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# Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 12-Jul-2019 | Report No: PIDC27065



**BASIC INFORMATION**

**A. Basic Project Data**

Country Ethiopia	Project ID P169943	Parent Project ID (if any)	Project Name Urban Safety Net and Jobs Project (P169943)
Region AFRICA	Estimated Appraisal Date Jan 27, 2020	Estimated Board Date Mar 31, 2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Labor and Social Affairs, Ministry of Urban Development and Construction, Urban Job Creation and Food Security Agency	

**Proposed Development Objective(s)**

The project will support the GoE in improving the incomes of selected urban poor and the labor market inclusion of disadvantaged urban youth.

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

**SUMMARY**

<b>Total Project Cost</b>	700.00
<b>Total Financing</b>	700.00
<b>of which IBRD/IDA</b>	500.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	500.00
IDA Credit	500.00

**Non-World Bank Group Financing**

Counterpart Funding	200.00
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Borrower/Recipient	200.00
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Environmental and Social Risk Classification Substantial	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)

## B. Introduction and Context

### Country Context

**Ethiopia, a large and diverse country with a population estimated at 105 million, is experiencing profound political and economic change.** The country has been one of the world’s fastest-growing economies in the past 10 years. Strong economic growth translated into substantial poverty reduction, with the share of the population living below the international “US\$1.9 a day” poverty line decreasing from 37 percent in 2005 to 34 percent in 2011 and 27 percent in 2016. However, Ethiopia is still among the world’s poorest countries with an annual per capita income of US\$740 in 2017. Human development outcomes are low, reflected in Ethiopia’s 0.38 rank on the World Bank’s Human Capital Index (HCI).

**The country is undergoing a rapid demographic and spatial transition.** On the demographic side, the working-age population is projected to grow from 54.7 million in 2015 to 74.8 million by 2025 and 85.3 million by 2030, an increase of over two million a year. At the same time, the urban population is expected to grow from an estimated 22.8 million in 2019 to 31 million by 2025 and 39.3 million by 2030. These twin transitions will put significant pressure on urban labor markets already characterized by high levels of unemployment and on the provision of social services and support to the increasing number of poor and vulnerable citizens living in urban areas.

**While urban poverty reduction has accelerated in the recent period, unemployment sharply increased after 2016,** likely reflecting businesses delaying recruitment decisions in the face of social and political unrest. Despite the positive labor market trends, job growth has not kept up with fast urban population growth. In contrast to many low-income countries, wage-employment dominates Ethiopia’s urban labor market and young people and women are at a significant disadvantage in the urban labor market. Unemployment in urban Ethiopia is highest for the lower educated.

### Sectoral and Institutional Context



**Social protection has played a key role in Ethiopia’s dramatic reduction in poverty in recent years and is a critical component of the country’s long-term development strategy.** The country’s National Social Protection Policy defines five focus areas including productive safety nets and employment promotion and livelihood support. Due to the Government’s priority given to the social protection and jobs sector, the country has an extensive social protection program landscape. The country is hosting one of Africa’s largest and oldest rural safety net programs, the rural Productive Safety Net Program (PSNP) and the Urban Productive Safety Net Program (UPNSP).

**The USPNP was designed to address urban poverty and is successfully implemented in 11 major cities.** It includes 1) Cash-for-Work Program with monthly cash payments over 3 years; 2) Livelihoods Grants to promote self and wage employment; 3) Direct Income Support cash transfers for labor constrained households (elderly, disabled, pregnant & lactating mothers); 4) Services for Urban Destitute with the objective of social, economic and education reintegration of homeless children and adults; and 5) Institutional Strengthening and Project Management.

**In addition to the social protection agenda, the Government is increasingly focusing on the country’s job creation agenda as a complement to the social protection agenda.** Most of the focus of the government’s employment initiatives is on university graduates. The proposed operation will mainly focus on the secondary-educated or less. Capacity and reach of public employment agencies in Ethiopia are fairly low, resulting in public sector employment service offices (PESOs) struggling to register enough vacancies for job seekers.

#### Relationship to CPF

**The proposed Urban Safety Net and Jobs Project contributes to the CPF’s goal of forging a growth path that is more inclusive** by focusing on the poor urban population, on unemployed youth and women, homeless, including street children. It supports the CPF’s objective of making greater investments in secondary cities to create employment opportunities. More specifically, the proposed Project will directly implement the CPF’s Focus Area 2 for Building Resilience and Inclusiveness.

