

About Briefs

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Abstract

This brief examines the lessons that can be learnt from Ethiopia's Productive Safety Nets Programme (PSNP). The PSNP was implemented by the Government of Ethiopia in January 2005, with technical and financial support from a joint donor group that includes the Department for International Development (DFID) and the World Bank. The first phase of PSNP implementation ran until December 2006, during which period the necessary institutional structures, implementation capacity, financing modalities and financial management systems were put in place. Also during 2006, a comprehensive appraisal was undertaken on several aspects related to the implementation and impacts of the PSNP. This appraisal included reports on PSNP targeting, institutional and programme linkages, and livelihood impacts. The purpose of these three linked reports was to provide an assessment of the first phase of PSNP implementation from which recommendations towards the second phase, launched in 2007, could be made. By examining Ethiopia's PSNP through these three reports, lessons can be drawn on running a scaled-up national safety net programme in other parts of Africa.

Lessons from Ethiopia on a scaled-up national safety net programme

This Brief is a synthesis of three linked reports on Ethiopia's Productive Safety Nets Programme (PSNP), each of which examines various aspects of the programme, from targeting procedures and economic impacts, to policy and institutional linkages.

The main aim of the first report, *Ethiopia's Productive Safety Net Programme: Trends in PSNP Transfers within Targeted Households*¹, was to analyse the economic behaviour of beneficiaries – particularly through their use of cash and food transfers delivered through either Public Works or Direct Support – and how that behaviour was modified by the Productive Safety Nets Programme.

The purpose of the second report, *Targeting Ethiopia's Productive Safety Net Programme*², was to make practical recommendations on strengthening overall targeting procedures based on an assessment of whether the programme was effectively targeting eligible beneficiaries, the extent to which errors or problems were occurring, the effectiveness of the appeal system and the key lessons learned so far. The focus of the report was on how, and how well, the targeting system is working.

The third report, *PSNP Policy, Programme and Institutional Linkages*³, served to assess the degree to which beneficiaries access government/donor programmes and services in conjunction with the PSNP. The aim of the report was to assess whether the necessary linkages exist across programmes to promote "graduation" of the chronically food insecure and to formulate recommendations on ways in which these linkages might be strengthened.

1 Devereux, S; Sabates-Wheeler, R; Tefera, M; and Taye, H (August 2006). *Ethiopia's Productive Safety Net Programme: Trends in PSNP Transfers within Targeted Households* – Final Report. IDS and Indak International, Sussex and Addis Ababa

2 Sharp, K; Brown, T; and Teshome, A (August 2006). *Targeting Ethiopia's Productive Safety Net Programme*. Overseas Development Institute, The IDL Group and A-Z Capacity Building Consult. London, Bristol and Addis Ababa

3 Slater, R; Ashley, S; Tefera, M; Buta, M; and Esubalew, D (September 2006). *PSNP Policy, Programme and Institutional Linkages* – Final Report. Overseas Development Institute, The IDL Group and Indak International. London, Bristol and Addis Ababa

Background on the Productive Safety Nets Programme (PSNP)

Food insecurity in Ethiopia is normally understood in terms of recurrent food crises and famines, and responses to food insecurity have conventionally been dominated by emergency food-based interventions. Between 1994 and 2003, an average of five million Ethiopians were declared "at risk" and in need of emergency assistance every year, and since 1998 the numbers of food aid beneficiaries in Ethiopia have fluctuated between five and 14 million. However, a high proportion of households that receive emergency food aid or work on Public Works projects are not "famine prone" but are "chronically food insecure" – they face predictable annual food deficits caused by agricultural production constraints and poverty. These "predictably food insecure" people are also exposed to recurrent shocks, usually triggered by drought, that raise their vulnerability further by forcing them to dispose of their assets to survive. This results in a gradual deterioration of their food security status over time, which decades of large-scale food aid deliveries have done little to prevent. Instead, dependency on food aid has steadily increased over time, as has the number of "chronically food insecure" Ethiopians.

