



Ethiopia Productive Safety Net Programme (PSNP)

PSNP Policy, Programme and Institutional Linkages

Final Report

September 2006

Rachel Slater	Steve Ashley	Mulugeta Tefera, Mengistu Buta, Delelegne Esubalew
Overseas Development Institute www.odi.org.uk	theIDLgroup, UK www.theIDLgroup.com	Indak International indak@ethionet.et

Table of Contents

Abbreviations	iii
Acknowledgements	iv
Executive Summary	v
1: Introduction	1
1.1 Background	1
1.2 This report	2
1.3 Objective of the study	2
1.4 Study approaches and methods	2
1.5 Report Structure	4
2: Making a living: livelihoods and food security	6
2.1 Introduction	6
2.2 Household Types	6
2.2.1 Household Type 1: Poor and elderly or sick	6
2.2.2 Household Type 2: Poor and labour constrained.	7
2.2.3 Household type 3: Households with food gaps and other sources of vulnerability	9
2.2.4 Household type 4: Food secure but vulnerable	11
3. Food security policies and programmes and current implementation status	13
3.1 Introduction	13
3.2 Overview of food security-related Programmes	13
3.2.1 Policies and strategies	13
3.2.2 Government Programmes	13
3.2.3 Donor programmes and projects	14
3.2.4 NGO programmes and projects	14
3.3 Evidence for positive linkages in PSNP to date	14
3.3.1. Expected linkages	15
3.3.2. Training, monitoring and provision of guidance	18
3.3.3. Progress in the second year	18
3.3.4. Enhancing complementarity between PSNP and OFSP	18
3.3.5. Strengthening of the extension service	19
3.3.6. PSNP/FSP and the PASDEP	19
3.4 Challenges faced in implementing PSNP and other food security programme interventions	19
3.4.1 Woreda level capacity to make effective linkages	19

3.4.2 The quality of planning processes.....	21
3.4.3. Making horizontal institutional linkages work.....	22
3.4.4 Understanding of programme implementation at woreda level	22
3.4.5 Coverage of PSNP and OFSP	23
3.4.6 Timing of planning and budget processes.....	26
3.4.7 Timeliness of budget flows	26
4: People’s experiences with PSNP and OFSP: how do programme linkages enable graduation?.....	28
4.1 Introduction	28
4.2 Household Experiences with Programmes	28
4.2.1 Type 1: Poor and elderly or sick households.....	28
4.2.2 Type 2: Poor labour constrained households	28
4.2.3 Type 3: Food gaps and other sources of vulnerability	30
4.2.4 Type 4: Food secure but vulnerable.....	31
4.3 General conclusions about PSNP and OFSP linkages.....	32
4.3.1 Lessons for each household type.....	32
4.3.2 Overall findings on linkages and graduation	33
5: Linkages between PSNP and wider government programming ..	36
5.1 Introduction	36
5.2 PSNP and GoE Emergency Systems	36
5.3 The potential impact of other government investments on graduation.....	37
5.3.1 Enablers of graduation	37
5.3.2 Planned Future Investments	38
5.3.3 Implications for PSNP	39
5.4 PSNP and the use of other services	40
5.4.1 Increased / improved supply of services	40
5.4.2 Increased demand for services	41
6: Conclusions	43
7: Recommendations.....	48
Annex 1: Terms of Reference	52

Abbreviations

CIDA	Canada International Development Agency
DA	Development Agents
DCI	Development Cooperation Ireland
DFID	British Department for International Development
DPPA	Disaster Prevention and Preparedness Agency
EC	European Commission
FSCO	Food Security Coordination Office
FSP	Ethiopia's Federal Food Security Programme
GFDRE	Government of the Federal Democratic Republic of Ethiopia
GoE	Government of Ethiopia
Ha	Hectare
IDL	theIDLgroup Ltd, UK
IFPRI	International Food Policy Research Institute
kg	Kilogramme
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MoARD	Ministry of Agriculture and Rural Development
NGO	Non-government Organisation
ODI	Overseas Development Institute, UK
OFSP	Other Food Security Programmes, part of the FSP
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PIM	PSNP Programme Implementation Manual
PSNP	Ethiopia's Productive Safety Net Programme
SDPRP	Sustainable Development and Poverty Reduction Programme
SNNPR	Southern Nations, Nationalities and People's Region of Ethiopia
SWC	Soil and Water Conservation
TOR	Terms of Reference
USAID	United States Agency for International Development
WB	World Bank
WFSTF	Woreda Food Security Task Force

Acknowledgements

We would like to acknowledge the support of a wide range of people without whom this work would not have been possible. The work was funded by the UK Department for International Development (DFID) but the authors alone are responsible for the arguments made in this report. Staff from DFID and the World Bank made useful comments on an earlier draft of this report as did members of the Government of Ethiopia Food Security Coordination Office. The responses of those who contributed so actively and constructively in the Regional consultation workshops are also acknowledged and appreciated, as are our colleagues in both the Targeting and Trends in Transfers studies with whom we shared many thoughts and ideas.

The study makes use of data collected by the quantitative survey conducted by the Trends in transfers study. We would like to thank all those who contributed to this effort, especially Stephen Devereux for overseeing the design and ensuring linkages issues were represented, and Rachel Sabates-Wheeler at IDS and Hailemichale Taye at Indak for data analysis.

The authors would also like to thank regional research assistants who supported the permanent fieldwork team with their local level expertise, and . Finally, we thank all those people, from federal through to village level, who gave up their time to be interviewed and share their experiences of the PSNP and other food security programmes. Without their insights we would have been unable to produce this report.

Executive Summary

1. Introduction

The Productive Safety Nets Programme (PSNP) is one of the Government of Ethiopia's (GoE) flagship reform programmes and represents a significant transformation of the Government's strategy for meeting the Poverty and Hunger MDG in Ethiopia. The PSNP represents a serious and innovative attempt on the part of the Government of Ethiopia to move away from responding to chronic hunger through emergency appeals towards a more predictable response with predictable resources for a predictable problem.

This study considers the linkages between PSNP and other programmes that enable maximum benefit for PSNP beneficiaries. It aims to assess the degree to which beneficiaries access Government/donor programs and services in conjunction with the PSNP. The aim is to assess whether there are the necessary linkages across programmes required for graduation (to an independent and resilient livelihood) of the chronically food-insecure and to formulate a set of recommendations on ways in which these linkages might be strengthened.

The conceptual framework for the study considers the supply side (the programmes that are in place, how they are formulated and delivered) and the demand side (what people actually need). By linking together the supply and demand sides we try to understand how appropriate and how effective existing programming is in addressing poverty and food insecurity. The study involved the analysis of programme documents, and fieldwork in 8 woredas in 4 regions of the country that drew on interviews at federal, regional, woreda, kebele, village and individual / household level.

2. Making a Living: livelihoods and food security

People in Ethiopia's rural areas are not all the same; they have differences in access to assets which influence their livelihood status and livelihood strategies. The PSNP needs to understand these because different categories of people have different priorities, and they may respond differently to PSNP and other enablers. The study identified 4 different type of household across the study woredas:

Household type 1: Poor and elderly or sick

Household Type 2: Poor and labour constrained

Household type 3: Households with food gaps and other sources of vulnerability

Household type 4: Food secure but vulnerable

3. Food Security policies and programmes and current implementation status

The main report describes the policy hierarchy in place as it applies to food security in Ethiopia, and also the specific programmes that are in place to implement these policies. The main government implementation vehicle for food security activities is the Federal Food Security Programme. It has three main components:

a) Resettlement,

b) the Productive Safety Net Programme (PSNP), and

c) 'Other Food Security Programmes' (OFSP).

This report focuses especially on the PSNP and its linkages to the OFSP. There are however a range of other donor-funded and NGO projects and programmes that are aimed at addressing food security.

