



The World Bank

Urban Productive Safety Net Project (UPSNP) (P151712)

REPORT NO.: RES38417

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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
URBAN PRODUCTIVE SAFETY NET PROJECT (UPSNP)
APPROVED ON DECEMBER 16, 2015
TO
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

SOCIAL PROTECTION & JOBS

AFRICA EAST

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Ousmane Dione
Regional Director:	Amit Dar
Practice Manager/Manager:	Robert S. Chase
Task Team Leader(s):	Samantha de Silva



I. BASIC DATA

Product Information

Project ID P151712	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 16-Dec-2015	Current Closing Date 07-Jul-2021

Organizations

Borrower FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA	Responsible Agency Ministry of Urban Development and Housing
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Project Development Objective (PDO)

Original PDO

The PDO of the proposed project is to support the Government of Ethiopia to improve income of targeted poor households and establish urban safety net mechanisms

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-57560	16-Dec-2015	12-Jan-2016	29-Jun-2016	07-Jul-2021	300.00	243.49	57.06

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

The Urban Productive Safety Net (UPSNP) project is being restructured to extend the closing date from July 7, 2021 to October 10, 2022 to address some of the initial delays that occurred during the start up of the operation as outlined below. The delays were further compounded because of the COVID 19 pandemic. Currently the project is delivering well and has implemented all Covid-19 safety protocols for staff and beneficiaries. IDA disbursement is at 80 percent. At present, progress towards achievement of project development objectives is rated satisfactory and overall implementation progress is rated moderately satisfactory.

1. The Urban Productive Safety Net Project was approved in December 2015 and became effective on June 29th 2016. The project is financed by an IDA credit of worth US\$300 and counterpart contribution from the Government of Ethiopia of US\$150 million. The project laid the foundation for the first urban social safety net system starting with 11 cities, one in each administrative division. The project is expected to serve a total of 488,882 public works beneficiaries (e.g., able-bodied poor households), 93,120 direct support beneficiaries (e.g., disabled, elderly, etc.) and 22,000 special needs beneficiaries (e.g., street children, homeless). To date, transfers to public works and direct support beneficiaries have reached around 582,000. It is also important to note, the UPSNP has delivered considerable carbon co-benefits (CCB) that have not been assessed and accounted for in the program's result. This restructuring paper fills that gap partially in that it provides illustrations of CCB of UPSNP benefits (see Annex 1).

2. As the first urban safety net project in Ethiopia (and one of the first in sub Saharan), setting up systems for targeting and transferring payments to hundreds of thousands of beneficiaries took longer than planned. This is also the first Bank-supported social protection project that has a large component implemented by the Ministry of Social Affairs and Labor (MOLSA), an agency that required intensive capacity strengthening at all levels. Coordination among the multiple agencies involved in the implementation of the project --MOLSA, Ministry of Finance, Urban Agency, Project Coordination Unit, -- and setting up a comprehensive monitoring and evaluation system was challenging. The Management Information System (MIS) which is now almost complete had a delayed start primarily as a result of delays in procuring a highly specialized service provider in a country with one of the lowest rates of internet penetration, globally. The UPSNP is expected to establish the first MIS/social registry capturing data for around 604,000 beneficiaries. In addition, the GoE put in place a rigorous but time-consuming randomized impact evaluation to determine the efficacy and effectiveness of the program. The IE will provide valuable lessons not only to Ethiopia but to all urban safety net programs, globally. These early delays were further compounded by the GoE having to manage the recent COVID-19 epidemic that required the stoppage of program activities until socially distanced protocols for beneficiaries and project staff could be developed and implemented.

3. The mid-term review of the program carried out in June 2019 called for a restructuring of the project, i.e., extension of the closing date for three main reasons. First, to allow public works/livelihoods beneficiaries and direct support beneficiaries to complete the project's three-year lifecycle and graduate. Though most public works and direct support started on time within a year after effectiveness, some of the low capacity cities started later. This delayed beginning could only partly be recouped during implementation. As a result, project beneficiaries enrolled in late-starting cities will only graduate from their 3-year livelihood program in September 2022.

4. Second, to allow key project outcomes to be assessed and documented by the ongoing impact evaluation. A slow start to project start up and setting up the evaluation as mentioned above, and the rigid timelines required for a randomized evaluation pushed the timeline for completion of the evaluation activities. The last round of data collection for the long-term indicators of project outcomes, including a key livelihoods PDO indicator, will end in September 2022.



5. Third, to allow the Urban Destitute Subcomponent implemented by MoLSA to achieve its PDO indicators. The UDS subcomponent’s delivery model, of contracting NGO service providers, is unprecedented in Ethiopia. Government has rarely if ever contracted NGOs to deliver services. As such, activities related to setting up systems for procurement, contract management and monitoring experienced protracted teething problems. Though this issue is basically resolved, now there is a limit to how much time can be gained by accelerating implementation. On current trajectories, the last 4,000 urban destitute beneficiaries will have received the full support package by October 2022.
6. The Task Team together with the Development Partners of the UPSNP will continue to support the Government to put into practice the agreements reached during regular reviews of the program, including the overall management and implementation of the program. The Government has carried out a capacity assessment of the relevant ministries, simplified procurement processes for NGOs, and hired technical assistance to provide
7. The successor project to the UPSNP, the Urban Productive Safety Net and Jobs Project (UPSNJP, P169943) is currently being prepared for effectiveness. The successor project will cover the currently enrolled cities and up to 72 more from across the country and will include components on youth employment and refugee and host integration through the safety net. Two projects will overlap for a period but will have separate financial and accounting systems as well as separate monitoring processes.
8. The PDO of the project continues to be relevant and there is significant commitment from the federal and regional governments to ensure the project is delivered within the new timeline. The Project Development Objective (PDO) rating is Satisfactory, whereas Implementation Progress (IP) is rated as Moderately Satisfactory in the latest recorded ISR of August 2020. The overall risk rating for the project is Substantial and the safeguard rating is Moderately Satisfactory.
9. This restructuring paper seeks to process a fifteen-month no-cost extension of the project’s closing date to enable completion of key project activities as well as meeting project development objectives (PDO).
10. There are no outstanding audits for the operation.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-57560	Effective	07-Jul-2021		10-Oct-2022	10-Feb-2023



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