENDR)

Chukwudi H. Okafor (GSURR)

Ian Leslie Campbell (GSP01)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Due to the potential minor environmental and social impacts of the LIPW sub-projects, which will include activities in the urban cores as well as environment-related activities in the suburbs, OP 4.01 will be triggered.
Natural Habitats OP/BP 4.04	No	As the LIPW sub-projects will all be implemented within the designated urban areas, no disturbance of natural habitats is expected.
Forests OP/BP 4.36	No	As the LIPW sub-projects will all be implemented within the designated urban areas, no disturbance of, or impacts on, forests are expected.
Pest Management OP 4.09	No	No irrigation or agricultural projects utilizing agrochemicals are planned within the UPSNP LIPW program.
Physical Cultural Resources OP/BP 4.11	Yes	Given the possibility of inadvertently disturbing historic or archaeological sites within the urban areas, this policy will be triggered. Chance find procedures will be included in the ESMF and subsequent ESMPs as the case may be.
Indigenous Peoples OP/BP 4.10	No	The affected communities all lie within urban areas, and there are no people who meet the policy criteria expected to be present in the project area.
Involuntary Resettlement OP/BP 4.12	Yes	Although sub-projects involving change of land use or involuntary loss of assets are not expected to be common, due to the possibility of a sub-project

		activity such as road-widening or drainage taking a small amount of land, or altering access to resources, this policy is triggered.
Safety of Dams OP/BP 4.37	No	No sub-projects involving dams that would trigger this policy will be eligible for the UPSNP.
Projects on International Waterways OP/BP 7.50	No	No sub-projects involving water abstraction from rivers tributary to international waterways will be eligible for the UPSNP.
Projects in Disputed Areas OP/ BP 7.60	No	None of the ULGs concerned will be located in disputed areas.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 15-Jul-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed.

The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

26. Given that precise details of the LIPWs are not expected to be known until project implementation, and Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) will be developed for implementation by each ULG. These frameworks will guide the screening of project activities to determine the need for, and guide the development of ESIA and/or EMSPs and RAPs, as maybe needed, in order to ensure compliance with the concerned safeguard policies. These two documents will be completed and disclosed by Appraisal.

27. Under OP 4.01 a Social Assessment (SA) will also be carried out to determine the likely social impacts of the UPSNP on, and special needs of, the communities concerned, together with recommendations for incorporation in the project design. This SA will also include an assessment of likely induced impacts such as accelerated urban migration, with recommendations for avoiding, mitigating or managing such impacts. The SA will be completed by Appraisal, having ensured that any recommendations have informed final project design.

IV. APPROVALS

Task Team Leader(s):	Name: Muderis Abdulahi Mohammed,Ruth Hill	
<i>Approved By:</i>		
Regional Safeguards Advisor:	Name: Johanna van Tilburg (RSA)	Date: 02-Nov-2015
Practice Manager/ Manager:	Name: Dena Ringold (PMGR)	Date: 02-Nov-2015

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.