



# Adapting Safety Nets to Urban Areas

## Ethiopia's Productive Safety Net Program

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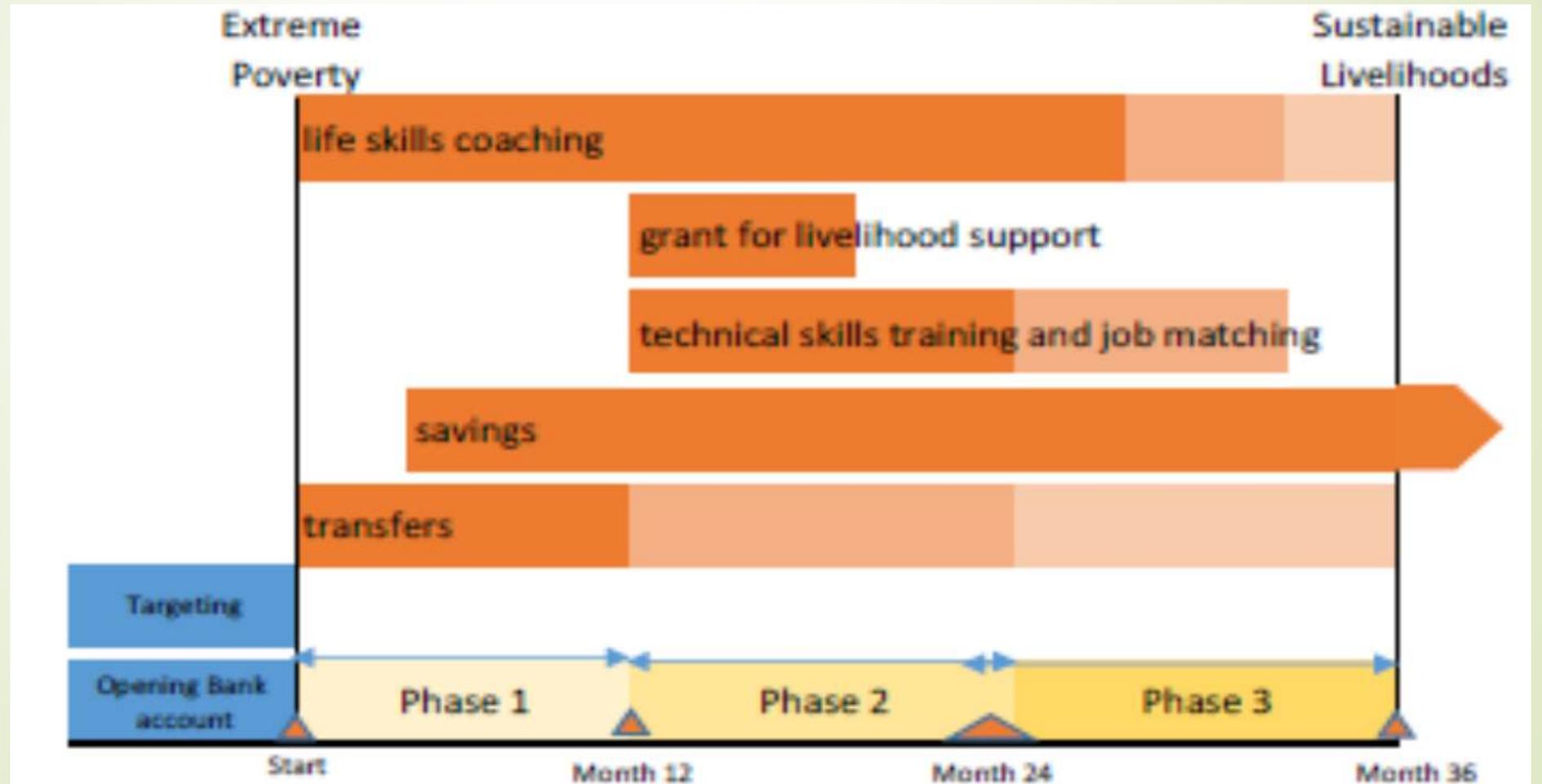
# Ethiopia: What makes urban areas different from rural areas?

