

INTEGRATED SAFEGUARDS DATA SHEET
Appraisal Stage

Report No.: 126672

Date ISDS Prepared/Updated: 13 April 2018

I. BASIC INFORMATION**1. Basic Project Data**

Country:	Ethiopia	Project ID:	P163829
Project Name:	Ethiopia Economic Opportunities Program (P163829)		
Task Team Leader(s):	Jade Ndiaye, Senidu Fanuel, Lucian Bucur Pop		
Estimated Board Date:	June 26, 2018		
Managing Unit:	GFCAE		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Project Financing Data (in USD Million)			
Total Project Cost:	280	Total Bank Financing:	200.00
Financing Gap:	0		
Financing Source			Amount
IDA 18 Refugee Window Grant			83.34
IDA 18 Refugee Window Credit			83.33
IDA Credit			33.33
Economic Opportunities MDTF (tentative co-Financing under preparation)			80
Environmental Category:	B – Potential Associated Facilities		
Is this a Repeater project?	No		
Is this a Transferred project?	No		

2. Project Development Objective(s)

Following the 2016 UN summit and as part of an overall roadmap (nine pledges) focusing on improving the rights of and services for refugees in line with the Comprehensive Refugee Response Framework (CRRF), the GoE is working to expand its industrialization agenda to create jobs for Ethiopians and refugees – referred to as the Jobs Compact. The World Bank Group has been asked by the Government of Ethiopia (GoE) and development partners to support the government's effort.

The Program Development Objective of the Economic Opportunities Program is thus **“to provide economic opportunities for Ethiopians and refugees in an environmentally and socially sustainable way.”**

The key results envisioned are:

- i) Employability and improved labor market outcomes for refugees who have the right to work;
- ii) Economic opportunities created for Ethiopians through investment attraction, links established between international buyers and local suppliers, improved Public Employment Services (PES);
- iii) Improved labor productivity, quality of jobs and environmental and social compliance in the manufacturing sector through the introduction of measures to track labor standards and working conditions.

A hybrid PforR/Investment Project Financing (IPF) instrument has been chosen to address the mix of policy actions, investment activity, and technical assistance to achieve the desired outcomes of the Economic Opportunities Program.

The IPF (US\$30 million) will complement the PforR instrument by supporting EIC and ARRA, the key institutions responsible for implementing the industrialization and refugee agendas, respectively, under the Economic Opportunities Program. The IPF will complement the PforR by supporting the EIC to set-up and establish the PCU, including implementing the monitoring and evaluation systems to track results delivered. The EIC will be the lead agency for the management of the funds and will manage the designated account, with ARRA as a beneficiary.

3. Project Description

The IPF will consist of the following components:

(i) Program implementation support to EIC (US\$10 million):

- Assistance to the implementing entity, EIC, to carry out policy and program activities, including staffing of the Project Coordination Unit (PCU), goods and operating costs. Activities include specific investments, policy support and implementation, training, office equipment/supplies, transportation, and project preparation/implementation. Where necessary, training support will be extended to MoLSA, BoLSA, and IPs.
- Improving monitoring and evaluation systems: Establishing effective M&E systems to ensure accurate data capture and flows.
- Third party validation to assess achievements against DLIs (on an as-needed basis). As part of this, the Program will ensure that this country-wide MIS architecture is collecting all data required for effective Program monitoring and that a special-purpose data analytics dashboard is established to enable regular Program monitoring against the specific monitoring requirements of the Results Area Framework and the DLIs. This data will be subject to periodic randomized audits and third-party validation in order to ensure its accuracy

(i) Operations Management capacity support to ARRA (US\$3 million):

- Support to ARRA to enhance operations management capacity to implement the government's pledges. This includes set-up of data collection systems to allow analysis of data relating to refugees and asylum seekers, set-up of monitoring and evaluation systems to track progress towards the nine pledges, computerized implementation mechanisms (e.g. office equipment, software systems) to facilitate delivery of services, recruitment and continuous training for ARRA staff to implement the broader CRRF agenda.