Recognising this dilemma, in 2004 the Government of Ethiopia initiated a Productive Safety Net Programme with the objectives of reducing household vulnerability, improving household and community resilience to shocks and breaking the cycle of dependence on food aid. The overarching principle of the Productive Safety Net Programme is to facilitate *"a gradual shift away from a system dominated by emergency humanitarian aid to productive safety net system resources via multi-year framework"*⁴.

The Productive Safety Nets Programme is one of the Government of Ethiopia's (GoE) flagship programmes and represents a significant transformation of the Government's strategy for meeting the Poverty and Hunger Millennium Development Goal (MDG) in Ethiopia. The PSNP represents a serious and innovative

attempt on the part of the Government to move away from responding to chronic hunger through emergency appeals towards a more predictable response with predictable resources for a predictable problem.

The purpose of the programme is to improve the efficiency and productivity of transfers to food insecure households, thereby reducing household vulnerability, improving resilience and promoting sustainable community development. This relates directly to the GoE's goal of reducing vulnerability and attaining food security for approximately eight million food insecure people by 2009 through replacing emergency responses to chronic food insecurity with a multi-annual, predictable resource framework to protect households from shedding assets and eroding their chance of escaping poverty in the longer-term. As designed, the programme will address not only immediate food insecurity, but also contribute to addressing the underlying causes of food insecurity. Through the provision of cash transfers rather than food, it is intended that the programme will provide smallholders with greater flexibility over consumption decisions and stimulate the development of rural markets.

Because there is significant donor commitment to the programme with donors seeing the PSNP as an innovative and priority action in Ethiopia, the PSNP has been developed by intensive collaboration between the Government of Ethiopia and the joint donor group involved in the vulnerability policy dialogue and the Coalition for Food Security. The joint donor group is made up of the European Commission (EC), World Bank (WB), Development Cooperation Ireland (DCI), United States Agency for International Development (USAID), Canada International Development Agency (CIDA) and the UK Department for International Development (DFID). Donors have sought to use the GoE's own documents as the principle guidelines for programme implementation and minimise the replication of appraisal documentation.

The change in programming for food insecurity comes with a number of risks. The greatest concerns are

4 Government of Ethiopia (April 2004), The Ethiopian Productive Safety Net Program: Zero Draft, Addis Ababa, page 4.

humanitarian; specifically the consequences if the most vulnerable fail to receive appropriate transfers in a timely and effective manner. This risk is linked to the institutional transition between the Annual Emergency Appeal and Productive Safety Nets. A number of risk mitigation strategies have therefore been developed, including an agreement with GoE and World Bank and DFID to separate funding into two phases. January 2005 to December 2006 was tagged as a transitional period allowing for institutional structures, implementation capacity, financing modalities and financial management systems to be put in place and adapted as necessary. The second phase of funding was contingent on the findings of the three reports on which this Brief draws and on appropriate recommendations for adjustments to the PSNP design and implementation being formulated and agreed upon with Government.

Lessons on trends in PSNP transfers within targeted households

An analysis of the report on Trends in PSNP Transfers within Targeted Households allows parallels to be drawn with, and lessons to be learnt by, other countries in Africa. The report includes an examination of the economic behaviour of beneficiaries, and how that behaviour is modified by the PSNP, particularly through the use of cash and food transfers delivered either through Public Works (PW) or Direct Support (DS).

The key findings of the report conclude:

