

Ethiopia's Productive Safety Net Program (PSNP) Integrating Disaster And Climate Risk Management

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized



CASE STUDY

June 2013



THE WORLD BANK GROUP



RAPID SOCIAL RESPONSE



GFDRR

Global Facility for Disaster Reduction and Recovery

RESILIENT

ETHIOPIA'S PRODUCTIVE SAFETY NET PROGRAM (PSNP) INTEGRATING DISASTER AND CLIMATE RISK MANAGEMENT

Summary

Ethiopia's Productive Safety Net Program (PSNP) is a large national social safety net (SSN) program that responds not only to chronic food insecurity among Ethiopia's poor, but also to shorter-term shocks, mainly droughts. It targets a highly climate-vulnerable population, offering a practical model of how SSNs can be designed to meet the social protection needs of the most vulnerable, while simultaneously reducing the risks from disaster and climate-related impacts.

The PSNP incorporates a number of interesting features, such as: public works activities geared towards improving climate resiliency; a risk financing facility to help poor households and communities to better cope with transitory shocks, including households outside of the core program; and the use of targeting methods that assist the most climate-vulnerable community members to obtain the full benefits of consumption smoothing and asset protection. The program also works through, and focuses on strengthening, existing government institutional systems at all levels – rather than creating separate systems.

The combination of a secure and regular/predictable entitlement of poor households to a government transfer, protection of poor households against natural hazard shock impacts and significant improvements in the management of the natural environment that contributes to these risks has enabled the program's core beneficiaries to meet consumption needs, mitigate risks and avoid selling productive assets during times of crisis (e.g., droughts). There is evidence that livelihoods are stabilizing and food insecurity is being reduced among these households.

Natural Disaster/Climate Change Context

With 80 percent of its population dependent on rain-fed agriculture, Ethiopia is particularly vulnerable to weather-related shocks. Rain varies greatly by region and is particularly unpredictable (World Bank/United Nations, 2010). Although the Intergovernmental Panel on Climate Change (IPCC) predicts only a modest change in Ethiopia's rainfall patterns in future (Christensen et al, 2007), this can still adversely affect very poor small farmers – especially if such decreases are concentrated in the growing season (Oxfam International, 2010).

Over the past six decades, Ethiopia has been particularly susceptible to drought, with a drought occurring every three to five years. Serious droughts and often famine, either widespread or localized, have occurred several times and affected millions of people. Environmental degradation and poor natural resource management – together with a reduction in size of average landholdings due to high population growth and, conflict, governance and institutional capacity issues – have exacerbated the impacts of these droughts. All of these factors have contributed to the erosion of the productive assets and coping capacities of households and communities. Food insecurity is widespread and food aid needs have been sizable, fluctuating between 0.4 - 2.5 percent of GDP between 1996 and 2001 (World Bank/United Nations, 2010).

Overview of PSNP

The Government of Ethiopia (GoE), in partnership with international organizations, aid donors, and civil society, decided to supplement the existing reactive emergency food aid system with a longer-term solution for reducing vulnerability to food insecurity, called the National Food Security Programme (FSP). The Productive Safety Nets Program (PSNP) is a core element of the broader program.

The PSNP helps to address the needs of chronically food insecure households in identified famine-prone areas of rural Ethiopia through:

1. The predictable provision of adequate food and cash transfers to targeted beneficiary households, thus allowing effective consumption smoothing and avoiding asset depletion.
2. The creation of productive and sustainable community assets that contribute to the rehabilitation of severely degraded areas, build resilience to climate-related impacts, and increase household productivity. The program also contributes to improved access to social services, such as education and health.
3. The use of risk financing mechanisms to allow the program to scale up in times of transitory crisis.

The program finances labor-intensive public works, such as building terraced fields on hill slopes to reduce soil erosion and increase water retention), and social services infrastructure. Cash is paid for up to five days of work a month per household member, for six months a year, until the recipient households graduate from the program by accumulating an asset and income level that enables them to meet 12 months of food needs and to withstand modest shocks. In addition, about 20 percent of the participating households with members unable to work receive unconditional cash or food transfers (World Bank/United Nations, 2010). The program's Risk Financing Mechanism and contingency budget helps to protect the income and assets being built up by beneficiaries through the program from being eroded by recurring shocks, particularly droughts. The PSNP is also linked to another core element of the national FSP, the Household Asset Building Program, which provides credit and agricultural extension services to support vulnerable households to engage in both farm and non-farm activities

Launched in 2005, the program has grown from 4.5 million to around 7.6 million beneficiaries in 2012, or eight percent of Ethiopia's population; there are plans to reach 8.3 million people by 2015 (World Bank, March 2012). The PSNP is managed by the GoE and is largely donor-funded, with the government's contribution mainly in the form of civil servant costs. Ten development partners have committed approximately US\$ 2.3 billion for the third phase of implementation (2011-2015).¹ The PSNP is a core government program and operates under a rolling Medium-Term Expenditure and Financing Framework; it is integrated into the GoE's fiscal management

¹ The Canadian International Development Agency, Danish International Development Agency, the European Union, Irish Aid, the Netherlands, Swedish International Development Agency, United Kingdom's Department for International Development, United States Agency for International Development, World Food Program and World Bank.

system, which combines GOE and donor resources (cash/food). This approach has helped to secure longer-term, more predictable GoE and donor financing (World Bank, 2010).