(ii) EPP for refugees and support to public employment services for Ethiopians (initially US\$17 million):

- This comprehensive package of services and financial assistance will help connect refugees to economic opportunities. These opportunities could be in waged employment, potentially but not exclusively within the new Industrial Parks, or in new entrepreneurial business start-ups, or as self-employed/own account workers.
- To ensure Ethiopian jobseekers can also benefit from better employability and job intermediation support, complementary TA will be provided to selected regional BOLSA's. This TA will aim to: develop an understanding of the tools and techniques of high-performing intermediation services; introduce and build capacity in their use and; develop performance tracking and management systems. The TA will consider engagement and servicing of jobseekers and employers. Best practice sharing between the BOLSA's TA and the pilot refugee program will enhance the learning of both.

From an environmental and social safeguards perspective, most attention needs to be given to the EPP. The objective of the EPP is to facilitate access of refugees to economic opportunities. There are three pathways, leading to three possible economic outcomes for the refugees:

1. Waged employment, which might be, (a) in Industrial Parks or, (b) outside the Industrial Parks;
2. Own account self-employment (e.g. working on a self-employed formal arrangement);
3. Entrepreneurship and business start-ups.

Pilot description: The EPP will be designed and implemented as a pilot to test the new approaches and new methods of contracting out providers based on outcomes. It is anticipated that there will be between four and eight service providers, delivering in between two and four of the refugee camps, targeting between 5,000 and 10,000 refugees. The pilot will have the following core principles:

- The pilot will run for a total of two years;
- The target group are refugees of working age in refugee camps; the program will ensure indiscriminate selection practice and support vulnerable individuals to participate.
- Success is measured in terms of outcomes, i.e. job starts and sustained employment;
- The outcomes must be formal and unsubsidized, and may be waged employment, own account self-employment or business start-up;
- The work will be tracked, with in-work support provided, for a minimum of 13 weeks;
- Participation on the program for the refugees is voluntary; documented consultations with refugees shall highlight the opportunities and risks.
- The service providers are responsible for refugee engagement and enrolment (up to a contractual volume) and can select those refugees that they think are most likely to succeed;
- Payments to providers will be outcome-based, the contract value split with 20% paid for enrolments, 40% for job starts and 40% for sustained work;
- Unit prices for these payment triggers will be set in advance, with providers selected not on price but on the quality of their proposals and the outcomes they can deliver;
- Providers must deliver within a 'framework', which sets out the overall shape of the program and a set of minimum service standards;
- Providers are also given control of the detailed content, with room to innovate and focus on outcomes;
- Rigorous Monitoring & Evaluation will be in place to inform learning; this includes surveys with refugees, employers, and host communities; ARRA environmental and social guidelines used as policy framework. The pilot will develop site-specific lessons-learned studies including best practice guidelines for sustainable achievement of CRRF targets which then will inform the wider analytical works of the PforR as well as the government's CRRF commitments. A combined document of these site-specific studies is referenced as SR/Year 4 by the PforR Results Area 6.

EPP Package description: Within this highly personalized program, there are **four core components**, the precise content of which will be determined by the contractors (see Figure 10.1)

- **Employer Engagement:** Identifying economic opportunities (vacancies) may occur before or after engaging with the refugee. In the case of the Industrial Parks it will entail early engagement to establish a pool of opportunities, including logistics. Refugees seeking waged employment outside the Parks will undertake intensive, supported job search and/or matching once on the program.
- **Refugee Engagement and Enrollment:** Briefing the refugees on the work opportunities, including the logistics. Rigorous screening of refugees in order to test the match with any pre-identified opportunities and the refugee's motivation. Leading to enrolment and profiling, followed by goal setting and action planning.
- **Pre-Placement Preparation:** Depending on the Pathway and the goal, additional preparation may be required, which will have to take account of: the psychological condition of the refugee and impact of any change in living conditions; the functional language skills required; basic vocational needs; the cultural expectations of the employer; social networks; family and other caring responsibilities; legal issues, such as how to secure a right to work; the logistics of any move and securing sustainable, suitable accommodation with access to food and all basic services; the cost of moving into economic independence and the lag in receiving the first pay/income¹; soft skills (positive work habits and getting used to the working environment; managing money, including potential remittances). The own account self-employment or entrepreneurial opportunities may also require: support in preparation of a business plan; market research; access to finance; formal registration; purchase of tools or work clothes or other materials. The preparation will also encompass awareness sessions regarding laws and regulations, GRM, protection of vulnerable groups, and GBV amongst program participants and also in host communities with at least 50 placed refugees.
- **In-Work Support:** The sustainability of the opportunity will depend firstly on the quality of the match between refugee job seekers and employer needs or self-employment/entrepreneurship opportunity. It will then be strengthened through ongoing personal support, possibly with: housing or other basic needs; liaison with the employer; further soft skills or language training; additional on-the-job training.