- There are interesting differences in the composition of PSNP beneficiary and non-beneficiary households, which suggest that certain demographic criteria might have been used in targeting households for the PSNP, for example, beneficiary households are significantly more likely to be female-headed than non-beneficiaries, and to have older household heads.
- The PSNP was well targeted, using labour constraints as targeting criteria. Beneficiary households generally had lower labour capacity than non-beneficiaries, as indicated by household size, dependency ratios, labour capacity index, members with disabilities, and the ratio of able-bodied members to household size. The PNSP also accurately targeted households who are engaging in activities that generate low returns and are pursued mainly by poor people.
- Households receiving Direct Support from the PSNP had considerably lower average income and asset values, and owned and cultivated less land, than households participating in PSNP Public Works. In turn, Public Works participants are poorer in both incomes and assets than non-beneficiary households, and cultivate less land.
- "Cash only" PSNP recipients report higher current asset values than "food only" and mixed "food plus cash" beneficiaries, for both male- and female-headed households. This corresponds to the finding that "cash only" beneficiaries are wealthier, on average, than other beneficiaries. It may also reflect the fact that the PSNP transfer has enabled some accumulation of assets.
- The largest group experiencing a decline in asset value was the non-beneficiary household group. Based on these statistics, it appears that the PNSP has stabilised household asset holdings, allowing beneficiaries to retain assets and, in many cases, increase their assets.
- Although the PSNP appears to have generally targeted households well and minimised "inclusion errors" according to several indicators of food insecurity, there was a high level of "exclusion error" among non-beneficiaries who were experiencing food shortages but were excluded from the PSNP. This indicates that the coverage of the PSNP is limited in relation to the level of need.
- The overwhelming majority of beneficiaries who received food from the PSNP consumed all of this food at home. A significant minority of beneficiaries sold some of their PSNP food and consumed the rest. Interestingly, households that received only food were twice as likely to do this as those who received cash plus food, probably because households that received only food had to sell some to meet their household's urgent non-food needs.

- Cash transfers are used in a much more diverse way than are food rations. Almost all beneficiaries used some of their PSNP cash to buy staple food or other food. But cash transfers were also used by over half of beneficiaries to buy groceries, and by just under half to buy clothes. Significant numbers of beneficiaries spent some cash on health and education or invested in farming, and similar numbers used PSNP cash to pay debts or taxes. Fewer households purchased livestock and invested in their business, but in terms of amount of cash spent these were the highest categories of spending after staple food.

Lessons on targeting a scaled-up national safety net programme

From the findings of the report *Targeting Ethiopia's Productive Safety Net Programme*, the practical recommendations made on strengthening overall targeting procedures can be applied to other national safety net programmes. This report focused on nine areas related to targeting:

1. Targeting of Public Works and Direct Support

Labour-poor households are often among the poorest and include vulnerable groups such as female-headed households and people affected by HIV/AIDS. In Ethiopia, these households are being disadvantaged by the current targeting system which provides free transfers (Direct Support) for households with no labour at all but does not take into account labour scarcity among those who qualify for Public Works. A minority of vulnerable households do not have enough labour to work the five days per household member needed to earn the full monthly transfer entitlement for their family. There are also pressures to minimise the number of Direct Support (DS) beneficiaries and pre-set quotas are being applied in many areas which do not match the community needs assessments. As a way of addressing these issues, the report recommended dropping preset quotas for DS and assessing the number of working and non-

working beneficiaries in any community through a needs assessment. It also suggests setting a ceiling on the number of days per month an individual is required to work on PW. Labour-poor households who are eligible for PW should receive transfers for the full family, even if they cannot cover their full work allocation, and community task forces should have authority to grant temporary maternity and paid sick leave for PW beneficiaries.

2. Temporal targeting of Public Works and payments

Because the seasonal timing of Public Works coincides with peak agricultural periods in some places, while in others, the extended daily hours of physical labour are conflicting with other essential work, including productive activities and women's domestic responsibilities, it is important that the timing of transfer payments is predictable, reliable and synchronised with periods of need. Public Works should therefore be planned in a way that minimises disruption to other activities conducive to the self-sufficiency and welfare of beneficiaries. This includes not only farming, but also off-farm livelihood activities, domestic and childcare work and schooling. Three levels of temporal targeting should be taken into consideration when planning Public Works, namely; seasonality (months of the year), days per month and hours per day. The PW workday should be reduced in areas where people are working eight hours or more and the timing of transfer payments for DS beneficiaries should be de-linked from the Public Works, because late implementation or payment of PW participants is also delaying payment of DS beneficiaries.

3. Child labour and schooling

Child participation on PW and interruptions to school attendance among older students should both be avoided. Easing the burden on labour-poor households will reduce the pressure to send children to the work-sites, while community task forces and monitoring teams can ensure the timing of PW does not conflict with participants' school attendance, regardless of their age.