Program Description

Policy and Institutional Arrangements

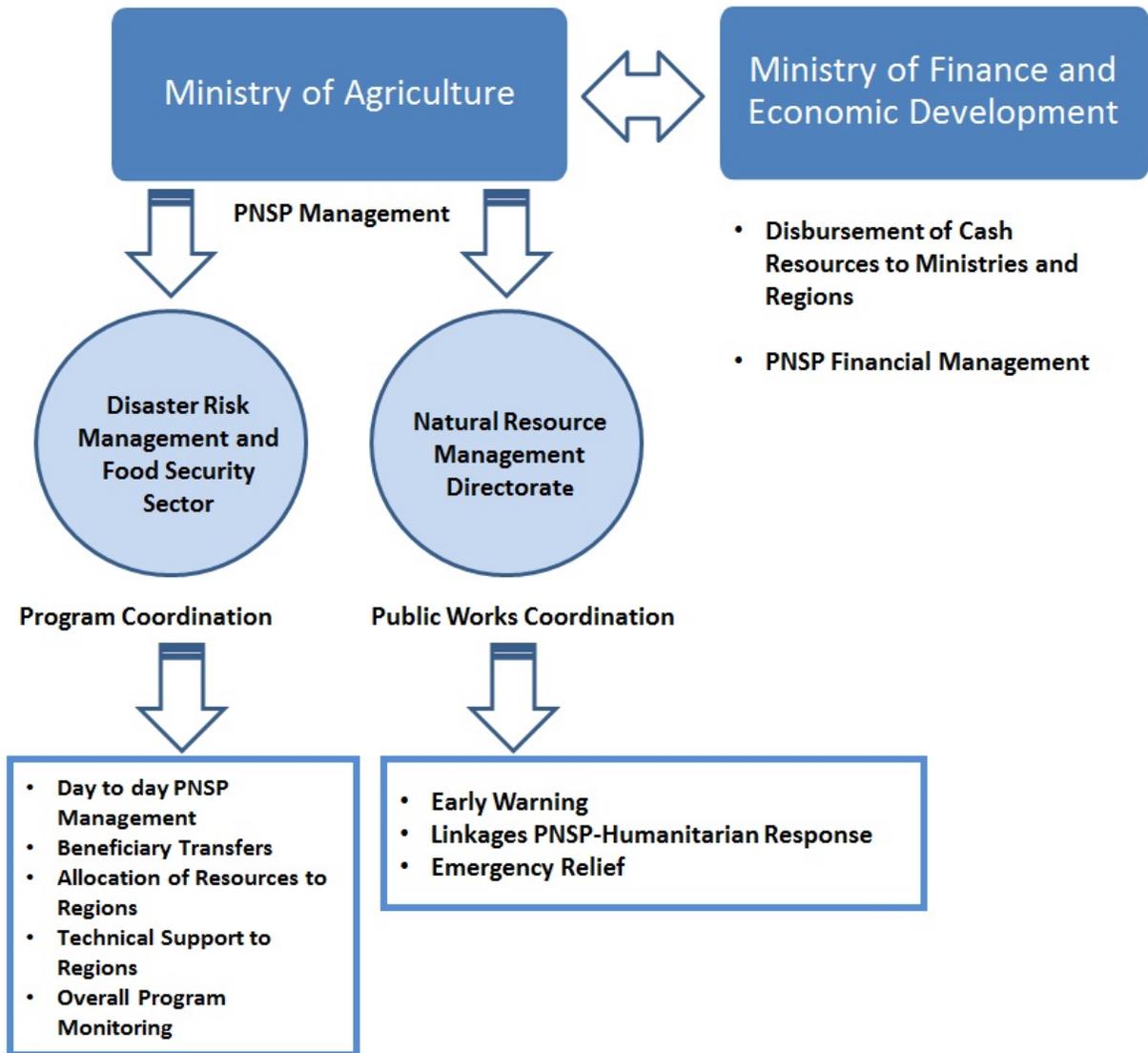
The PNSP is implemented almost entirely through national government systems, which are decentralized through regional and local administrations. The program's planners recognized the importance of incorporating early warning and disaster risk management and functions into its institutional structure from the outset.

The Ministry of Agriculture (MoA) is responsible for program management, with the Disaster Risk Management and Food Security Sector (DRMFSS) tasked with overall program coordination. Within the DRMFSS, the Food Security Coordination Directorate (FSCD) facilitates the day-to-day management and coordination of the PSNP, while the Early Warning and Response Directorate (EWRD) provides early warning information for natural hazard events and ensures the PSNP's emergency responses are linked to other humanitarian response activities. The Natural Resource Management Directorate (NRMD) within MOARD provides coordination and oversight of the public works. The Ministry of Finance and Economic Development (MoFED) oversees financial management (World Bank, 2010).

These federal implementation arrangements are replicated within the eight regions and 319 *woredas* (districts) covered by the PSNP. At the regional level, responsibility for the PSNP resides with the regional president and council, while the *woreda* council approves the allocation of PSNP resources within its *woreda* development plan. Regional and *woreda* bodies are also responsible for multi-sectoral coordination of the public works, e.g., ensuring that health centers constructed by the PSNP are staffed by the Ministry of Health (*ibid*).

The beneficiary communities, with the support of the *kebeles* (a neighborhood or ward), select the PSNP's beneficiaries and plan the public works through a Community Food Security Task Force (CFSTF), including community mobilization for planning exercises and the selection/monitoring of sub-projects. The CFSTF is comprised of a *kebele* official, the local Development Agent (DA) and elected villagers representing men, women, youth, and the elderly. The DAs are trained in community mobilization (World Bank, 2010).

Figure 1. PNSP Key Federal Level Institutional Roles



Institutional Capacity

The PSNP uses existing government systems and staff at all levels, rather than creating separate structures, for the management and implementation of the program. While the program established effective vertical linkages, capacity constraints at the regional and local levels affected implementation and communication between departments was weak (ibid). Recognizing the impact of weak institutional capacity on the performance of the program, a comprehensive Institutional Capacity Assessment was conducted in 2006 on all aspects of program management.

Accordingly, since 2006, the GoE has made significant investments in additional staffing, technical assistance, training, and equipment; this included the hire of over one thousand

contract staff at the *woreda* level in 2006, with approximately 76 percent of these staff working as accountants or cashiers (ibid). Greater attention also was given to developing community facilitation capacity at the *woreda/kebele* levels to actually support a more community-based program decision-making structure. While this has led to considerable improvements in the speed and quality of program delivery, implementation continues to be challenged by limitations in the GoE's human and physical capacity (World Bank/United Nations, 2010).

