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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 12-May-2017 | Report No: PIDISDSC21480



BASIC INFORMATION

A. Basic Project Data

Country Ethiopia	Project ID P163438	Parent Project ID (if any)	Project Name Ethiopia Rural Safety Net Project (P163438)
Region AFRICA	Estimated Appraisal Date Jun 20, 2017	Estimated Board Date Sep 14, 2017	Practice Area (Lead) Social Protection & Labor
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance and Economic Cooperation (MoFEC)	Implementing Agency Ministry of Agriculture and Natural Resources (MoANR)	

Proposed Development Objective(s)

To support the Government of Ethiopia in improving the effectiveness and sustainability of its rural safety net system.

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	600.00
Total Project Cost	600.00

Environmental Assessment Category B-Partial Assessment	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

1. **Ethiopia has achieved high levels of economic growth as well as significant advances in human development.** Since 2005, Gross Domestic Product (GDP) growth has averaged 10.6 percent per year, reflecting agricultural modernization, the development of new export sectors, strong global commodity demand, and Government-led development investments. Extreme poverty fell from 55 percent in 2000 to 33 percent in 2011 based on the measure of \$1.90 per day. During this period, Ethiopia continued to be one of the most equal countries in the world, with the Gini coefficient remaining at 30 percent between 2005 and 2011. Ethiopia's impressive reduction in poverty has been attributed to three primary factors: agricultural growth, expansion of basic services, and the Productive Safety Net Program (PSNP), which provides targeted safety net transfers to the poorest households in rural areas.

2. **Despite this strong economic progress, millions of Ethiopians remain poor and vulnerable to shocks.** Ethiopia's GDP per capita of US\$ 619 (2015) is substantially lower than the sub-Saharan African average of US\$ 1,571 and remains among the lowest worldwide. Much of the population continues to depend on rain-fed agriculture, which is increasingly precarious due to irregular rainfall brought about by climate change. The vulnerability of the population to drought has high economic costs: droughts reduce Ethiopia's GDP by 1 to 4 percent in major event years. Against this backdrop, the Government is seeking to transform Ethiopia into a middle-income country by 2025 through its ambitious second Growth and Transformation Plan.

Sectoral and Institutional Context

3. **Ethiopia has made important advances in social protection.** Ethiopia is hailed as a leader in reforming a system of humanitarian emergency response into one of predictable transfers that aims to both protect the assets of households and promote productivity. In recent years, the Government has put in place a strong policy foundation for the social protection sector, with the approval of the National Social Protection Policy (2014) and National Social Protection Strategy (2016).

4. **Social protection programs in Ethiopia are largely well established and national in scope, although gaps remain.** The 2016 Ethiopia Public Expenditure Review (PER) identified sixteen federally-managed social protection programs that together deliver on the five focus areas of the NSPP. These programs share a number of features: most of these are mature programs, operating for over ten year; many are quite large, with national coverage; and, with the exception of the contributory schemes and subsidies, receive significant levels of financial support from development partners. The three largest programs providing safety net support in Ethiopia are the Productive Safety Net Program (PSNP), humanitarian food assistance and the recently launched Urban Productive Safety Net Program (UPSNP) offer a natural focus for the Government's national safety net system, which is intended to scale-up in response to drought in rural areas.

5. **Responsibility for delivering safety net support is fragmented across multiple ministries.** The National Social Protection Strategy identifies 25 Governmental ministries, agencies, commissions, and offices as social protection stakeholders. The Strategy provides the framework for consolidating the sector; in practice, however, this requires consolidation of core programs and administrative systems across multiple ministries. Efforts are underway to develop some of the systems and tools necessary for this consolidation—for example, the development of a single household registry—but much work remains to be done to address inefficiencies and challenges with coordination.

6. **Despite the Government's strong commitment to social protection, this sector remains largely donor-funded.** Approximately 58 percent of funding for the social protection system comes from development partners, while 35 percent comes from the Government. Safety net programs such as the PSNP have been nearly exclusively donor-funded, while the Government contributions go primarily towards subsidies, which have lower poverty reduction impacts. The



Government has recently taken important steps towards increasing domestic financing to these programs, particularly the PSNP and UPSNP. These contributions are set within the goal of Government financing for the PSNP reaching an equivalent of one percent of GDP by 2020, which would fund most, if not all, of the annual program costs.