There is plenty of encouraging evidence from supply-side interviews to suggest that after a slow and sometimes problematic start in the first year, implementation of PSNP in the second year improved. They include:

- Clear statements of expected linkages for many aspects of the PSNP
- A major programme of training, mentoring, briefing, and production of guidance documents
- Much greater understanding of the PSNP and wider FSP amongst woreda level planners in the second year, and a good degree of joint planning and working at woreda level through the mechanism of the woreda development plan
- The decision to overlap coverage of PSNP with OFSP in the second year of implementation, in order to enhance the possibilities for graduation by PSNP beneficiaries, and the allocation of a 6 billion Birr budget to the OFSP
- The effort to strengthen the extension service through provision of 3 Development Assistants in each kebele, which enhances the quality of PSNP and OFSP work conducted, but also strengthens links between food security activities and wider rural development activities.
- The institutionalisation of the PSNP and wider FSP in the current draft of PASDEP

As might be expected a number of important challenges for the 'supply' of effective policy and programmes have emerged during the course of PSNP implementation and are described in the report. These include:

- Woreda level capacity to make effective linkages
- The quality of planning processes
- Understanding of programme implementation at woreda level
- Coverage of PSNP and OFSP
- Making horizontal institutional linkages work
- Timing of planning and budget processes
- Timeliness of budget flows

4. People's experiences with PSNP and OFSP: how do programme linkages enable graduation?

The main lessons of experiences with PSNP and OFSP for each household type are as follows:

Poor and elderly or sick households (type 1):

- The PSNP is critical for maintaining and improving consumption among households with no labour and no source of livelihoods.

- Where grandparents are supporting children, the income from PSNP helps ensure that they are able to attend school.
- Late payments lead households into indebtedness.

Poor labour constrained households (type 2):

- Households can use PSNP to protect and build assets, though this is more likely in cash or cash/food woredas than in food only woredas
- The PSNP helps some households secure their income enough to be willing to take the risk of loans.
- Labour-constrained households work best with package options that enable labour-saving. Packages work less well if adults have to do a very large number of days of work to get the PSNP entitlement for the household.

Food gap and other sources of vulnerability households (type 3):

- The PSNP is effective in many households in smoothing consumption, protecting assets and, to a very small extent, building assets.
- Beyond the purchase of food, avoiding early consumption of green food, distress sales of livestock and distress migration or low-paid casual labour were important PSNP impacts.
- The combination of PSNP and OFSP was recognised to be important but it is recognised that even with the additional positive effects brought about by a combination of both programmes, graduation to a sustainable and independent livelihood will still take a long time.

Food secure but vulnerable households (type 4):

- There are good examples of how households participating in both the PSNP and OFSP have been able to significantly improve their food security.
- There is potential for the combination of PSNP and OFSP to contribute to graduation but for type 4 households to continue to accumulate assets, they require access to a wider range of package options to support diversification into new agricultural activities – especially high value crop production and irrigated agriculture.
- When PSNP is delivered late, the potential for households to combine the PSNP and packages to maximise the potential for graduation is severely constrained.

5. Linkages between PSNP and wider government programming

The system for dealing with food insecurity crises has not been systematically revised since the PSNP started, and there are a number of concerns about how the system will respond in the event of a disaster. These relate to:

- Policy coherence
- Staff capacity to deal with both PSNP and emergency
- Coordination of the emergency response in practice, especially in chronically food insecure areas
- Application of contingency plans and funds

- The effect on household decision-making of uncertainty in their livelihood security in the event of drought.

This study has identified a number of important enablers of livelihood improvement and economic growth. These are factors beyond the direct control of PSNP and OFSP that aid graduation processes. Whilst we have shown that the 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.

Comparing this list of enablers with plans under PASDEP, both the overall thrust and the specific areas of focus within PASDEP are very well aligned with the demand from PSNP and non-PSNP households. How these programmes will actually be implemented will however be important – the ‘devil will be in the detail’, and the capacity of woreda staff to interpret and implement the policy intention accurately in practice will be crucial. Clear and appropriate guidance which is disseminated effectively where it is needed will help avoid a situation similar to the current inconsistent application of the graduation concept.

In terms of the effect of PSNP on use of other services, the study highlighted that PSNP increased the use of services, especially health, education and water. It did so in two ways – increase or improved supply of services, and increased 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. However the sustainability of such investments is not yet secured, and there is an argument for enhanced coordination with sector planners to improve this.

In terms of demand for health and education, the study provides clear evidence that households use at least some of their PSNP cash income to access health and education. Furthermore, in our sample 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, as follows, by:

- Keeping children in school longer as a direct result of PSNP
- Keeping more children in school as a direct result of PSNP, and
- Using health services more as a direct result of PSNP.

These effects were more visible in woredas where cash transfers were used.

6. Conclusions

1. 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:

- In terms of food consumption, beneficiaries are commonly eating more food, of different types, of better quality, more often
- In terms of asset protection, significant numbers of beneficiaries are now able to avoid selling food to pay for short-term household needs such as medicine or school fees, and have been able to avoid selling productive assets like livestock and land. They have been able to avoid loans for food, avoid migrating thereby allowing more investment in their own household livelihood activities, avoid low paid and insecure casual labour, and avoid harvesting their crops prematurely to meet immediate food shortages.
- In terms of asset building, PSNP is also being used for a range of productive investments including in education, livestock and savings schemes.
- PSNP is also playing a key role in allowing people to feel secure enough in their income to take productive loans which they previously found too risky. This indirectly enhances the asset building role of the PSNP

All of these patterns are found to a greater extent in households receiving cash from the PSNP, and consequently the range of consumption smoothing, asset protection and asset building was wider. Nevertheless there remained a common preference for food over cash. This was explained by the current imbalance between the lower purchasing power of the cash provided compared with the quantity of food provided, but also because of the distance from markets of many respondents and the consequent difficulties of purchasing food. We cannot speculate on whether this broader range of uses of PSNP resources is common across the programme or whether it is more favourable for graduation than the more limited responses associated with food transfers. However if so, then the possibilities for enhancing the proportion of cash payments might warrant further investigation.

Finally, the benefits of public goods produced through Public Works have already led to tangible benefits, and they have potential to do more, especially those related to roads to bring markets closer, SWC to enhance soil potential and water management, and clinics and schools where these have been lacking. It will be important to build the coordination capacity and behaviours at woreda level to enhance the impact of future works.

2. Linkages are critical for graduation, since the PSNP alone is unlikely to enable graduation on any scale. A combination of PSNP and OFSP 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 PSNP 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.

The study has produced a list of ‘enablers of graduation’, many of which lie beyond the capacity of the FSP to influence on its own. The advent of PASDEP appears to be a golden opportunity for the FSP since their agendas appear closely related. It will be important for the FSP to be closely linked to implementation of PASDEP at all levels to ensure that the potential complementarities materialise in practice.

However it should be noted that a strong message emerging from this study is that graduation processes are complex and cannot simply be delivered through the FSP. Even though we have produced a list of enablers of graduation, we have little experience in practice of observing households graduate, and it is therefore not clear what conditions are needed to stimulate this, or what unknowns might prevent this. This issue would benefit from specific study. Because of this complexity the development of sustainable and independent livelihoods on the scale necessary to significantly reduce the number of PSNP beneficiaries is likely to take a long time; assuming a continuation of the good progress to date, there may be a need to lengthen the 5 year programme period of the FSP.