4. Re targeting and the registration period

The transaction costs of community targeting are high, requiring a great deal of time and effort from local decision-makers and community task forces. In Ethiopia, factors such as frequent re-targeting, uncertainty over selection criteria and deregistering of beneficiaries as soon as they acquire some assets have made the PSNP unpredictable and unreliable for households. To avoid this happening in other national safety net programmes, countries need a stable, guaranteed registration period. Once registered, beneficiaries should be guaranteed regular transfers for a minimum period of one year (unless they are found to have been corruptly registered or to be abusing the system) and they should not be deregistered because of assets acquired on credit until the debt is cleared. Databases can be utilised to keep track of how long each household has been registered.

5. Appeals and grievance processes

Errors and abuses are inevitable in any targeting system. The key question is: how effectively are they being detected and corrected? There needs to be a system for appeals and complaints with an independent channel for complaints and appeals and it is vital this is effective because, for example, although the PSNP does have a grievance procedure, it is not clear how independent, accessible and effective it is in practice. Beneficiaries need to be well-informed about the right or process of appeal and records of appeals need to be kept. Community targeting processes should be transparent, participatory and well managed and a reporting and follow-up system for appeals needs to be put in place.

6. Monitoring

The Rapid Response Mechanism (RRM) was developed to provide an effective mechanism through which the PSNP's implementation and accountability at all levels could be monitored and improved. As a targeting tool, it was designed to be used to assess and track the number of people currently targeted; exclusion and inclusion errors identified and measures taken to rectify them; and adherence to the targeting guideline of the programme. Learning from this

monitoring mechanism, this report recommends that all national safety net programmes should have a formal baseline and monitoring system to monitor targeting with mechanisms that provide horizontal and vertical linkages between and across administrative layers and enable systematic information-gathering, analysis and follow-up of targeting and appeals in order to strengthen transparency and accountability.

7. Geographical targeting

To provide direction on what the process and criteria for geographical targeting should be, technical guidelines are needed. This will assist decision-makers in allocating beneficiary numbers. Various types and combinations of information can be used to decide the quotas, including previous years' food aid receipts, current harvest assessments, relative population estimates and direct needs assessments.

8. Gender

The design of a safety net programme needs to take into account gendered aspects relating to the different positions of men and women, both as potential beneficiaries and as decision-makers in a community-based targeting system. In addition to the concerns about labour-poor households (many of whom are female-headed), key issues include the heavy workload on women PW workers and the potential weakness of women's voices in an appeals system. Women need to be represented on local targeting bodies. Working hours on PW should be reduced to enable women to combine participation in the programme with their domestic and other work and capacity-building budgets should include training and support for women. Gender awareness and issues should form part of ongoing training for all safety net programme implementers.

9. National and Regional Targeting Guidelines

As with geographical targeting, guidelines need to be provided for national and regional targeting. Seasonalities, the composition and social meanings of the household as a targeting unit, community structures and indicators of food insecurity all vary

geographically and should be reflected in detailed local targeting guidelines. Practical manuals on targeting need to be developed and adapted to each country's unique local conditions, capacities and social and cultural contexts.

Lessons on policy, programme and institutional linkages

The report on ***PSNP Policy, Programme and Institutional Linkages***, served to assess the degree to which beneficiaries access government/donor programmes and services in conjunction with the PSNP. The aim of this report was to assess whether there are the necessary linkages across programmes required for graduation of the chronically food insecure and to formulate a set of recommendations on ways in which these linkages might be strengthened. In order to do this, the report needed to consider the linkages between PSNP and other programmes that enable maximum benefit for PSNP beneficiaries. The conceptual framework for the study examined both the supply side (the programmes that are in place, how they are formulated and delivered) and the demand side (what people actually need). To understand how appropriate and how effective existing programming is in addressing poverty and food insecurity, these need to be linked. By looking at the broader outcomes of this report, a better understanding can be achieved in other national safety net programmes.

The main premise of the report is that people in rural areas are not all the same; they have differences in access to assets which influence their livelihood status and livelihood strategies. Any safety net programme will need to understand this because different categories of people have different priorities and they may respond differently to safety net programmes and other enablers. In this report, the main lessons of experiences with PSNP and other food security programmes (OFSP) were based on the study of the following four household types:

- Poor and elderly or sick households;
- Poor labour constrained households;
- Food gap and other sources of vulnerability households;
- Food secure but vulnerable households.