Public Works

The public works component contributes simultaneously to social protection and building climate resilience. Firstly, it employs the PSNP's participants on labor-intensive projects for six months of the year to fill the food gap experienced during the “lean period”, the time between harvest and planting when households tend to run out of food (World Bank, 2012); the safeguarding of household assets from distress sales of itself helps them to maintain some buffers against natural hazard shocks. Secondly, it invests in the creation of community assets to reverse the severe degradation of watersheds and provide more reliable water supply under different climatic conditions, in addition to its social services infrastructure activities. This is done through the GoE's Community-based Participatory Watershed Management Planning Process.

Some 60 percent of the PSNP's public works sub-projects are in soil and water conservation, strengthening both livelihoods and resistance to the impacts of variable rainfall. A 2008 independent *Public Works Impact Assessment* (M.A Consulting Group, 2009) found:

- Soil and water conservation projects led to significant and visible increases in wood and herbaceous vegetation cover and a broader diversity of plant species, in turn contributing to an increased supply of livestock feed, bee forage, and medicinal plants. Soil and water conservation cost-to-benefit ratios for soil loss reduction, woody biomass and forage production and carbon sequestration ranged from 1.5 to 2.6, with an average of 1.8.²
- Small-scale irrigation from water sources developed by the PSNP helped 4–12 percent of households to expand livestock holdings and increase incomes by 4–25 percent, with even very small irrigated plots (190 m²) estimated to be capable of generating gross margins of between ETB 4,200 to 6,000 per year (US\$413-91³) if double cropped.
- The construction of water conservation structures has reduced surface runoff, increased infiltration, and raised groundwater levels, thereby enhancing spring yields and increasing stream base-flows⁴ with the result that, in several communities, springs now last longer into the dry season. The number of domestic water supplies has doubled in the sampled *kebeles*.

The PSNP has dedicated specific resources to ensuring the quality and sustainability of the public works. *Woreda*, zonal, or regional experts carry out technical supervision, with an

² A ratio above 1 signifies a overall gain (i.e., cost of inputs less than the benefits accrued for any particular intervention) as compared to a “no intervention” scenario.

³ OANDA exchange rate of 31 December 2008.

⁴ The portion of stream flow that is not run-off and results from seepage of water from the ground into a channel slowly over time. It constitutes the primary source of running water from a stream in dry weather.

overall project supervisor making at least weekly visits to all work sites. A program of skills upgrading and training across different technical agencies and levels is provided through the capacity building component of the program. Regional Public Works Focal Units (RPWFU) have also been established in all regions to coordinate the implementation of activities at the regional level and provide technical support to the *woredas* (World Bank, 2010).

Gender Considerations

The PSNP recognizes the gender-specific vulnerabilities that women face as a result of family composition, socio-cultural gender roles, and lifecycle factors. For example, there is provision for community crèches to enable women with small children to be able to work. There are specific provisions for the inclusion of female-headed households (FHHs) in public works activities, given their higher concentration among the poorest, and recognition that FHHs need more flexibility in terms of working times so that they can accommodate their domestic work and care responsibilities. Public works labor can be used to cultivate the private land holdings of FHHs. Women's involvement in community decision-making structures is also encouraged.

Women represent between 25-53 percent of the direct beneficiaries in each participating region and evaluations have confirmed that the PSNP has helped to meet women's practical gender needs. A 2011 impact evaluation further found that women are fairly represented on the *Kebele* Food Security Task Force (KFSTF) and the *Kebele* Appeals Committee (Berhane et al, 2011).

These results are impressive, but some challenges remain. The impact evaluation reported that female household members still experience difficulties in balancing their participation in the public works program with household responsibilities, have less contact with development agents, and are less likely to use the HABP's credit facilities. This reinforces the findings of a 2010 study regarding a need for the PSNP to pay greater attention to building awareness/capacity about the program's gender-related provisions among beneficiaries and staff – as these were being unevenly implemented – and to devote more resources to gender-sensitive programming (Jones, Tafere and Woldehanna, October 2010).

Direct Support

The Direct Support component has provided social protection to groups that are generally highly vulnerable to negative climate-related impacts, due to their very low levels of income, assets, and political capital (World Bank, 2009a).

Chronically food-insecure households that cannot provide labor to public works are given an unconditional cash or food transfer of equivalent value to that received by labor-contributing households. The Direct Support beneficiaries have included (but are not limited to) orphans, pregnant and nursing women, people with disabilities, the elderly, chronically ill individuals, and female-headed households that are labor poor (i.e., lack time, mobility, or members to work on project sites). The 2011 PSNP impact evaluation found that households receiving Direct Support had considerably lower average income and asset values, and owned and cultivated less land than households participating in the Public Works component (Berhane et al, 2011).

Risk Financing Mechanism

The PSNP's Risk Financing Mechanism (RFM), together with its contingency budget, has shown that it is highly complementary to – and even has some comparative advantages over – traditional humanitarian responses to increased acute food needs during a crisis. This includes outreach to both PSNP and non-PSNP beneficiaries in districts where the program is already operational (approximately half the country) for both localized and more widespread natural disasters and economic shocks.

The contingency budget is designed to respond rapidly to low-level and unexpected transitory food insecurity among both PSNP and non-PSNP households⁵ by providing temporary additional employment/resources through the Public Works and Direct Support institutional structures. The contingency amounts to 20 percent of the PSNP's base program cost (15 percent is held at the regional level and five percent at the *woreda* level). If these funds are not used during one fiscal year, they are rolled over to the next (Coll-Black and Hobson, 2011).