3. The potential for graduation is inhibited by a number of design and implementation issues within the PSNP. These include:

- Lack of clarity over what it means for a household to graduate 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.
 - When payments are late it undermines many of the gains as described in conclusion 1 above and leads a variety of destructive behaviours, such as use of OFSP loans for consumption negatively affecting the key means by which households are meant to build assets, failures to repay loans creating potentially disastrous debt, and the selling of assets which compromises future livelihood gains, all to buy food. The uncertainty created prevents households making risky investments because their consumption smoothing and asset protection is not guaranteed
 - When payments are unpredictable it again has a similar effect of inhibiting risk-taking behaviour. It further compromises graduation potential when loans taken through OFSP exclude the participant from future PSNP transfers.
- Other implementation problems which according to this study need improvement, at least in study woredas, are:
 - Improvement of the situation with inadequate staff numbers and high turnover which have implications for the capacity of the bureaucracy to do what it required – although there may not be much that PSNP itself can do on this
 - Enhanced focus on linkages between programmes to enable graduation rather than an inward-looking focus on programmes themselves
 - Provision of greater skills and application of those skills to the participatory planning processes that are such a positive feature of the PSNP
 - A need for greater guidance on how to make the intended horizontal linkages work in practice, especially at woreda level
 - A satisfactory resolution of discussions on the different timings of budget cycles for the woreda administration and the PSNP
 - Ensuring that PSNP labour does not interfere excessively with households' use of their own labour, especially by avoiding peak agricultural seasons, as is intended.
- Whilst the public works requirement of the PSNP is meant to prevent dependency on the PSNP, the findings presented suggest that it may in fact do the opposite for households with higher numbers of non-workers such as children, the disabled 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, such as those provided under the OFSP. The OFSP requires labour but the PSNP absorbs it. There are extreme cases of this but the argument applies to any households with limited labour and a relatively large number of non-working dependents.

The significance of these problems varied between woredas and we do not know how representative they are of other PSNP woredas.

4. The contribution of the OFSP can be enhanced. The study produced a number of examples of successful loans which had raised the livelihood status of households to another level, and has concluded that the combination of PSNP and OFSP has potential to enhance livelihoods significantly, where similarities with the study areas exist. As a key component of the equation by which PSNP + 'something else' = graduation, the performance of the OFSP is critical, and the study also identified a number of issues which, if more widely applicable, might usefully be addressed.

- Whilst the list of packages officially available is quite wide, at household level the options available appear much more narrow. Somewhere the menu of packages is being narrowed. This needs to be addressed so that we can overcome the problem emerging from household and community interviews that the packages are often not appropriate for households.
- There is little evidence of the extension services under the Rural Development Strategy reaching down to PSNP and OFSP beneficiary households. Respondents in this study reported limited or non-existent training and back-up services to support the agricultural credit so in reality the term 'package' is misleading because many households were receiving credit but no other support.
- Many households remain reluctant to take OFSP loans, citing combinations of the following reasons:
 - Lack of confidence that repayments will be possible
 - Reluctance to take the risk of loan failure because of the potentially catastrophic debt that may result in with no way by which to pay it
 - Lack of a supportive environment to maximise the benefit of the loan, for example serious problems with frequent drought, agricultural pests, livestock disease
 - Lack of support services to control risks and the feeling that there is no package at all – especially access to veterinary services, extension advice, other inputs etc.
 - A judgement that the packages on offer in practice are not suitable for them, for example because they are not interested in the narrow menu of options or the package recommended for them by the DA
 - Insufficient labour to allocate to make the package work, and
 - Too long between assets being received and returns being received and profits made – for example when buying a heifer – meaning that unaffordable costs would be incurred without a means to cover them.
- Coverage of the OFSP is critical to achievement of the FSP objective, and yet remains low in some of the study woredas. Plans and budgets are in place which

might allow very high coverage of household loans but this still needs to happen. The balance between money allocated to loans and that to the wider package, and the size of loans will be important factors in eventual coverage. However three further findings are significant:

- The budget provision will not allow multiple loans per household¹, and yet there is some indication that this may be required to allow households to climb a ladder and progressively improve their food security status.

There remain many households in study villages, though we do not know the proportion there or elsewhere, who are reluctant to take loans for all the reasons above and more. If this is also the case elsewhere, measures to address their concerns will need to be developed if coverage is not to reach a ceiling well below the 100% mark. There is a current presumption that households with access to PSNP and OFSP will graduate. Based on findings in study woredas this needs to be tested and the dynamics much better understood. This will help identify what does enable households of which types to graduate to food security, and also what is lacking which prevents this transition. Both of these findings will be able to inform future strategy to enhance the likelihood of the FSP achieving its food security objectives.

Addressing these issues would maximise the effectiveness and appropriateness of the OFSP and its contribution to household level graduation. Ultimately however the PSNP and OFSP are inter-dependent. Without improvements in the implementation of PSNP, the OFSP contribution will itself be significantly hindered even if the issues here are addressed.

5. Impact on health and education is important. The study has illustrated the wider impacts of PSNP transfers on households' behaviours in study woredas. PSNP cash is being directly used to finance enhanced use of both education and health services, with 29% using it for health services and 15% for education. Children's education in particular appears to be a very high priority for women, and furthermore, poor households are almost twice as likely to use PSNP cash for health services. These are important findings which suggests that PSNP, especially when transfers are issued as cash, is helping households achieve their wider objectives in terms of investments in human capital. Whilst these investments may not directly help with food security, they can be seen as longer term investments in food security and poverty reduction.

The study developed 12 recommendations to address the priority issues raised. These may be found in section 7 of the main report.

¹ Other than where revolving funds are established

1: Introduction

1.1 Background

1. The Productive Safety Nets Programme (PSNP) is one of the Government of Ethiopia's (GoE) flagship reform programmes and represents a significant transformation of the Government's strategy for meeting the Poverty and Hunger MDG in Ethiopia. The PSNP represents a serious and innovative attempt on the part of the Government of Ethiopia to move away from responding to chronic hunger through emergency appeals towards a more predictable response with predictable resources for a predictable problem.

2. 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.

3. There is significant donor commitment to the programme. Donors see the PSNP as an innovative and priority action in Ethiopia. Thus, the PSNP was developed by intensive collaboration between the Government of Ethiopia and the joint donor group (European Commission (EC), World Bank (WB), Development Cooperation Ireland (DCI), United States Agency for International Development (USAID), Canada International Development Agency (CIDA) and Department for International Development) involved in the vulnerability policy dialogue and the Coalition for Food Security. Donors have sought to a) use the GoE's own documents as the principle guidelines for programme implementation and b) minimize the replication of appraisal documentation. In this context, the appraisal requirements for both DFID and the World Bank have been harmonized and agreed with Government and will be met by work commissioned by the Government of Ethiopia, DFID, the World Bank, and others.

4. The change in programming for food insecurity comes with a number of risks. The greatest concerns are 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 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 a transitional period allowing for institutional structures, implementation capacity, financing modalities (transfers to beneficiaries) and financial management systems to be put in place and adapted as necessary. The second phase of funding is contingent upon studies being undertaken in key areas and appropriate recommendations being formulated and agreed with Government. The studies provide an important opportunity for Government and donor partners to undertake a stock-taking of progress on implementation and agree appropriate adjustments as necessary. The studies

undertaken include: Review of Public Works, the Targeting Review², the Trends in Transfers study³, and this study on PSNP Policy and Institutional linkages.

1.2. This report

5. This report is part of that appraisal process and results from collaboration between the Government of Ethiopia, DFID, the World Bank and independent policy researchers. The study was conducted between April and June 2006, with report writing extending into July. The study core team comprised Rachel Slater from ODI, Steve Ashley from theIDLgroup UK, and Mulugeta Tefera, Mengistu Buta and Delelegne Esubalew from Indak Ethiopia. The team was also supported by a number of research assistants in each Regional State.

1.3 Objective of the study

6. The objective of the study was:

To assess the degree to which beneficiaries access Government/donor programs and services in conjunction with the PSNP. The aim is 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.