### C. Proposed Development Objective(s)

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The project will support the GoE in improving the incomes of selected urban poor and the labor market inclusion of disadvantaged urban youth.

#### Key Results (From PCN)

- i. Number of Direct Project beneficiaries
- ii. Share of Public work and direct income support beneficiaries under the national poverty line
- iii. Increase in average earnings among PW beneficiaries 12 months after receiving the livelihood grant



- iv. Share of participating youth who find a job or are self-employed six months after completion of the apprenticeship
- v. Percentage of homeless reintegrated

**D. Concept Description**

To address the challenges of urban poverty and youth unemployment, the proposed project would expand the existing safety net model (public works, direct income support, and services to the destitute) to a larger number of cities and also add a component to provide young men and women with opportunities to enter the labor market. To this end, the proposed Project would have four components: Component 1 would expand the Urban Productive Safety Net by providing public works and livelihood support to selected urban poor households, to more cities, taking into consideration city-level poverty and unemployment rates, administrative capacity and regional equity. Component 2 would provide a first work experience for disadvantaged urban youth as well as expand the supply of labor market job search services. Component 3 would strengthen urban social assistance by expanding direct income support to more cities as well as providing reintegration services for homeless in a smaller number of selected cities. The institutional strengthening component would support both the Urban Food Security and Job Creation Agency as well as the Ministry of Labor and Social Affairs (MoLSA) in implementing the programs and foster public private partnerships as far as possible.

Component 1: Expand the Urban Productive Safety Net to Improve the Urban Environment. Building on the experience of the UPSNP, this component would provide labor intensive public work opportunities for selected urban poor in selected cities, assist in business development, and provide livelihood grants for beneficiary households.

Component 2: Foster Urban Youth Employment. This component will aim to connect unemployed youth to jobs by alleviating key constraints to successful job search and providing youth with a first work experience. The component would also strengthen Employment and Intermediation Services.

Component 3: Strengthen Social Services for the Urban Poor and Destitute. This component would strengthen MoLSA’s capacity to deliver essential social protection services. It would focus on the expansion of Permanent Direct Support to labor constrained selected urban poor (elderly, disabled, etc.) in project cities, and provide services for homeless with the objective of their reintegration.

Component 4: Institutional Strengthening, Project Management and Monitoring and Evaluation. This component would support the development and strengthening of program systems, both at the UFSJCA and at MoLSA. It will focus on capacity building and institutional collaboration and strengthen program management supported by a project coordination unit.

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

Summary of Screening of Environmental and Social Risks and Impacts



Solid waste management activities of this Project may involve risks to the worker directly involved and to the nearby resident. The health risks from waste are caused by the nature of raw waste, its composition (e.g., toxic, allergenic and infectious substances), and its components (e.g., gases, dusts, leachates, sharps). There are also risks associated with the disposal of wastes (e.g., odor, noise, stability of waste piles, air and water emissions, explosions, fires). Some of the commonly reported health issues in solid waste management include respiratory illness from ingesting particulates, bio-aerosols, and volatile organics during waste collection, and from working in smoky and dusty conditions at open dumps; infections from direct contact with contaminated material, dog and rodent bites; headaches and nausea from anoxic conditions where disposal sites have high methane, carbon dioxide, and carbon monoxide concentrations etc.

In addition to its impacts on the solid waste public workers and residents, there are also commonly reported environmental health issues in solid waste management. For example, contaminated leachate and surface runoff from land disposal facilities can affect downgradient ground and surface water quality. Methane and carbon dioxide air emissions from land disposal facilities account for global warming, and then vector-borne disease abundance and pathogen survival. Volatile organic compounds in air emissions cause psychological stress for those living near inadequately controlled land disposal facilities. Animals feeding on solid waste may provide a food chain path for transmitting animal and human diseases. If communal toilets are not well managed, undesirable effects such as increased exposure to excreta of users through open defecation or poor maintenance of toilet facilities; of the wider community through poor containment and conveyance of fecal sludge; and of workers through poor management practices. To address the risks, the Client will prepare appropriate environmental and social risk management instruments such as ESMF and RPF. The Client will also prepare an Environmental and Social Commitment Plan as per the requirements of the environmental and Social Framework of the Bank.

The anticipated social risks of the project includes:(i) land acquisition for PW, (ii)social exclusion and elite capture for targeting, (iii) insufficient community engagement, (iv) gender-based violence,(v)under-age participation in PW. An additional item to consider are population movements, above all in relation to forced displacement and related grievances by displaced beneficiaries and/or host communities.

**Note:** To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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**APPROVAL**

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