If a shock is too great to be supported through the contingency fund, the RFM – introduced to the PSNP in 2009 – will respond. The RFM is comprised of four key elements: use of the GoE's early warning system (EWS) to trigger the mechanism; provision of contingent financing through emergency grants from the World Bank and other donors; advance contingency planning in *woredas* to expedite the release of the resources; and development of the GoE's institutional capacity at all levels to ensure the PSNP can effectively scale up its caseload (Hobson and Campbell, 2012). Box 1 summarizes this process. The use of the RFM is also intended to be closely coordinated with the broader humanitarian response of the GoE and aid donors (PSNP, April 2009).

Box 1: Mechanics of Risk Financing Mechanism

Phase 1: Early Warning Triggered: The early warning system (EWS) routinely collects and analyzes early warning data. When the EWS triggers an RFM response, a request for release of funds is prepared and the RFM Management Committee determines the number of beneficiaries and length of support required. Through contingency plans developed at the *woreda* level, bottom-up needs are reconciled with available resources and funds are released for distribution through regular PSNP channels.

Phase 2: Resource Transfer: Funds are released by the RFM Management Committee either for transfer to the regions or for food to be purchased by the FSCB. *Woreda*-level PSNP cashiers establish a separate database/payroll using the PSNP's computerized payroll system for cash/food distributions.

Phase 3: Implementing Contingency Plans: Although the contingency plans are *woreda* plans, implementation of most activities such as public works will be carried out at *kebele* level with technical support from *woreda* experts, DAs and sectoral experts. Normal public works procedures will be used.

Phase 4: Exit or Transition: Addresses whether the cash/food requirements still need to be provided through the PSNP RFM or through the traditional humanitarian system.

Source: PSNP, April 2009

⁵ As well as successful appeals by households not selected to participate in the PSNP for inclusion in the program.

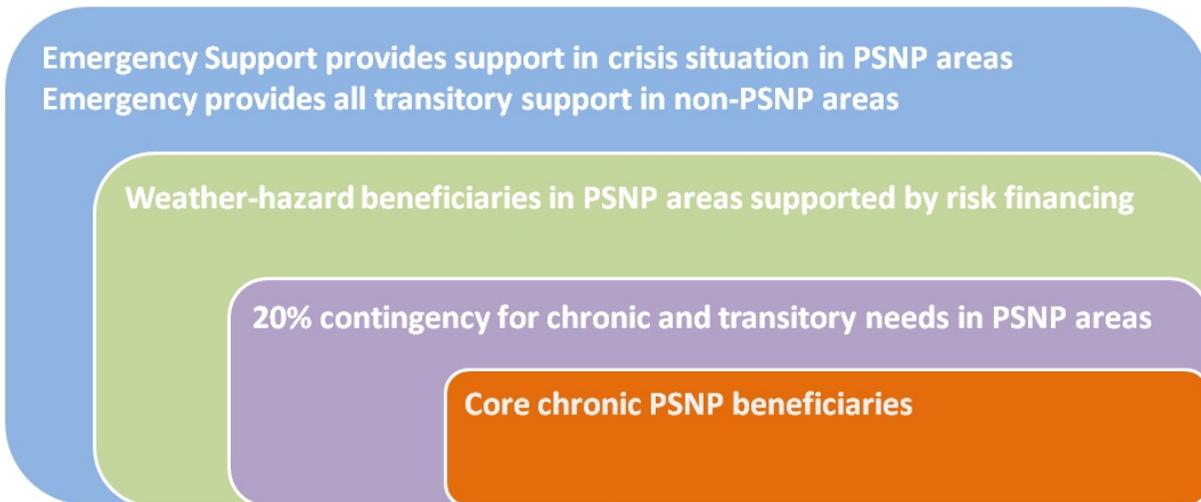
The RFM was first deployed by the GoE during the current phase of the PSNP in August 2011 when a failure of early rains caused an extended food shortage in Ethiopia's highlands beyond the normal lean time. The PSNP extended the duration of its regular support for 6.5 million beneficiaries by three months and provided three months of assistance to an additional 3.1 million people living in PSNP areas.

The process took less than two months on average. This was much faster than the regular humanitarian assistance system which took several months to assess the crisis, mobilize funding, and respond to the needs (ibid). Moreover, the food aid response agencies had to distribute half-rations in some distribution rounds when funds were short (Development Initiatives, 2012). The PSNP RFM response also was more cost-effective, at an estimated US\$ 53 per beneficiary to deliver compared with US\$ 169 per beneficiary targeted through the UN- and NGO-managed pipeline; this has been attributed to being an established program with distribution networks already in place. Furthermore, the RFM was able to easily scale-down after the crisis (ibid), in contrast to the difficulties often experienced by "stand-alone" post-disaster relief/recovery programs.

The main shortcoming of the RFM is related to the time lag between generating the initial early warning data and translating this information into action. A recent learning review found that the training and guidance provided for the management of the RFM process, and coordination with the broader humanitarian response system could have been better; this included a need to strengthen the early warning system. The result was that RFM resources were delivered to the *woreda* level later than was optimal with some beneficiaries having to dispose of assets or obtain loans to bridge the food gap until the November 2011 harvest. At the same time, the payments made covered at least part of the high-risk period and likely reduced suffering and the stress disposal of assets for many PSNP and non-PSNP households (Gray, 2012). The results of a follow-on impact assessment will be available to the PSNP in 2013.

These challenges reflect the early learning stages of what works well and what does not in mobilizing the RFM, and the mechanism is already being refined. Overall, the RFM's 2011 experience has demonstrated the value of integrating disaster response mechanisms into SSNs in order to protect the assets being built up through regular programming. A survey after the 2008 drought further reinforced this: it found that beneficiaries living in households that got at least ten days of work a month in the three previous months consumed 30 percent more calories and held more livestock than non-beneficiaries (World Bank/United Nations, 2010).