7. The terms of reference for the study are presented in annex 1.

8. The study focus on linkages reflects the presumption that in order for 'graduation' into food security to occur, the combined effects of various policies and programmes are required. The focus of this study is therefore on graduation processes as the end, with the linkages that might enable graduation the means to the end. The relevant linkages that this study aims to understand can be categorised as either vertical or horizontal. Vertical linkages concern the transmission of policies, plans and programmes into action as intended to enable graduation. Horizontal linkages are about the degree of coordination and coherence between different actors and plans, and the extent to which they join up to enable graduation. The study focus then is on the extent to which the PSNP is implemented as intended, and the extent to which its implementation joins up with other programmes and development processes, with the objective of graduation into food security of PSNP beneficiaries.

1.4 Study approaches and methods

9. The study brought together a variety of data collection and analysis approaches, including:

- A review of policy and programme documents for their planned linkages

² Sharp, K, Brown T, and Teshome A (2006). Targeting Ethiopia's Productive Safety Net Programme. August 2006. ODI/IDL/AZ consult. London, Bristol and Addis Ababa.

³ Devereux S, et al (2006). Ethiopia's Productive Safety Net Programme: Trends in PSNP Transfers within Targeted Households. Final Report 10th August 2006. IDS and Indak International, Sussex and Addis Ababa

- A multi-level assessment of institutional linkages and issues in practice through discussions with government officials and other key informants at Federal, Regional, woreda and Kebele levels
- A series of group and individual discussions with community members and key informants, disaggregated in various ways including by wealth category.

10. These approaches were applied in the following locations:

Table 1.1: Fieldwork for Linkages Study

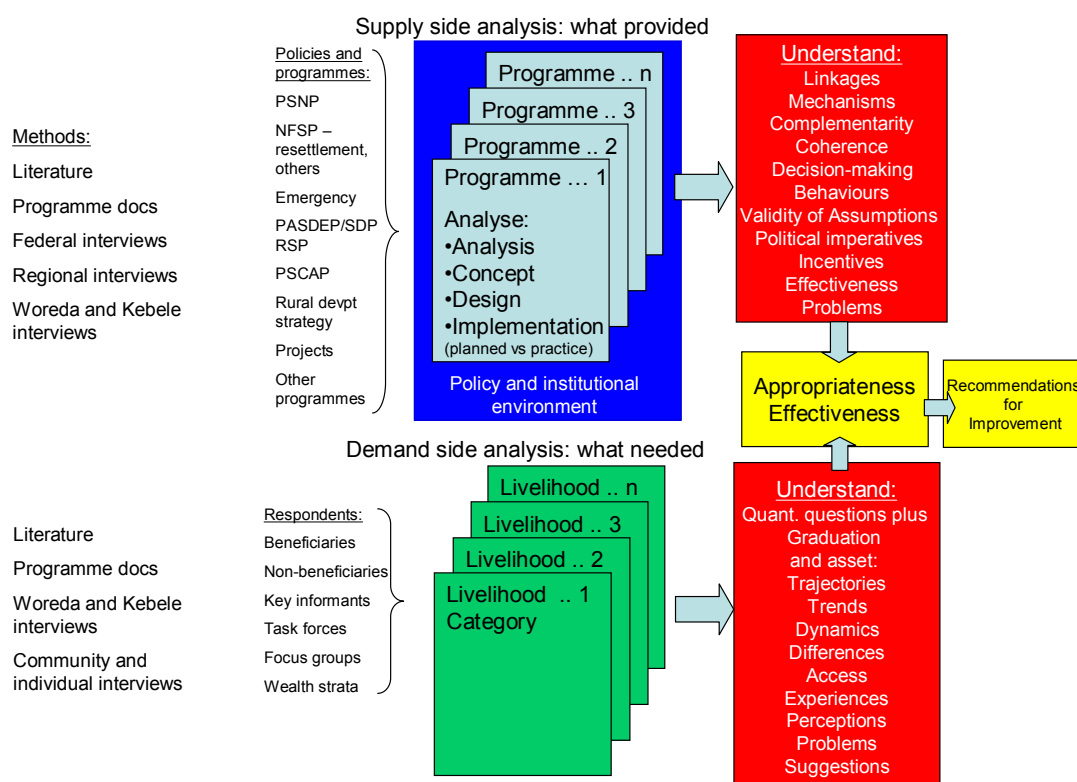
Federal	Regional	Woreda	Kebele	Village	Household
	Amhara	Bugna	Genetemariam	Genetemariam	6 x household interviews
		Kalu	Abahilme	Abahilme	6 x household interviews
	Oromia	Chiro	Saroo	Saroo	6 x household interviews
		Fedis	Riski	Koye	6 x household interviews
	SNNP	Boricha	Doyo Otelcho	Otelcho	6 x household interviews
		Derrashe	Holte	Holte	6 x household interviews
	Tigray	Enderta	Mahbere Genet	Tsilwa	6 x household interviews
		KilteAwlalo	Addekisandid	Mahbere Hiwot	6 x household interviews

11. The study was conducted within an overarching analytical framework, see figure 1. The analytical framework brought together the two halves of the study:

- **The supply side.** This provided an assessment of the policies and programmes that are being supplied, in theory and in practice; and
- **The demand side.** This provided an assessment of what support the clients, targets or beneficiaries of the PSNP want and need from the supply side, and their experiences of various policies and programmes in practice.

12. The supply and demand sides were then brought together to provide an overall analysis of how the priorities of the demand side might best be met by the supply side, and this allowed the derivation of overall study conclusions and recommendations.

Figure 1.1: Analytical framework for the PSNP policy and programme linkages study



1.5 Report Structure

13. The report structure is divided into 7 parts.

- **Part 1** comprises this introduction;
- **Part 2** describes findings from fieldwork about household livelihoods. Drawing on household and community interviews, it identifies four main household livelihood groups, each of which faces a different set of problems in achieving food security;
- **Part 3** describes the government, donor and NGO programmes that are in place to tackle some of the problems that households face, and explores the horizontal and vertical linkages between different programmes and institutions and the effects that these have on the efficacy of programmes;
- **Part 4** then returns to findings from household and community interviews and explores the difficulties that households face in making a living, their access to the PSNP and other programmes, and the impact of these programmes on their welfare and livelihoods. This section fulfils the key task from the TORs and explores lessons, and identifies and documents interventions that promote graduation. At the same time it demonstrates some of the challenges that might prevent graduation of households out of poverty and into sustainable and independent livelihoods.
- **Part 5** reviews the lessons learned in the study about the remaining tasks regarding wider linkages – how far the PSNP overlaps and is coherent with GoE emergency

systems, how future investments in public services may impact on graduation, and whether the PSNP promotes or hinders the use of other services including education, health, water, etc.

- **Part 6** Incorporates the final conclusions, asking whether the current combinations of programmes that attempt to lead to graduation 'add up', and
- **Part 7** provides a set of study recommendations for future action based on the study findings.

2: Making a living: livelihoods and food security

2.1 Introduction

14. Rural households in Ethiopia are not all the same. They differ in many ways, including in terms of their resources, their objectives, the strategies they adopt, the problems they encounter, and the success they have at making a living. They themselves also differ over time. The aim of this study is to assess whether the necessary linkages exist to enable food insecure households to become food secure. In order to do this, this section describes the four different categories of households encountered during the study. These categories are used throughout the report to assess differences in the adequacy of policy and programme linkages for different types of households. This provides additional insight as to which sorts of linkages are required to assist different types of households to achieve food security, which helps to develop a set of robust and appropriate conclusions and recommendations.