Relationship to CPF

7. **The proposed project is firmly aligned with the World Bank Group’s Country Partnership Framework for FY16-19**, which is designed to support progress towards the Government’s GTP II. Within the CPF, the proposed project contributes most directly to Focus Area Two – *Building Resilience and Inclusiveness*. By aiming to strengthen the effectiveness and sustainability of the Government safety net system in rural areas, the proposed program contributes most directly to the first objective, *Improved Safety Nets*. In addition, through the public works component, the proposed program also contributes to other objectives of Focus Area Two – *Increased equitable access to quality health and education services; Improved access to water, sanitation and energy in rural areas; and Improved management of natural resources and climate risks*. In addition, in aligning with the CPF, the proposed project contributes to the twin goals of the World Bank’s new global strategy – *Reducing Absolute Poverty* and *Promoting Shared Growth*.

8. **The World Bank is uniquely positioned to support the Government of Ethiopia in strengthening its rural safety net.** Based on its long-standing support to the social protection sector in Ethiopia, the World Bank has established itself as a knowledge organization that is well positioned to bring international best practice to bear. The World Bank supported analytical work that shaped the Government’s National Social Protection and Disaster Risk Management Policies and strengthened the delivery of safety nets, through improving the effectiveness of PSNP, and more recently, informed the design of the UPSNP. The World Bank’s leadership role and commitment to supporting Government-led, multi-donor processes in the social protection sector in Ethiopia are well recognized. In addition, World Bank financing to this sector has been pivotal in the reform of the humanitarian food assistance into a predictable safety net program.

9. **The proposed project will leverage reforms that will improve the effectiveness and impact of safety net spending in rural areas.** Building on a decade of experience of the PSNP under investment lending, the proposed project will significantly enhance the impacts of the Government’s rural safety net, by driving forward the achievement of results within key areas of the PSNP and incentivizing the articulation of the PSNP and humanitarian food assistance as part of a coherent system. It is anticipated that by leveraging this reform agenda, the project will further the poverty-impacts of targeted safety net support in Ethiopia.

C. Proposed Development Objective(s)

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To support the Government of Ethiopia in improving the effectiveness and sustainability of its rural safety net system.

Key Results (From PCN)

10. **The key results for the proposed operation are the priority actions needed now to help ensure the effectiveness and sustainability of the safety net system.** Accordingly, based on the preliminary assessments, the key results are as follows:

- i. **Safety net transfers are delivered on time.** This result aims to assess the extent to which clients receive their transfers according to a set schedule, as timeliness and predictability of safety net support has been shown to be a key factor in reducing food insecurity among rural households.



- ii. **The poorest households are targeted for support.** Targeting the poorest households, which requires clear and transparent eligibility criteria, strong targeting mechanisms and a robust grievance redress mechanism, is central to the safety net's effectiveness and to perceptions of fairness in communities.
- iii. **Safety net transfers are delivered through robust payment modalities.** Ensuring the delivery of transfers to eligible households is core to the design of a safety net program. This result aims to strengthen the fiduciary controls around cash and food transfers, including payments to clients.
- iv. **Management of the PSNP and food aid is consolidated for more effective delivery.** This result aims to measure the progress of the Government towards its vision of a scalable rural safety net through the adoption of improved management arrangements for PSNP and food assistance.
- v. **Safety net systems are built.** The Government aims to expand its safety net to all rural areas, which entails the use of common administrative processes and instruments that will bring together separate initiatives and provide a platform for expansion. This result aims to measure progress towards the adoption of such administrative procedures.
- vi. **The Government's share of financing to the PSNP increases.** The sustainability of a safety net depends upon the predictability of the financing to the program. This result aims to measure the movement towards a domestically financed safety net in rural areas.