Figure 2. Ethiopia PSNP – A scalable Safety Net



Source: Ethiopia PSNP Case Study, World Bank, 2013

Household Asset Building Program

The Household Asset Building Program (HABP) (formerly the Other Food Security Program (OFSP)) was designed as a complementary initiative to the PSNP, rather than a component of the program. The GoE and its development partners recognized that chronically poor households would need support to build up their assets and improve their livelihoods in addition to SSN assistance. The HABP, which aims to diversify incomes, has facilitated access to agricultural extension services and credit, as well as providing assistance to develop household business plans (USAID, 2012). The HABP (as the OFSP) suffered from some targeting, resourcing, and implementation difficulties. It was revised in 2008 to focus specifically on PSNP beneficiaries and incorporate more demand-led activities in agriculture and other non-farm activities (World Bank, 2012).

The HABP has demonstrated the value of combining social protection with livelihoods diversification activities to improve household resilience as the biggest gains in food security have been attained where households had access to both the PSNP and the HABP (USAID, 2012). For instance, PSNP public works combined with seeds, credit, and irrigation raised wheat and maize yields by about 200 kilograms per hectare (World Bank/United Nations, 2010).

Key Program Features

Targeting

The PSNP has been well targeted to the chronically poor, having accurately identified households that engage in activities which generate low returns and are mainly pursued by poor people. The participants have been poorer in both incomes and assets, and cultivated less land than non-beneficiary households, especially those under the Direct Support component (Berhane et al, 2011). The program has used a combination of geographic, administrative, and community targeting, as well as labor caps to achieve this outcome.

The PSNP's Project Implementation Manual (PIM) defines a chronically food insecure household as: "having faced continuous food shortages (usually 3 months of food gap or more) in the last 3 years and received food assistance prior to the commencement of the PSNP; having suddenly become more vulnerable as a result of a severe loss of assets and unable to support themselves for the last 1-2 years; and without family support and other means of social protection and support" (World Bank, 2010, p 22).

The PSNP determines the number of beneficiaries that meet this selection criteria, initially five million people in 2005. Most *woreda* officials receive a participant numbers from the regional level and, in turn, determine caseloads for each *kebele*. Caseload figures are determined broadly by following the PIM's criteria of population size, rainfall levels and farming potential, average size of landholdings, levels of malnutrition, and the estimated size of the chronically food-insecure population. This includes a specific criterion that is sensitive to natural hazard and economic shock impacts: previous relief caseloads. Within these parameters, communities select the beneficiaries and review/approve of beneficiary lists compiled by *kebele* officials (Berhane et al, 2011).

The PSNP also introduced the principle of Full Family Targeting (FFT) in 2010, in order to reinforce its poverty transformation objective of supporting the participating households to permanently improve household food security and wellbeing over time. The program found that consumption smoothing and the protection of household assets were being undermined when only a few family members were supported by the program and tried to stretch the use of a transfer across an entire household. Under FFT, every household member receives a cash or food transfer. The PSNP targeting rules further include a "labor cap" for households with some members who are unable to work. Able-bodied member(s)⁶ are required to work additional days on behalf of those who cannot to help earn their transfer; this cannot exceed more than 20 days in a month (World Bank, 2010).

However, there is a cost to both approaches. The 2011 impact evaluation (Berhane et al, 2011) concluded that, although the PSNP appears to have minimized inclusion errors, there was a high level of exclusion error among non-beneficiaries who were experiencing food shortages. *Woreda* officials have used the PSNP contingency budget or stricter local criteria to either include or exclude households, given that the population of chronically food-insecure people is larger than the administrative quota allows. Likewise, while FFT and the labor cap create better possibilities for eventual poverty graduation, it also limits the number of potentially eligible households that can be covered by a finite resource envelope. Overall, these findings indicate that program coverage is limited in relation to the level of need

This is a dilemma that goes beyond the capacity of the PSNP to resolve alone – and, indeed, even the broader national Food Security Programme of which it is a part – given the very high proportion of Ethiopians that are food insecure. Despite these constraints, the majority of beneficiaries interviewed agreed both with the targeting process and the selection criteria used for the Public Works and Direct Support mechanisms (ibid).

⁶ An able-bodied individual is defined by the PSNP as being capable of performing physical labor without major risk to their health.

Benefit Levels

While small, the transfers provided through the PSNP – as cash, food, or a mixture of both – make a significant contribution to meeting household food needs. The transfers are set at a level intended to smooth household consumption or fill the food gap over the annual lean period; hence, the wages rates are reviewed annually and adjustments are made based on market food prices changes. The total payments also vary with household size, but the median is around US\$ 200 per household over five years (Berhane et al, 2011). Program research has indicated that this amount can represent the equivalent of approximately 10-40 percent of annual basic food needs, defined in terms of Ethiopia's national poverty line (World Bank, 2010).

Beneficiary Registration and Grievance Process

Impact evaluations of the PSNP have found that community involvement in the targeting/grievance processes has improved understanding of the selection criteria and enabled community members to respond to unfair practices and targeting errors (World Bank, 2010; Berhane et al, 2011).

The PSNP beneficiary selection and registration process takes place at the community level through the CFSTF. The CFSTF identifies the households eligible for public works or direct support transfers, displays the proposed participants' list for a week for public comment and endorsement by the village assembly, and then forwards the finalized list to the *Kebele* Food Security Task Force (KFSTF) for verification and approval. The KFSTF considers any grievances and takes action where appropriate, and then passes on a compiled list of communities to the *woreda* level for finalization and approval, grievance/appeal redress, and submission to the regional Bureau of Agriculture (BoA). The BoA undertakes spot checks on the *woreda* lists for compliance with the selection guidelines, and enters them into the PNSP beneficiary database (World Bank, 2010).