2.2 Household Types

15. Analysis of household and community interviews, in each of the eight woredas, articulates the following typical stories of household livelihoods and food security. In most cases each of the stories can be found in every woreda and, whilst they are not meant to be statistically representative of either the study woredas or Ethiopia's food insecure woredas, the stories of household livelihoods do reflect the range of different experiences of food insecurity to be found across the study woredas. The analyses explain, in a structured way, how people live and their experiences of the PSNP and other programmes. They are not meant to shed light on the prevalence of these different experiences – this is the role of the Trends in Transfers study. On the whole the households in group 1 are the poorest and in group 4 are the richest, but there are exceptions to this and they should be seen as household livelihood groups, not wealth-ranked groups.

2.2.1 Household Type 1: Poor and elderly or sick

16. These are poor households with only elderly household members who are sometimes supporting grandchildren. They constitute about 10% of the study sample. Household size ranged from one to three, with no able-bodied or economically active adults in any of the households. We would expect these households to be direct support beneficiaries in the PSNP as they have no labour capacity. In many cases they also had no assets – only one household had land that was sharecropped out to provide an annual income of around 2 quintals of grain and one other had an ox though this was to be sold to meet household needs.

17. In order to survive, households depended on *kevota* from neighbours, preparation of food to sell to labourers, loans to buy food, sharecropping out any remaining land, collecting and selling grasses, the sale of any remaining assets in the household and begging. One household had an alternative source of income in rope-making. Only the land-owning household had any vision of how to survive in the future beyond the PSNP – in this case by trying to protect the land from erosion so it could be productive when sharecropped out. A typical example of a household from this group is given in Box 2.1.

Box 2.1 Household Type 1: Abdulahi

Abdulahi lived in Fedis in Oromia with his elderly wife and one grandson. There were no able-bodied people in their household. The household's land was passed on to three adult children and so their livelihood was dependent on *sedeqa* and the sale of ropes made by Abdulahi's wife. The children gave them 50 kg at harvest which lasted about 2 months – even before the start of the PSNP each year, the family is hungry. With no prospect of gaining any kind of work, the household doesn't have a strategy or vision for how to change their livelihood to get out of poverty and can only think of begging and praying.

The household receives 60 Birr each month, if the payments arrive, as direct support but there is no payment for the grandson that they care for. They used their land payment to buy food and one hen. The hen is laying eggs which are sold to other households. Before the PSNP, the household had two meals a day but during months of PSNP payment they eat three meals. When the PSNP is finished for the year and they have only ropemaking, they will eat only one meal each day.

Since the PSNP, the price of grain has become expensive. They would prefer to receive the grain itself because the purchasing power of the money from the PSNP is low and it is difficult for them to travel to get cheap food.

2.2.2 Household Type 2: Poor and labour constrained.

18. These are poor households with a large number of dependents. They constitute roughly 20 per cent of the sample households – and half of the households are headed by women. Only one household is landless but the remainder, whilst having land holdings ranging from 0.25 to 1.5 ha are underutilising their land. In many cases the land is sharecropped out, especially in women-headed households. The terms of sharecropping vary: Zenabo in Tigray receives 50 kg of grain per year from her 0.5 ha landholding; Aminat in Amhara gets 150 kg from 1.5 ha; whilst Desta in Amhara does the best and gets 250 kg from her 0.25 ha in a 'farming on the halves' arrangement.

19. Where households are cultivating the land themselves, they say that they are not able to make the most of their landholdings. For those households who were able to give accurate landholding and production figures, the average yield per ha was 650 kg.

20. These low levels of production could be explained by both endogenous and exogenous factors: Within households, low levels of production and underutilisation of land was the result of shortage of labour and lack of financial capacity. Labour dependency ratios (economically active: dependents) were 1:4, 1:3, 1:5, 2:4, 1:4, 2:6, 2:6, 2:8 and 1:4. A simple unweighted average shows each economically active adult responsible for 3.2 dependents. In terms of financing for agriculture, only two of the ten households, both male-headed, had one draught ox and none had a pair. Only one household had acquired access to irrigation infrastructure – in this case a drip irrigation kit from the NGO Concern. Outside households themselves, households said that the main constraints to them producing more were the availability of water, access to markets (for inputs and outputs), pests and disease (including stalk borer, striga and black leg disease), sickness among people including that due to malaria, and the lack of support from government to improve farmer's knowledge and skills.

21. All the households in this group had significant food gaps – between seven and 12 months – with most examples being at the higher end of that range. All the households were net consumers, not net producers of food. Two households did produce enough food to meet their subsistence needs but closer examination showed that they sold food at harvest in

order to get cash to pay back loans and then bought in food at a later time, when the price was higher. The range of activities to supplement income was relatively narrow. The most common were the sale of livestock and seeking casual labour, usually on farms during weeding and harvesting times, but sometimes in the rural non-farm economy. Both these strategies were of limited use in this household group because labour was limited and assets were few. The general pattern was for households to have a dairy cow (usually on credit) and 3 sheep and some hens. Medhin in Tigray was landless and had lived for the last 6 years supporting her children by selling off, one-by-one, the 3 cattle she earned from her divorce. By 2005, Medhin's cattle had run out and she had no more assets to sell.

22. In certain locations, other activities were important – for example sand and stone collection in parts of Tigray. Women showed slightly greater propensity to take on more diversified activities including pottery, hairdressing, making and selling injera and local brew. They were also more interested in small ruminant production and livestock fattening. In the most desperate of situations, community support often was lacking, because many households experienced hunger at the same time. In such situations households resorted to eating cacti and other wild foods.

23. The main strategies that households in this group talked of employing to get themselves out of poverty reflected their labour constraints. In some cases households found their labour and capital constraints overwhelming and had no strategy beyond gradually selling off any remaining assets until they had nothing. Their poverty had literally paralysed any vision or strategy they might have had for getting out of poverty. Women were less likely to face this paralysis and still prioritised ensuring that their children completed their education so they could get jobs. In contrast, men prioritised extending their farming – either by renting in labour or by using household labour as it became available. All households wanted to build up their assets, though with significant gender differences: men spoke of getting draught oxen and irrigation whilst women tended to focus on productive assets that were compatible with their household responsibilities. These included small ruminant production, and fattening and dairy cows. Some were open to using credit arrangements as part of their strategy whilst others said that credit was too risky given their circumstances.

Box 2.2: Household Type 2: Zenabo, Enderta

Zenabo's husband passed away and she now lives with her four children aged 2, 12 (twins) and 16. She has half a hectare of land but no labour so she sharecrops the land out. She usually gets from 50 to 100 kg of grain, often teff. She supplements this income with hairdressing from which she earns another 50 kg each year.

She participates in PSNP public works for 25 days each month, often carrying her son with her to work and leaving him beneath a shed while she works. Zenabo uses the money from the PSNP mainly to buy food but she also does *uko* saving and last year also bought school stationery and made a contribution to her church. She is determined to keep her children in school. *My eldest son was a student before but then stopped because of poverty. Before the safety net I tried to get all the kids in school doing casual labour but there were lots of gaps in their education. Now all three stay in school.*

Zenabo also took an OFSP loan and bought a dairy cow which is not yet lactating. Her eldest son is collecting sand at the weekends in order to get the money to pay back the loan. She was previously reluctant to take a loan even though they were being pushed by the woreda but the PSNP has changed her situation. *Before the PSNP the government was insisting that we took loans and changed our lives with the package but I was reluctant to take because how would I pay it back because I only did casual labour and hairdressing. But then I got the PSNP so I became more secure so it encouraged me to take a cow. If*

the PSNP continues I am not afraid about repayments. If the PSNP stops it will be very challenging.

The labour requirements of the PSNP make it difficult for Zenabo to do any other labour, including on her own land, because even in May and June, they are still working on the PSNP. As a result, she took a dairy cow package so she could keep the animal at home and she spent the outstanding money buying a roof for her house.