D. Concept Description

11. **The proposed project will support the Government's aim of putting in place a rural safety net that scales-up in response to shocks.** This will entail supporting the Government's PSNP and its alignment with the humanitarian food assistance system, which will enable it to scale-up on response to drought. The Government's PSNP provides cash and/or food transfers equivalent to 15 kg of cereals and 4 kg of pulses per family member per month to eight million people in rural Ethiopia. Households with able-bodied adults receive monthly transfers for six months per year. These adults participate in public works that rehabilitate the natural resource base, build health posts and schoolrooms, construct and rehabilitate roads, and build other public infrastructure as prioritized by the community. Women are exempt from public works during pregnancy and the first year postpartum, during which they are linked with the Health Extension Program to receive antenatal counseling, growth monitoring, and other services. Households without able-bodied adults receive 12 months of unconditional transfers (Permanent Direct Support) and are linked with complementary social services where possible. PSNP clients are provided with livelihood support that aims to move them sustainably out of poverty. The program is designed to scale-up in response to drought, by providing support to additional households or extending the duration of support to existing PSNP clients. The PSNP also provides livelihoods support in the form of skills training, business planning, savings promotion, credit facilitation, and, where appropriate, employment linkages. For the poorest PSNP households who have completed the required trainings, the program also offers a livelihood transfer for the purchase of productive assets. Finally, the PSNP includes a systems-building component, designed to ensure that the necessary instruments and tools are in place to enable an effective social protection and disaster risk management system.

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SAFEGUARDS

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



The public works has the potential for positive environmental and social effects. However, none of the actions or activities are potential Category A-type, and neither are they likely to have significant adverse impacts that are sensitive, diverse or unprecedented on the environment and/or affected people.

B. Borrower’s Institutional Capacity for Safeguard Policies

The proposed Ethiopia Rural Safety Net Project will support the Government of Ethiopia's Productive Safety Net program and its integration with the humanitarian food assistance. The actions and activities of the proposed project will thus form part and parcel of the Government's Productive Safety Net Program, which is currently being planned and implemented annually according to a community-based model at regional, woreda and kebele levels in all the regions concerned. These actions and activities, which encompass well established procedures for full incorporation of citizen engagement and gender, are facilitated by trained regular and contract Government staff using a well-established Government environmental and social safeguards system. These safeguards procedures are designed to (a) promote environmental and social sustainability in the program design; (b) avoid, minimize, or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program’s environmental and social effects.

The Government's environmental and social safeguards systems for the PSNP adhere to the safeguard policies of the World Bank. Given that the proposed Project will support the existing activities of the Government's PSNP - and that these will not change in terms of the nature of the activities or the geographic scope of the Program - the Government will update the safeguard documents and disclose these as part of project preparation. No further assessments or consultations will be undertaken, with the exception of an update of the social assessment.

C. Environmental and Social Safeguards Specialists on the Team

Ian Leslie Campbell, Chukwudi H. Okafor

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The proposed project will support the Government of Ethiopia's Productive Safety Net Program (PSNP), including stronger alignment with the humanitarian food assistance system. The PSNP provides safety net support to households in exchange for work on public works (PW) projects. Many of the PW subprojects, though intended to impact the environment positively, will have some potential for negative environmental impacts if not designed and implemented following good practice. Thus given that there will be a large number of such projects, OP 4.01 is triggered. The Government has put in place an Environmental and Social Management Framework (ESMF) Screening process for the PSNP that refers for Special Attention



any subprojects with one or more of the following features: (i) Involves disposal of medical waste, (ii) Likely to use pesticides or other agrochemicals, (iii) Incorporates a dam, (iv) involves land acquisition, or loss of assets or access to assets. For sub-projects with medical waste, a GOE Medical Waste Management Guide for Rural Health Clinics will be applied, and will be disclosed as part of the ESMF. For sub-projects likely to use pesticides, see OP 4.09 below. Dams in excess of 10 metres in height will be ineligible. Small dams will be required to be designed by a qualified engineer, and constructed by a qualified contractor under the supervision of a qualified engineer, in accordance with FAO guidelines for small dams which will be disclosed as part of the ESMF. For sub-projects involving land acquisition, see OP 4.12 below. After this initial screening, the ESMF procedure further screens the principal features of each subproject to ascertain whether it is of Environmental Concern. This is then followed by environmental and social screening to identify any site-specific potential impacts that might warrant an EIA.