Independent *Kebele* Appeal Committees (KACs) were created in 2007 to separate the PSNP's grievance and targeting processes, as combining these was found to be less efficient and effective. Households are entitled to bring their grievances about program selection and graduation⁷ processes before the KAC. If unresolved, the grievance is forwarded to the *kebele* council and, if required, to the *woreda* council. Independent Roving Appeal Audits, carried out annually, also monitor the timeliness and appropriateness of appeal processes and decisions. Any appeals that result in the inclusion of additional households in the PSNP are resourced through the *woreda* contingency budget (World Bank, 2010).

The beneficiaries interviewed in the 2011 evaluation have described the appeal process as transparent and easy to use, and the number of appeals/complaints has decreased over time, especially those related to inclusion errors. At the same time the evaluation, and prior research, have observed that many households may be discouraged to use the appeal mechanisms, particularly concerning possible exclusion errors. For instance, the evaluation's quantitative

⁷ The PSNP, and the broader national Food Security Programme, developed a set of asset-based benchmarks to measure when households have obtained: 1) food sufficiency and can graduate out of the PSN 2) food security and can graduate from the FSP.

household survey showed that only 185 households out of over 4,000 had made an appeal based on exclusion from the PSNP, and numerous focus group participants had indicated a lack of confidence in the likelihood of success for a variety of reasons. Female-headed households are less likely to lodge a complaint than male-headed households (Berhane et al, 2011).

It has proven difficult to assess the nature and extent of these possible exclusion and accessibility issues, as well as the timeliness of the appeals process, given that appeals and complaints are largely made verbally; this was estimated at 95 percent of focus group participants in the 2011 evaluation. These issues, including the gaps in formal reporting and follow-up systems, are being further investigated and addressed during Phase III of the PSNP.

Payment/Distribution Systems

Households are provided transfers of cash, food, or a mix of both (varied according to the seasonal rise in food prices leading up to the hungry season). The food transfers follow established food management and emergency response processes of the GoE, WFP or NGO systems – whether delivered through regular PSNP programming or through the contingency budget/RFM for crisis prevention/response (World Bank, 2010).

The cash resources are transferred to *woreda* bank accounts through MoFED's fiscal system. Payments are made to the beneficiaries by cashiers in key locations in the *woreda*, and to all members of the community at the same time. The PSNP uses a computerized a Payroll and Attendance Sheet System (PASS), designed to address critical bottlenecks in the transfer process and improve fiduciary control (World Bank, 2010). For Direct Support beneficiaries, transfers are provided on a monthly basis for six consecutive months. Public works beneficiaries also receive payments at the same frequency, but the quantity and quality of the completed work is first assessed by the DA, *kebele* chairperson and foreman. These beneficiaries are still paid, even if the start of the public works sub-projects are delayed so as not to disrupt the consumption smoothing effect of the transfers over the lean period (World Bank, 2010).

According to the 2011 evaluation, there is a strong preference among beneficiaries for payment in food, due to: uncertainty about prices; lack of food availability on the market, deliberate price hiking by traders when cash transfers are made, and non-equivalence between the value of the food basket and current cash payments (Berhane et al, 2011).

Ensuring payment predictability remains a further challenge with many beneficiaries advising of considerable uncertainty. However, the evaluation noted a year-to-year improvement and visible progress in capacity strengthening in this area. For instance, more than 90 percent of *woredas* were using the PASS and support services had improved due to an increased number of DAs (Berhane et al, 2011). Starting in 2010, the PSNP also commenced distribution of “client cards” to the beneficiaries, an informational tool designed to assist them to keep track of payments received while providing basic information about their rights and responsibilities.

Communications

The overall level of beneficiary satisfaction with the PSNP is high (75 percent), but it is highest among households that perceive they have enough information to understand how the

program works, i.e., 90 percent (World Bank, 2010). Since 2006, the PSNP has undertaken several measures to ensure good communications with its beneficiaries, such as posting the annual *woreda* resource allocation plans on the MOFED website and distributing posters and newsletters in *woredas* and *kebeles*. This complements a strong focus on effective two-way communications with beneficiaries through their participation in program decision-making.

The 2011 evaluation found good understanding of the objectives and operations of the PSNP at the regional level, but that this becomes progressively poorer at the *woreda*, *kebele*, and household levels – especially concerning the concept of graduation. It has proven difficult to get consistency across regions and *woredas* in implementing measures to enhance communications. The budgets, public works plan, beneficiary lists, and appeal/appeal resolution lists also are not consistently posted across all *woredas* and *kebeles* (World Bank, 2010). On a more positive note, the evaluation recorded noticeable improvements in self-reported understanding of the PSNP in three out of five regions, indicating some progress in take-up.

Monitoring, Evaluation and Accountability

Ensuring the quality implementation of such a large and complex program has been, and remains, a significant challenge for the PSNP (World Bank/UNDP, 2010). It has required a continuous and iterative process of strengthening the monitoring, evaluation and quality assurance systems and mechanisms used by the GoE. Over the longer-term, this work should contribute to lasting improvements in government capacity.

Monitoring

The GoE utilizes a single monitoring and evaluation (M&E) system for its Food Security Program, which includes the PSNP, based on an integrated logical framework. Monitoring data is collected regularly through government systems, using standard reporting formats. As the GoE does not have a digital management information system, much of this reporting is done manually and has tended to be weak (World Bank, 2010). For example, during the early years of the PSNP, there was no database on public works projects and no tracking of public works standards, performance and effectiveness – apart from six monthly public works reviews. In addition, the assessment of PSNP impacts and efficiency was heavily constrained by the lack of reliable data on the public works sub-projects (Coll-Black and Hobson, 2012).

A 2008 program review found that the monitoring system was not oriented to ensuring that program managers at each level had the information they needed to make decisions and suffered from inadequate financial and human resources. Since then, the PSNP has developed several tools to strengthen program monitoring and address risks. These include a Rapid Response Mechanism (RRM), consisting of federal and regional teams which provide support to lower level implementers to address critical implementation problems as they occur; and an Information Center within the FSCD which collects real-time data from a representative sample of *woredas* on the status of transfers and food prices. Overall, these measures have led to considerable improvements in program delivery (World Bank, 2010), despite some continuing resource constraints.