2.2.3 Household type 3: Households with food gaps and other sources of vulnerability

24. This is by far the most diverse group of households and the largest. It constitutes nearly half of the sample. It encompasses households that are largely dependent on agriculture but fail to produce enough food due a number of different factors. Various combinations of these factors have different implications for household livelihoods and food security but there are broadly 3 sub-categories in this group. These categories are not neatly defined so later parts of the findings and analysis are consolidated.

a. Small landless or near-landless households with large food gaps, limited labour but few dependents (4 households);

25. These households typically had 3 household members comprising two adults and one child. Some were newly-formed households whilst others comprised elderly adults and grandchildren or very young children. They were labour-constrained in absolute terms but less constrained than households in group 2 in terms of the ratio of economically-active households to dependents. Most were landless or had very small holdings of land. Food gaps in this group were between 3 and 6 months – consumption of food produced at the homestead or through sharecropping was augmented by activities such as stone collection and by trade. Households in this group, despite limited land, had the capacity to find alternative, albeit limited, sources of livelihood. The main strategies for moving out of poverty focused on more productive use of homestead land – for example the expansion of vegetable gardening using irrigation or livestock fattening and management.

Box 2.3 Household Type 3a: Selito

Selito was a 60-year woman living in Boricha in SNNPR who lived with two young children who were both in school. She depended on agriculture and trade for her livelihood. She had 0.125 ha of land on which she produced maize, mainly for sale, and enset, mainly for consumption. The food gap was only about three months because trade enabled Selito to earn money to meet consumption needs.

Selito was not in the PSNP because her food gap was small relative to her neighbours. However, she is benefiting from public works. Her homestead is very close to a very large gully and public works terracing of the hillsides appears to have reduced the risk of flooding for her. Selito did take a loan of 1000 Birr in December 2005 and tried to start up an enterprise trading sheep. She does not know who the loan came from. She now pays 101.70 Birr each month in repayments, which began just one month after getting the credit. She has successfully paid for four months but doesn't know how she will continue to repay because sheep trading is very competitive and profits are poor.

b. Larger households with some land and labour that tend to be dependent solely on agriculture with no other livelihood strategies (5 households);

26. Household sizes in this group range from 2-5 but there is little diversity of sources of income. Households are largely dependent on agriculture (and in some cases the PSNP). Landholdings are between 0.5 and 1 ha. Some households produce enough to meet their own needs in good years, but most are vulnerable to poor rainfall and often have food gaps of around 6 months. Pests and diseases, for example striga, also threaten their food security. These households struggle to find alternative sources of income to fill their food gaps mainly due to financial capital constraints and lack of knowledge and skills to either diversify their agricultural activities or move into other non-farm activities. Many of them look to fattening or trade but lack the start-up capital they need and are trying to get credit.

Box 2.4: Typical Household 3b: Ahmed

Ahmed lived in Fedis with his wife and one child. Agriculture, especially maize, groundnuts, onions and chat production, formed their main livelihood but they faced a serious struggle to keep the weed striga out of their fields. Relatively speaking they had a good plot of land – one hectare – and in most years the household's own production lasted for around 6 months but due to Striga affecting their maize production, and an insect known as *hudho* eating the leaves of the groundnuts, in 2005 production lasted for only two months. The food gap in normal years is filled by the consumption and sale of goats, cows and, recently, their ox. They have 1 heifer and 2 calves remaining.

Ahmed and his wife do PSNP public works and the household receives 90 Birr each month. However, before the work began they were told that they would be working for only three months so as not to disrupt their farming season and that they were be paid later during the summer when they face the hungry months before harvest. Ahmed thinks this timing of work and payment is sensible (though others in the same locality who had not understood that work would take place but payments would come later, thought that they had not been paid). Last year Ahmed used his income to purchase food. He also took a loan to purchase a heifer and seed-onions. *The PSNP and OFSP are good because it stopped me from selling my goats and I would have to have gone elsewhere as a daily labourer. Because of the support I am peacefully working on my farm without worry.*

c. Households which tend to have more diverse livelihoods but often face food gaps and are vulnerable during periods of drought and other shocks (12 households).

27. These are usually larger households that are dependent on agriculture and a wide range of other livelihood activities. Household size ranges from 3-12 with an average of 6.5. Land holdings are not large - ranging from 0.125 to 1 ha - with those at the bottom end of that scale sharecropping in to augment the production from their own holdings. These households differ significantly in their production too – rather than focus heavily on cereal crop for their own consumption, they produce a range of marketable crops for sale. Relying on own consumption only means food gaps ranging from 2 to 9 months but all households have strategies for earning additional income to meet these gaps. Some households have up to six different sources of income. The most prevalent additional livelihood strategy is casual or migrant labour.

28. Households are concerned that this is an unreliable and therefore risky strategy – finding a job is not always easy. Other activities (in order of importance) include firewood and charcoal collection, petty trade (pepper, beer), and then equally: masonry, camel transportation and rope-making. A small number of households reported regular distress sales of animals – especially compared to other household groups described above. With

one exception, households in this group have clear strategies for lifting themselves out of poverty. It appears that their experiences pursuing alternative livelihoods beyond agriculture have given them a greater vision of what is possible, both in agriculture and beyond it. Clear visions of how to improve the outputs of cultivation include diversifying into drought tolerant crops where water is a problem (though households lacked the seeds and knowledge to do so), diversifying into higher value crops (e.g. vegetables) and improving water harvesting including with the use of motor pumps to increase productivity. Wider strategies included trade and transport, especially of agricultural produce, fattening and the improvement of housing.

Box 2.5 Household Type 3c: Ahmed

Ahmed lives in a household of six – two parents and 4 children – in Chiro in Oromia. Agriculture is the main livelihood activity and the household can produce a significant amount of food – about 6 quintals of sorghum, 2 quintals of maize, and 3-4 quintals of haricot beans in good years. Trade opportunities to sell food produce are limited because of the long distances to local markets – Asebot is about 2 hours walk each way, Asebe Tefera further still. This year, despite significant reduction in travelling time because of work done through PSNP public works on the roads, the household had nothing to trade. Because of poor rainfall, it produced less than half of the normal harvest - 5 quintals of sorghum and no maize or haricot beans.

The household was not targeted / selected for the PSNP because of its normally high food production so Ahmed turned to casual (*kuli*) labour and charcoal production in order to meet household needs. He began walking each day to the richer farms of the lowland kebeles close to Asebot. On some days he would get work and earn 8 Birr, on other days he would not find work.

Ahmed wants to further diversify his agriculture and strengthen his trading in order to secure his household livelihood. *The trade will be buying goats in one place and selling in another. The support I am looking for is a loan. My second aim is to diversify my farming into high value marketable crops which I do not grow now such as onions, sesame, pepper, linseed and chat. But I have no financial capacity – to diversify the crops I need money for seeds.*

Whilst Ahmed prioritised getting a loan over becoming a PSNP beneficiary, he also clearly understands the benefits of both: *I would take a loan if it were available. I do not know when my turn will be and I have not been registered. If I was getting support from the safety net then I could partially fulfil my food requirements from the safety net and have some food sale from my own production. The safety net could have also helped me to spare more time in my own farm to increase my production instead of going for labour.*

2.2.4 Household type 4: Food secure but vulnerable

29. The final livelihoods and food security story is those households that tend to meet their needs in all but the worst years. They are relatively resilient but one particularly poor year or sequential poor harvests could leave them with a significant food gap. These households have between 4 and 9 household members and no land constraints. Holdings are usually more than a hectare and often 2 ha. Agriculture still dominates their livelihoods and they produce upwards of 10 Quintals of grain each year. Another factor that sets these households apart from the others is the productive assets that they hold. Beyond land, households routinely have a mix of cows, a pair of draught oxen, donkeys for transportation (often with donkey cart) and up to 20 sheep and goats. Even where households do not meet their food needs from their own production, households often have either a source of regular wage income, an alternative source of livelihood (for example sale of cash crops like chat,

vegetables or haricot beans, or sand collection and sale), or they can sell livestock on a regular basis without risking future livestock production. Household livelihood strategies tend to focus on addressing the risks to agriculture, particularly the use of irrigation and pesticides to make crop production less prone to failure, and also on increasing fattening and improving trade.