- Economic growth: country's growth largely driven by cities
- Population growth: 5.4% increase per year in urban vs 2% increase in rural areas
- Rural urban migration: the urban population is expected to triple by 2034
- Education: better educated population, many with secondary or higher education
- Jobs growth: Largely urban, while also high unemployment,
- Jobs opportunities largely in services and manufacturing
- Services are more and better in cities
- Urban homelessness (street children, etc.)

# UPSNP Program Design

- Emerged in 2016 as a response to urban unemployment/unrest in cities with substantial government contribution from the beginning
- Project Development Objective for 5 year project (2017-21): *Improve the Income of targeted households and establish Urban Safety Net Mechanisms*
- Targets 11 major cities (75% in Addis Ababa)
- Up to 604,000 beneficiaries are included through a gradual roll-out (3 phases)
- Implementing Agency: Urban Job Creation and Food Security Agency, under the Ministry for Urban Development and Construction, in collaboration with the Ministry of Labor and Social Affairs
- Total UPSNP funding is US\$ 450 million: US\$ 300 million IDA and US\$ 150 million GoE

# Inspired by a Graduation Approach





# UPSNP-Program Design

## 1. Ministry of Urban Development and Construction:

- ▶ **A. Cash-for-Work Program (public works) with cash payments each month for 3 years**, with gradual reduction of work days over time
- ▶ **B. Livelihood Support Services and Grants (\$500 per household) to promote self and wage-employment.** Each household has to attend life-skills training and prepare a business plan (with support from urban job centers) prior to grant payment.

## 2. Ministry of Labor and Social Affairs

- ▶ **C. Direct Income Support for labor constrained households:** elderly, disabled etc. = 16% of overall beneficiaries),
- ▶ **D. Services for urban Homeless:** contracted to NGOs, including street children, homeless mothers with children, adults and elderly

Time-bound  
Income  
support for  
the poor

Public works  
to improve  
urban  
environment

Livelihood  
development  
for self- and  
wage  
employment



How is the UPSNP doing?

# 1. Public works are progressing well, focus on improving the Urban Environment

- Solid Waste collection
- Urban greenery, parks
- Watershed management and Flood Protection
- Urban Agriculture
- Social Infrastructure and Services





## 2. Payments on time, encouraging savings and preparation for investments

- Payments are made on time through the Commercial Bank of Ethiopia
- 152,703 bank accounts opened for previously financially excluded beneficiaries;
- US\$ 8.7 million in voluntary savings by beneficiaries;





# Livelihood grants just now starting

- Delays due to administrative issues
  - Quality of livelihood support services is mixed, with One Stop Shops not used to the safety net clients
  - Business planning rudimentary, and often more of the same (petty trade)
  - Room for improvement
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# Midline Impact Evaluation Results

- Increased income and savings
- Improved mental health: less depression, less anxiety, and higher score of self-reported well-being
- Improved neighborhood quality: Cleanliness, security
- But:
  - No impacts for Direct Income Support beneficiaries (benefit level too low)
  - No effects on consumption (income is largely saved)



# Challenges and Priorities

- Average age is 48 years: what to do with youth?
- Ensuring public works continue to be good quality and adequate
- Livelihood grants-institutional challenges-capacity of One Stop Shops
- Contracting of NGOs to provide services for homeless (street children, homeless women with children, adults, elderly 60+)
- Set up management information systems, and use them!



# Outlook for UPSNP's next Phase

- **Scale up** to more cities (11 to 45+?), include smaller cities
- Focus public works on **environmental** improvements linked to larger city development plans
- Increase benefits for **Direct Income Support households** (elderly, disabled etc.)
- Strengthen **linkages** to other services (education, health, housing, etc.) for all UPSNP beneficiaries
- Promote **public private partnerships** (role of Ministries versus Service Providers)
- Pilot Integration of **Refugees** through the UPSNP
- Address **Youth Employment** directly, not through public works (life skills, apprenticeships, jobs search services etc.) in collaboration with private sector



➡ Thank you!!