Evaluation

The PSNP has put in place an extensive and impressive set of tools to assess the effectiveness and impact of the program over time. A regionally representative household panel survey and a community level impact evaluation of the PSNP public works are conducted every two years (World Bank, 2010). This is in addition to a number of independent reviews, surveys, and evaluations conducted on specific components and phases of the program. The frequency and depth of this research has allowed for the collection of important longitudinal data on changes to the livelihoods and well-being of both PSNP beneficiaries and non-beneficiaries. It has also informed improvements to the design and delivery of each successive phase of the program.

Of particular note is the inclusion of specific attention to measuring the relationship between natural hazard shocks, the interventions taken by the program to reduce their impacts, and progress towards meeting social protection and food security objectives. The *Outcomes and Sustainability* section outlines some of the significant findings in this area.

Accountability

Significant attention has been devoted to integrating the PSNP into the GoE's financial accountability systems, including specific initiatives to strengthen government accountability mechanisms. The federal PSNP budget is subject to formal oversight by Parliament, and MoA reports to two of its Standing Committees. The PSNP has further combined the GoE's Annual audit process, managed by MoFED, with a quarterly Roving Financial Audit process to check on *woreda* level internal controls and management of financial transactions. These measures, combined with the RRM and use of regular GoE financial reporting systems, have provided effective financial oversight and fiduciary controls; the incidences of misuse of PSNP cash resources have tended to be isolated and small- scale (World Bank, 2010).

Regarding the delivery of food resources, the Regional Auditors General and the investigative area of the Early Warning and Response Directorate are the channels normally used for monitoring any potential leakage. They act on reports of misuse from the lower levels of government, which has sometimes resulted in legal action and the repayment of program resources (World Bank, 2010). The WFP and various NGOs also provide additional monitoring and technical support for food management at all levels.

At the same time, it should be noted that the PSNP resources are channeled to regional or *woreda* levels through specific purpose grants; these resources are not a component of line budgets at regional and *woreda* levels. This has raised concerns about weakened incentives for local decision-makers to take responsibility for program implementation, with little scope to address the issue through the current GoE financial management system (World Bank 2010).

Community involvement in beneficiary targeting and public works planning has made an important contribution to the transparency and relevance of the program at local levels, including contributing to increased understanding of natural resource management issues. The periodic receipt of beneficiary feedback through the panel surveys and impact evaluations provides valuable insights into beneficiary and non-beneficiary perceptions and experience of the performance of the program, leading to improvements in delivery.

Program Outcomes and Sustainability

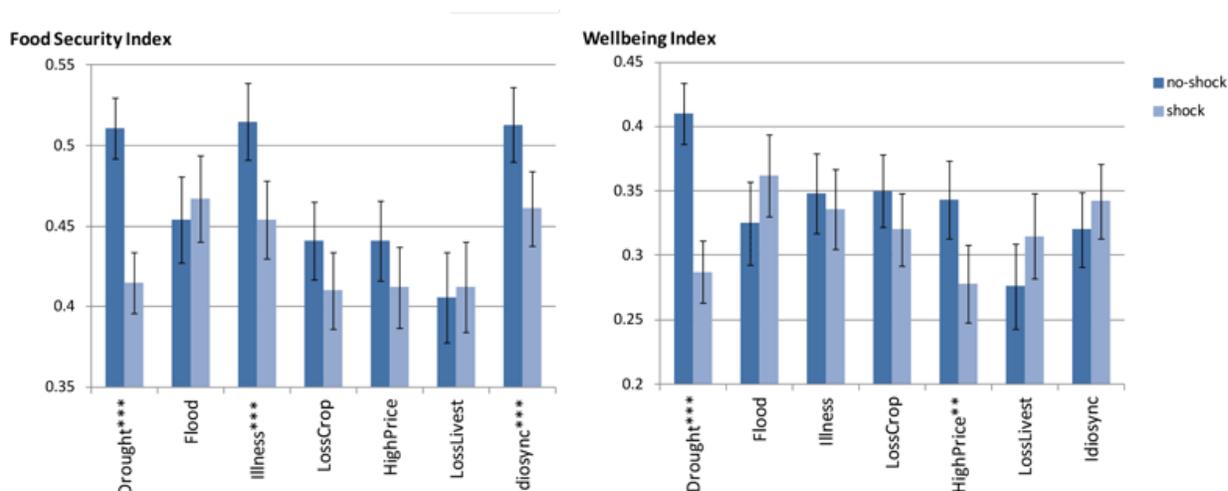
The 2011 impact evaluation of the PSNP found that after five years in the program:

- The average household food gap (times when households could not meet the food needs of their families) dropped from 3.6 months to 2.3 months, a 29 percent decline.
- Households living in more drought-prone regions⁸ experienced a 25 percent decline in the periods in which they went without enough food, while those living in areas less affected by drought reported a 42 percent decline – as compared with households only in the program for one year.
- Household asset levels have increased at a steady pace and there has been a decline in the distress sale of assets. For example, in areas where droughts were widespread, households who participated for five years saw an 11 percent increase in livestock holdings, compared with those in the program for one year.
- Households that were in both the PSNP public works and HABP programs raised their food security by an additional 17 days, compared with those only participating in the PSNP public works. Households in both programs had a higher output of grain and use of fertilizer.

There is evidence that these gains could be made even stronger by giving further attention to programming measures to increase the resilience of the participating households to climate-related shocks. A recent study on the relationship between household shocks and the PSNP's social protection interventions found that those participants who are exposed to shocks have lower food security and wellbeing indexes than those not exposed to shocks; drought, in particular, has a significant impact on household food security/wellbeing. The PSNP is making a valuable contribution to protecting households against the impacts of shocks, but the effects are not sufficiently robust to shield them from the impacts of severe shocks (Béné et al, 2012).