Box 2.6 Household Type 4: Keshi

Keshi lives in Kilde Awlalo woreda in Tigray with his family comprising his wife and seven children, five of whom are still young and two of whom are economically active. The household's main livelihood is cultivation on two hectares and livestock rearing. The household has a pair of draught oxen, one cow, one calf, seven goats and two donkeys. The donkeys are used to help Keshi's eldest sons do sand collection. Keshi also has a regular income working in the MOARD nursery in the village. The household meets six months of its food needs from its own production – up to 15 quintals of grain in a good year, or 12 on average. This is supplemented by income from Keshi's job. The income from sand production, about 80 Birr a month, is put aside to pay the weekly *iquib*. If the household still faces food shortages, Keshi and his sons do casual labour but they try to avoid this because income is uncertain.

The household is part of the PSNP public works though they receive an entitlement for only six of the nine household members. Keshi argues that, whilst he may seem rich, before the PSNP began he had no livestock at all and it is only the security of income from the PSNP that encouraged him to take a loan. In 2005 he borrowed 3,300 Birr and bought a beehive, two cows and 5 goats. The goats multiplied to 10 but two died. Keshi's family's fortunes have increased significantly as a result of the PSNP, though he argues he now needs support to irrigate his land if he is to be able to survive without the programmes in the near future.

3: Food security policies and programmes and current implementation status

3.1 Introduction

30. The previous section described the main livelihood activities and challenges to food security that are faced by different kinds of households in the eight study woredas. This section details the policy and programme responses to these challenges focusing mainly on government policies and programmes, and presents an analysis of strengths and weaknesses based on the current implementation status of these.

3.2. Overview of food security-related Programmes

31. There are a number of important policies, strategies and programmes that relate to food security in Ethiopia.

3.2.1 Policies and strategies

32. The main policy level documents are:

- The 2002 SDPRP, which is soon to be replaced by the PASDEP. These set the national framework for poverty reduction and economic development within which food security fits.
- The 2001 Rural Development Policies Strategies and Instruments document establishes the strategic framework and principles for rural development within the framework of the national development plans.
- The 2002 Food Security Strategy establishes the framework for food security interventions.

3.2.2 Government Programmes

33. The main government implementation vehicle for food security activities is the **Federal Food Security Programme**. This is based on the National Coalition for Food Security Food Security Programme document in 2003. However it is in practice being implemented in a more structured form as the Federal Food Security Programme, which has three main components:

- a) **Resettlement**,
- b) **the Productive Safety Net Programme (PSNP)**, and
- c) **'Other Food Security Programmes' (OFSP)**.

34. The OFSP component contains many different activities implemented through woredas, including soil and water conservation, road construction and maintenance and support to livestock. However its most visible element is the OFSP **'household package'**, which is a credit instrument. The implementation of the OFSP household package differs between regions but in general it comprises a menu of package loans for agricultural and

non-agricultural activities, which can be selected according to which is most appropriate for a specific household.

35. The implementation of the Federal Food Security Programme is financed through budget support to Regions who then channel funds to woreda level; in each Region the Federal FSP is therefore sometimes known as the **Regional Food Security Programme**. The PSNP is itself implemented in part by government, but also in other areas through WFP, and in others by selected NGOs including CARE, REST, SC-UK, CHF, FHI, CRS, and WVI

36. The rural development policy and strategy provides the framework for all rural development activities in the country, in both food secure and food insecure woredas. This is implemented through government offices and systems at woreda level, most notably through the extension service. In food insecure woredas, the Food Security Programme provides additional resources in line with the Food Security Strategy. The idea is that the government Rural Development programme and the FSP work together to address chronic food security issues in the chronically food insecure woredas.

3.2.3 Donor programmes and projects

37. In addition to the government Food Security Programme, part of which is funded by donor contributions, there are a range of specific donor programmes and projects. The main ones of these are as follows:

- **World Bank Food Security Project.** This provides similar support to the Federal OFSP, mainly using a revolving fund mechanism.
- **USAID funded Support to the PSNP programme (SPSNP).** This provides support similar to the Federal OFSP, implemented through NGOs including SC-UK, SC-US, CRS, CARE, REST, World Vision and FHI.
- **European Union Food Security Programme.** This has the objective of improving sustainable availability and access to food for structurally poor households in four targeted regions.
- **Others.** There are a number of other food security related programmes, such as the World Bank EDRP, and the DPPA's emergency response programme which are more relief oriented.

3.2.4 NGO programmes and projects

38. There are a further category of specific programmes and projects, other than those funded as part of the wider donor food security programmes and projects described above operating at woreda levels. There are a large number of these, and many of them are very small and localised – some being linked to international organisations and others based on local Ethiopian organisations. Some of the main ones encountered during the study include projects implemented by REST, World Vision, Plan International, CRS, and a number of others.

3.3 Evidence for positive linkages in PSNP to date

39. There is plenty of encouraging evidence from supply-side interviews to suggest that after a slow and sometimes problematic start in the first year, implementation of PSNP in the second year improved. A selection of the positive findings related to policy and institutional linkages are presented in bullet form here and elaborated below. They include:

- Clear statements of expected linkages for many aspects of the PSNP
- A major programme of training, mentoring, briefing, and production of guidance documents
- Much greater understanding of the PSNP and wider FSP amongst woreda level planners in the second year, and a good degree of joint planning and working at woreda level through the mechanism of the woreda development plan
- The decision to overlap coverage of PSNP with OFSP in the second year of implementation, in order to enhance the possibilities for graduation by PSNP beneficiaries, and the allocation of a 6 billion Birr budget to the OFSP
- The effort to strengthen the extension service through provision of 3 Development Assistants in each kebele, which enhances the quality of PSNP and OFSP work conducted, but also strengthens links between food security activities and wider rural development activities.
- The institutionalisation of the PSNP and wider FSP in the current draft of PASDEP