For the Livelihood activities provided through the PSNP, the ESMF procedures for Livelihoods investments is to identify any household level activities which might give rise to negative cumulative environmental or social impacts if carried out at scale in each woreda. This identification will be made by drawing up a Woreda Environmental Profile highlighting the strengths and weaknesses of the ecosystem and social issues in that woreda, and matching the strengths and weaknesses to the types of activity that households are likely to wish to undertake. The result of this analysis, in which the PW woreda staff participate, is a list of livelihood activities which should not be allowed in order to meet compliance with OP 4.01. The state of the bio-physical and social environment of the woreda and the appropriateness of the negative list will be reviewed on an annual basis under the ESMF Monitoring System.

Natural Habitats OP/BP 4.04	No	All sub-projects that might trigger OP 4.04 are eliminated at Screening stage.
Forests OP/BP 4.36	No	All sub-projects that might trigger OP 4.36 are eliminated at Screening stage.



Pest Management OP 4.09	Yes	This policy is triggered under the assumption that small-scale irrigation projects might require pest management, and might involve the use of agrochemicals. For this purpose, the GOE Integrated Pest Management Plan Guide for the PSNP will be disclosed as part of the ESMF.
Physical Cultural Resources OP/BP 4.11	Yes	OP 4.11 is triggered, because although deemed unlikely in view of the small scale of the subprojects, the possibility of ‘chance-finds’ cannot be ruled out. The policy will be addressed in the ESMF screening process at four stages: (i) Any subproject located within a known cultural heritage site is earmarked as a sub-project of Environmental Concern, to be referred to the Regional Environmental Protection Authority, who will decide if an EIA is required, (ii) Assessment for potential disturbance to cultural or religious sites is carried out as part of the site specific sub-project Screening, which also contributes to a decision whether to earmark a sub-project for possible EIA, (iii) Inclusion of assessment of potential cultural heritage impacts in the EIA of sub-projects, where EIA is found to be necessary, and (iv) Monitoring of sub-project implementation by DAs and wereda staff, in liaison with the Regional Bureau of Tourism and Culture.
Indigenous Peoples OP/BP 4.10	Yes	Social Assessments of the Government's Productive Safety Net Program have determined that some of the people in the project area meet the criteria of OP 4.10 and, therefore, this policy is triggered. An Enhanced Social Assessment and Consultation reflecting the requirements of OP 4.10 will be under taken as part of the preparation of this project and the findings will be detailed in the PAD.
Involuntary Resettlement OP/BP 4.12	Yes	PW subprojects involving the physical movement and resettlement of households are not eligible under the Government's PSNP, and will be eliminated during the screening process. However, cases may occur that involve change of land use, or restriction of access to communal assets at both community and household level. Where such loss of assets or access to assets is involuntary, the procedures under OP 4.12 will be implemented. For this purpose a Resettlement Policy Framework (RPF) will be developed by Government. However, subprojects involving involuntary loss of assets or access to assets are currently ineligible for PSNP, and are thus screened out. They will continue to be ineligible and screened out until the completion of



		the ongoing upgrading of the Public Works monitoring system to track OP 4.12 compliance.
Safety of Dams OP/BP 4.37	Yes	Any subproject that might incorporate a dam more than 10 metres in height will be ineligible, and will be specifically eliminated in the first stage of the sub-project Screening process. Smaller dams will be constructed subject to implementation of the FAO dam safety measures in Ethiopia, which will form part of the ESMF.
Projects on International Waterways OP/BP 7.50	Yes	This policy is triggered because of the small-scale irrigation projects expected in watersheds of three international waterways. For the PSNP 4 Project, Government and the Bank notified the concerned countries in accordance with this policy. Since the new project will not result in a net increase in the PW program already planned under PSNP4, no additional notification is required.
Projects in Disputed Areas OP/BP 7.60	No	All sub-projects that might trigger OP 7.60 are eliminated at Screening stage.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Jun 19, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Field work for enhanced social assessment and any environmental work will be carried out in March and April 2017

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APPROVAL

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