⁸ Defined as areas where at least 50 percent of households reported living through two or more droughts during the survey period (2004-10).

Figure 3. Impact of shocks on food security and well-being indexes of PSNP Beneficiaries



Source: Béné et al, 2012, page 23

Note: Symbols *, **, and *** indicate tests where the differences in food security or wellbeing indicators between shock-affected and non-shock-affected households are significant at 5%, 1%, and 1%.

Conclusion

The experience of the PSNP clearly demonstrates that it takes time for households to become sufficiently resilient to graduate from food insecurity. During this period, it is essential to safeguard progress, especially when severe climate or economic shocks threaten to reverse the gains being made through social protection (Béné et al, 2012). The provision of sufficient and timely transfer assistance to buffer these shocks, together with specific measures to protect and diversify livelihoods sources against climate-related impacts, are important elements of any protective or transformative social protection strategy in places at high risk.

Lessons Learned

- The incorporation of specific components or activities to mitigate disaster risk and build climate resilience into social protection/SSN programs in countries at high risk plays an important role in protecting the assets and income of poor families being built up through the assistance and contributing towards longer-term poverty graduation by reducing the asset/income erosion effects of repeated climate-related shocks.
- A well-designed and operational SSN provides an effective and efficient instrument to respond to natural hazard events.
- An asset transfer (e.g., cash, food, etc.) mechanism for transitory shocks linked to an existing longer-term SSN system can provide timely and effective emergency assistance to poor and vulnerable affected people, as well as complementing other humanitarian aid channels.
- Public works activities to strengthen environmental management and climate resilience such as soil and water conservation can contribute both to improved livelihoods and

increased community safety – achieving a dual return on the same investment. Investment in ensuring the quality and sustainability of these public works is a more efficient and effective use of public funds than temporary works or works not built to last.

Bibliography

Béné C, Devereux S and Sabates-Wheeler R. June 2012. *Shocks and Social Protection in the Horn of Africa: Analysis from the Productive Safety Net Programme in Ethiopia*. IDS Working Paper, Vol 2012, No 395. Brighton, UK: Centre for Social Protection/Institute of Development Studies.

Berhane, G., Hodinott, J., Kumar N, Taffesse A S, Diresse M T, Yohannes Y, Sabates-Wheeler R, Handino M, Lind J, Tefera M, and Feyera S. 2011. *Evaluation of Ethiopia's Food Security Program: Documenting Progress in the Implementation of the Productive Safety Net Program and the Household Asset Building Program*. International Food Policy Research Institute and Institute of Development Studies. Washington, D.C.

Christensen, J. H., B. Hewitson, A. Busuioc, A. Chen, X. Gao, I. Held, R. Jones, R.K. Kolli, W.T. Kwon, R. Laprise, V. Magaña Rueda, L. Mearns, C.G. Menéndez, J. Räisänen, A. Rinke, A. Sarr, and P. Whetton. 2007. Regional Climate Projections. In: S. Solomon, D. Qin, M. Manning, Z. Chen, M. Marquis, K. B. Averyt, M. Tignor and H. L. Miller(eds). *Climate Change 2007: The Physical Science Basis. Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*. Cambridge: Cambridge University Press.

Coll-Black S and Hobson M. 2011. "Emergency Food Security and Livelihoods Project in Omonia and Amara Regions" in *Field Exchange*, Issue 40, February 2011.

Development Initiatives. 2012. *Global Humanitarian Assessment Report 2012*. Somerset, UK: Development Initiatives.

Gray B. September 2012. *Report of a Learning Review of the Implementation of the Risk Financing Mechanism of the Productive Safety Net Programme 2011*.

Hobson M and Campbell L. 2012. "How Ethiopia's Productive Safety Net Programme (PSNP) responded to the 2011 humanitarian crisis in the Horn of Africa" in *Humanitarian Exchange Magazine*, Issue 53, March 2012. London: Overseas Development Institute.

Jones N, Tafere Y and Woldehanna T. October 2010. *Gendered risks, poverty and vulnerability in Ethiopia: To what extent is the Productive Safety Net Programme (PSNP) making a difference?* London: Overseas Development Institute.

Lieuw Kie Song, M. 2011. *Integrating Public Works and Cash Transfers in Ethiopia: Implications for Social Protection, Employment and Decent Work*. International Policy Center for Public Growth. Working Paper No. 84. Brasilia D.F., Brazil.

Oxfam International. 2010. *The Rain Doesn't Come in Time Anymore. Poverty, Vulnerability, and Climate Variability in Ethiopia*. Addis Abbaba, Ethiopia.

USAID. January 2012. Policy Brief: Ethiopia's Productive Safety Net and Household Asset Building Programs (2006-10), A Synthesis of Findings. Washington, DC: USAID.

World Bank. 2011. *Project Performance Assessment Report. Ethiopia Productive Safety Net Program*. Independent Evaluation Group, World Bank. Washington D.C.

World Bank. 2010. *Designing and Implementing A Rural Safety Net in a Low Income Setting: Lessons Learned from Ethiopia's Productive Safety Net Program 2005-2009*. Washington D.C.

World Bank. 2009a. *Building Resilient Communities: Risk Management and Response to Natural Disasters through Social Funds and Community-Driven Development Programs*. Washington, DC.

World Bank. 29 March 2012. "World Bank Support for Social Safety Net to Benefit 8.3 million Ethiopians by 2015". Press Release No: 2012/366/AFR. Washington, DC: World Bank.

World Bank. 2009b. *Project Appraisal Document for Phase Three of the Productive Safety Net Program*.

World Bank, Human Development Network (HDN). September 2012. "Before Crisis Hits: Can Public Works Programs Increase Food Security?" Washington, DC: World Bank, HDN.

World Bank/United Nations, 2010. *Natural Hazards, UnNatural Disasters: The Economics of Effective Prevention*. Washington DC: IBRD/World Bank.