The report identified a number of important enablers of livelihood improvement and economic growth. These are factors beyond the direct control of PSNP and other programmes that aid graduation processes and, while the report demonstrated that a combination of PSNP and OFSP can push households up towards graduation, there also needs to be an enabling environment to pull them up. Where this does not exist the opposite is also true: absence of such enablers act as inhibitors of graduation. The enablers are:

- Absence of drought or other crisis;
- Economic growth, both rural and national;
- Agricultural extension services, training, decision support, and advice;
- Agricultural services and supplies (seed, disease and pest control);
- New skills;
- Roads – construction and maintenance;
- Water/irrigation;
- Access to investment capital and saving mechanisms;
- Access to quality affordable health and education services;
- Housing improvement.

In terms of the effect of PSNP on use of other services, the report highlighted that PSNP increased the use of services – particularly health, education and water. It did so by increasing or improving the supply of services as well as increasing the demand for services. The increase of service supply arose through PSNP Public Works and their contribution to building clinics and schools, as well as other infrastructure such as roads. Although the sustainability of such investments is not yet secured, there is an argument for enhanced coordination with sector planners to improve this. In terms of demand for health and education, the report provides clear evidence that households use at least some of their PSNP cash income to access health and education. Furthermore, the PSNP is not only being used to pay for health and education services, but is also directly increasing use of both education and health services by:

- Keeping children in school longer;
- Keeping more children in school; and
- Using health services more.

It is interesting to note that these effects were more visible in areas where cash transfers were used than where food transfers were delivered.

Conclusions

In Ethiopia, the PSNP is already having a significant impact and there is clear evidence that several important changes have taken place in study areas in terms of nutrition, attitudes, and risk-taking behaviours, particularly in terms of food consumption, asset protection, asset building, and allowing people to feel secure enough in their income to take productive loans which they previously found too risky.

Linkages are critical for graduation since a safety net programme alone is unlikely to enable graduation on any scale. A combination of a safety net programme and other programmes will enable some (but not all) households to also build assets, but whether they thereby graduate into food security will depend to a large extent on whether critical enabling elements in the wider environment are in place. The logic that the combination of a safety net programme and OFSP can provide the platform from which households are able to cushion risk and make productive investments to transform their livelihoods stands up to analysis, but the sustainability of this transformation, and whether it will result in food security, is not guaranteed. A strong message emerging from these reports is that graduation processes are complex and cannot simply be delivered through a safety net programme alone.

In the PSNP, the potential for graduation is inhibited by a number of design and implementation issues, including a lack of clarity over what it means for a household to graduate which creates uncertainties in target setting, programme planning, re-targeting, household selection and monitoring. The key practical issue needing improvement is timeliness and predictability of PSNP payments.

Other implementation issues which could be improved on are:

- Inadequate staff numbers and high turnover – this has implications for the capacity of the bureaucracy

to do what is required;

- An enhanced focus on linkages between programmes to enable graduation rather than an inward-looking focus on programmes themselves;
- The provision of greater skills and application of those skills to the participatory planning processes that are such a positive feature of the PSNP;
- Greater guidance on how to make the intended horizontal linkages work in practice;
- Ensuring that PSNP labour does not interfere excessively with households' use of their own labour, especially by avoiding peak agricultural seasons;
- The prevention of dependency on the PSNP through Public Works – although PW is meant to prevent dependency on the PSNP, findings suggest that it may in fact do the opposite for households with higher numbers of non-workers such as children, people with disabilities and the elderly. The labour requirements of the PSNP draw labour away from households' own livelihood activities and affect their choice of packages. There is a danger that households become more, not less, dependent on the PSNP because the work requirement reduces their ability to pursue successful alternative livelihood activities.

The contribution of other food security programmes can be enhanced. A combination of PSNP and OFSP has the potential to enhance livelihoods significantly if "packaged" appropriately for different types of households.

The impact on health and education is important. PSNP cash is being directly used to finance enhanced use of both education and health services. This suggests that PSNP, especially when transfers are issued as cash, is helping households achieve their wider objectives in terms of investments in human capital. While these investments may not directly promote household food security, they can be seen as longer term investments in food security and poverty reduction.

References

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