Capacity building needs: A capacity program will be delivered alongside the program, building a pilot management team in the government's contracting agency. This team will gain expertise in the design, procurement, implementation and contract/performance management of outcome-based programs.

Risks: There are a number of program characteristics which are new in this environment, including the content and contracting model. The five key risks identified in this early stage of development are as follows:

1. Gaining open access to vacancies in the Industrial Parks, including the buy-in of regional and local government;
2. The level of infrastructure, including housing and basic services, around the Parks;
3. Identifying the appropriate government agency to undertake the procurement and subsequent contract management, and the future role of MoLSA as a key stakeholder;
4. Identifying early and building the capacity of service providers;
5. Refugee commitment, including the fear of loss of their status and security.

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

¹ The pilot will include both non-financial and financial support option which will be fine-tuned during preparation. The contractor will assist in finding suitable housing only (a) in small-scale housing structures or (b) at least 2 year-old condominium structures or (c) in new condominium structures were a written due diligence report has identified no unaddressed social and environmental issues based on ARRA guidelines.

The capacity enhancement component of the IPF will be implemented with no physical footprint; provided in existing office facilities in Addis Ababa and eventually existing industrial parks.

The pilot program component of the IPF (EPP) will also ensure that there is no physical footprint of the Project. Activities will be implemented in the existing refugee camps and in and around existing industrial parks. The pilot will also ensure to not support accommodation in any housing project which could be considered associated, except if an Environmental and Social Audit assessed no environmental or social issues. A TOR for such an Audit is attached. Provisions on adequacy of facilitated accommodation for job seekers will be included in the EPP procurement documents in line with the questions outlined in the Better Works Assessment Tool (see below).

Thus, the proposed IPF component of the Economic Opportunities Program does not involve any direct civil works or include activities related to land acquisition or restriction of access, and will not lead to any adverse environmental and social risks and impacts. OP 4.01 and OP 4.12 have been triggered preemptively to address an eventual need for E&S audits for associated accommodation facilities.

5. Borrower’s Institutional Capacity for Safeguard Policies:

A substantial legal framework regarding environmental and social impact mitigation policies is available; starting with the Ethiopian constitution. Further details are regulated in the Growth and Transformation Plans, the Environment Policy of Ethiopia including Proclamation No. 295/2002 on the Establishment of Environmental Protection Organs, the Environmental Pollution Control Proclamation (No. 300/2002), the Prevention of Industrial Pollution Regulation Proclamation 159/2008), the Water Resources Management Proclamation (197/2000), the Solid Waste Proclamation (513/2007), the Environmental Impact Assessment Proclamation (299/2002), the Proclamation on Expropriation of Land for Public Purposes and Payment of Compensation (455/2005 and others), the Proclamation on Rural Land Administration and Land Use (456/2005), 22 ratified ILO conventions incl. protection of freedom of association, prohibition of forced labor, child labor, and discrimination as well as a convention on occupational safety and health. The Labor Proclamation No. 377/2003 is considered progressive, with further follow-up directives on OHS. Substantive regulations also encompass the support for ethnic and vulnerable groups and proactive addressing of gender inequalities, including Gender mainstreaming strategy and guideline (2010). Proclamation no. 213/2000 (revised family code) ensures child protection and just recently a *National Social Protection Strategy of Ethiopia (2016)* has been developed.

The PforR related ESSA assessed that the policy framework to implement the program is overall adequate. Gaps are in the implementation and enforcement of such framework overall and the limited E&S capacity by the implementing institutions resulting from limited resources (staffing, logistics), limited experience, and the need for cooperation. The resulting risks are therefore that identification of issues are delayed and that implementation is not as effective as necessary. Mitigation measures therefore focus on strengthening the individual capacity of each institution and the coordination between the institution.

The IPF instrument, as noted, will address some of the challenges by providing capacity building support for strengthening the coordination mechanism and reporting on environmental and social safeguards.

5. Environmental and Social Safeguards Specialists on the Team

Yacob Wondimkun (GEN01)
 Simon Sottsas (GSU07)
 Yalemzewud Simachew (GSU07)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The IPF will help strengthen the

		government's institutional system with no adverse impacts on people and environment. The EPP sub-component has also been outlined in a way avoiding any activities which may lead to adverse impacts on people and environment. It includes specific requirements regarding adequate facilitated accommodation in line with the criteria outlined in the Better Works Program ² . Any issues which may result from refugees moving to industrial parks (host communities, work conditions within the IPs) are addressed by the PforR. The IPF will provide TA as noted. In case of any risks of associated facilities, a TOR for an E&S audit will be developed to address the need in case the pilot links to accommodation developed contemporarily outside the project.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	The IPF will not invest in any land acquisition activities and thus OP 4.12 will not apply to any direct project activities. Thus, no RPF is needed. However, in case the EPP sub-component would link to build accommodation, OP 4.12 may apply to associated facilities. A respective E&S audit would need to be implemented, for which OP 4.12 has been triggered preemptively and a TOR developed.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

² The respective questions asked by the Better Works Assessment Tool are: Does the accommodation comply with minimum space requirements? Is the accommodation separate from the workplace (even though it may be in the same compound/industrial park)? Does the accommodation have enough safe water? Does the accommodation have adequate toilets, showers, sewage and garbage disposal systems? Is the accommodation protected against fire? Is the accommodation adequately protected against heat, cold, and dampness? Is the accommodation protected against disease carrying animals or insects? Is the accommodation protected against noise? Is the accommodation adequately ventilated? Does the accommodation have adequate cooking and storage facilities? Is the accommodation adequately lit? Does the accommodation offer workers adequate privacy? Does the accommodation comply with other health and safety requirements? Has the employer adequately prepared for emergencies in the accommodation?

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
No adverse environmental and social impacts are anticipated out of the IPF component. Wider issues of refugee/host community relations and working conditions in IPs are addressed by the PforR. In case of associated facilities materializing, an E&S Audit will be implemented.
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
No adverse environmental and social impacts are anticipated out of the IPF component. Wider issues of refugee/host community relations and working conditions in IPs are addressed by the PforR. In case of associated facilities materializing (i.e. housing development projects with limited impacts in semi-urban areas), an E&S Audit will be implemented.
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
Not applicable. In case of the EPP being linked to housing projects, only facilities will be used where an E&S Audit identified no issues.
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
No immediate mitigation measures are to be implemented based on IPF. The PforR related ESSA assessed that the policy framework to implement the program is overall adequate. Gaps are in the implementation and enforcement of such framework overall and the limited E&S capacity by the implementing institutions resulting from limited resources (staffing, logistics), limited experience, and the need for cooperation. The resulting risks are therefore that identification of issues are delayed and that implementation is not as effective as necessary. Mitigation measures therefore focus on strengthening the individual capacity of each institution and the coordination between the institution. The IPF component, as noted, will address some of the challenges by providing capacity building support for strengthening the coordination mechanism and reporting on environmental and social safeguards. A TOR will be developed in case of a need of an E&S audit for housing facilities considered associated to the EPP component.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
The key stakeholders are the Ministry of Finance and Economic Cooperation (MoFEC), Ethiopian Investment Commission (EIC) Administration for Refugee and Returnee Affairs (ARRA), Ministry of Labor and Social Affairs (MoLSA). Further key stakeholders are the contractors implementing the EPP and the participating refugees, which will need to be trained and awareness raised on environmental and social standards.

B. Disclosure Requirements

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

Not applicable.

C. Compliance Monitoring Indicators at the Corporate Level

The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes []	No []	NA [X]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes []	No []	NA [X]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes []	No []	NA [X]
Have costs related to safeguard policy measures been included in the project cost?	Yes []	No []	NA [X]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes []	No []	NA [X]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes []	No []	NA [X]

III. APPROVALS

Task Team Leader(s):	Name: Jade Ndiaye, Senidu Fanuel, Lucian Bucur Pop	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Nathalie Munzberg	Date: 4/13/2018
Practice Manager/Manager:	Name: Niraj Verma	Date: 4/15/2018