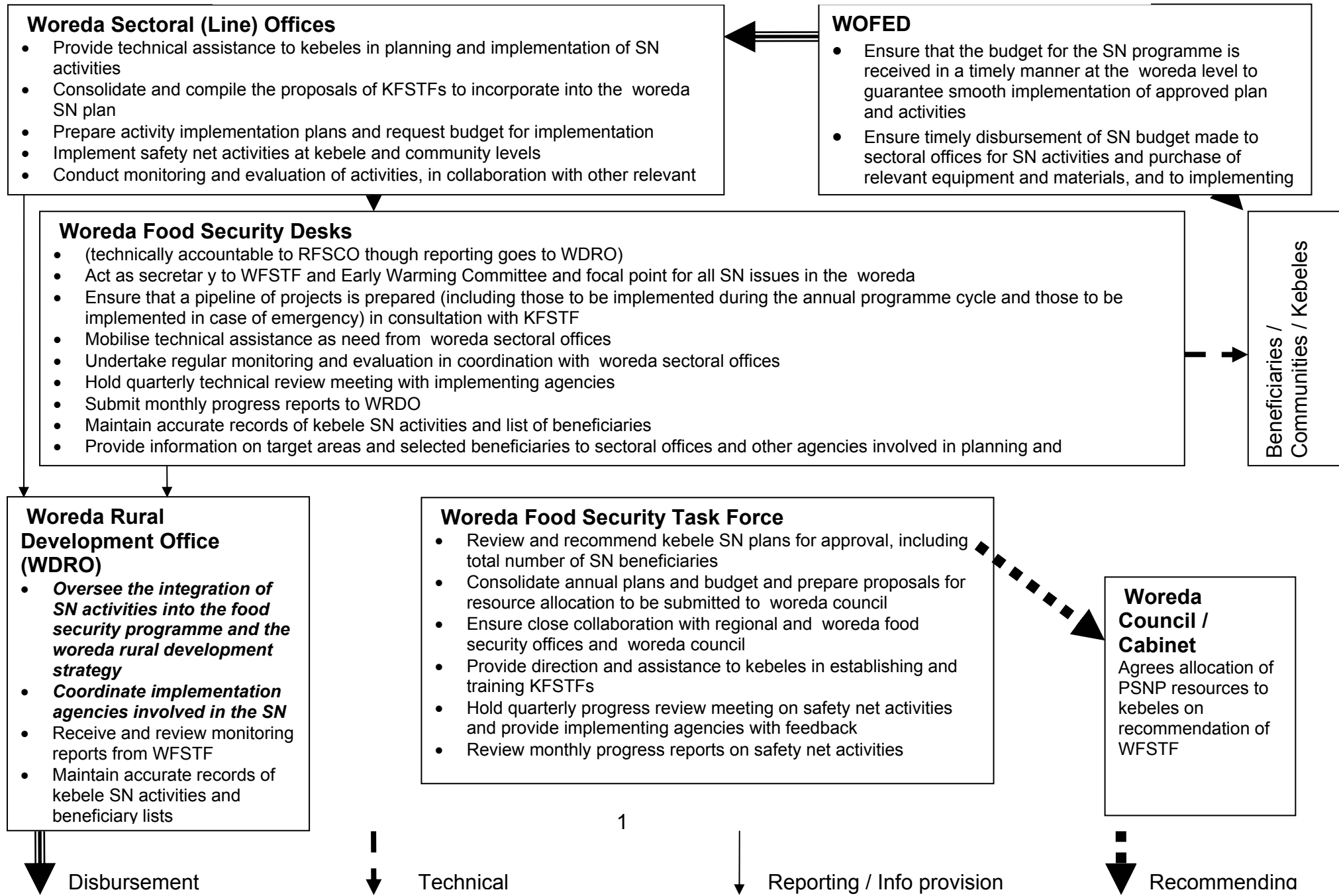
3.3.1. Expected linkages

40. On paper there is a clear, albeit incomplete, structure for linkages between different institutions for the successful implementation of the PSNP. The PIM has a chapter on institutional arrangements that show the roles and responsibilities of different institutions in the PSNP at each level. At federal, regional and woreda level, a food security coordination office is responsible for most aspects of safety net delivery but Food Security Steering Committees or Task Forces provide critical coordination roles between all institutional actors. Moving from federal to regional to woreda level the structures become more complex. At federal level there is little link to other institutions beyond DPPA and MoFED but at woreda level, Councils or Cabinets and a multitude of woreda line (sector) offices are involved. An example for woreda level is given in Figure 2 below.

41. **Vertical linkages.** The transmission of policy objectives into consistent implementation depends on effective vertical linkages between Federal, Regional, Zonal, woreda, Kebele, community and household levels.

42. The PSNP PIM provides a clear and intensive set of expectations for the vertical linkages that are required in order to manage the programme effectively. This is the case at all levels, from Federal down to Community, with particularly strong expectations between Regional to woreda levels in planning, budgeting and support, and between woreda and lower levels in terms of activity planning. It is clear that at the planning stage the importance of vertical linkages has been recognised and taken account of. In the context of decentralisation, the woreda level is the key implementing level, and significant autonomy exists at this level. Nevertheless the woredas are part of a vertically linked system and this whole system needs to link up effectively if PSNP implementation is to be optimised.

Figure 3.1: woreda roles, responsibilities and relationships in the PSNP



43. Table 3.1 below summarises the current status of the main groups of activities for which vertical linkages are required in PSNP.

Table 3.1: Current status of vertical linkages

Vertical Linkage	Current Status
1. Policy guidance on PSNP	Good on many issues mainly through the PIM but also from Region to woreda through training and technical backstopping but some critical gaps, especially in relation to conceptual understanding and practicing of graduation
2. Vertical planning of PSNP	Works generally well between community, Kebele and woreda with some constraints caused by low capacity and infrequency of interaction
3. Budget flows for PSNP	Works well between Region and woreda with the major exception of timing (and related explanation) of budget releases, which are a major source of complaint. Regions, mainly in SNNPR need guidance on reporting mechanisms on PSNP and OFSP budget transfers and utilization. In some cases the regional authorities and woreda officials do not have readily available financial reports at any time they want. This constrains the decision making process on financial matters.
4. Staff training on PSNP	Effective and frequent in most Regions from Region to woreda, although high staff turnover at woreda leaves many with poor understanding
5. Technical support on PSNP	Too infrequent in most places – woredas would like more access and better quality support from Regions, but capacity of Regions constrains this. Zones are not well staffed and under budgeted to complement the regional support.
6. Reporting on PSNP implementation	Flows well in general from woreda to Region, but common feeling that it is one-way, extractive and not a learning process. Lessons not well shared downwards. SNNPR reported delays in reporting from woreda. However, zones are helping in compiling the reports from the woredas.
7. Monitoring of PSNP	Insufficient monitoring by Federal and Regional levels of woredas felt by many, related to Region manpower and logistics for mobility shortages

44. Table 3.1 shows that the strongest vertical linkages in practice are between:

- Federal/Region and woreda levels on programme implementation rules. The general rules in the PIM appear relatively well understood, and there has been an ongoing programme of training (mainly by Regions) to roll this out further;
- Regional and woreda levels on targets, budgeting and reporting. There are a number of routine systems between these levels which are strongly linked, although they are not without their problems (see sections under 3.4 below);
- Woreda and Kebele level on public works planning and beneficiary household selection. There are clear processes by which targeting and planning are intended to

take place and these are generally followed, although again not always without problems of quality.

3.3.2. Training, monitoring and provision of guidance

45. There has been a major programme of training and provision of guidance from Federal to other levels which has led to a high profile for the PSNP at woreda level and also a good understanding of how it should be implemented in many respects. The PIM is the key resource here, but there are many other examples of guidance, both written and in other forms (see also table 2 above). For example there is a major ongoing programme of training at all levels of the PSNP to provide participants with the skills they require to play their role effectively.

46. There are also systems in place to provide technical support, especially from Region to woreda, but also at other levels. Specifically, the principle of using a rapid response team (RRT) at regional level is playing its role on monitoring of PSNP progress and bringing challenges and lessons to the Regional level food security steering committee. However, since the team members are from the different institutions, in some Regions the level of cohesion is weak. This remains as an area of improvement for the Regions implementing PSNP.

3.3.3. Progress in the second year

47. The first year of the PSNP is felt by many to have been a little problematic, and it is widely acknowledged that mistakes were made, for example:

- Targeting errors in which beneficiary selection favoured the better-off in some cases and was spread too thinly in others. This is discussed in detail in the PSNP Targeting report which along with the Trends in Transfers report is a companion to this report.
- Lack of integration with other programmes and into woreda activities
- Lack of quality in planning and implementation of some public works.

48. However in most cases these problems have been rectified in the second year, indicating that systems are in place to make ongoing improvements to PSNP implementation.

3.3.4. Enhancing complementarity between PSNP and OFSP

49. A recent decision was taken for the OFSP household package to be specifically targeted at PSNP beneficiaries, in contrast to the first year of implementation when this was not the case. This decision was a recognition that the role of the PSNP is as a safety net, and it is not likely to have a widespread impact on graduation into food security alone. The role of the OFSP household package is now to complement the safety net function by providing resources for productive investment. It is hoped that this will allow PSNP beneficiary households to enhance their incomes and thus achieve food security.

50. Furthermore a budget of 6 billion Birr has been allocated to the OFSP over a three year period, indicating that GFDRE sees this as an important element of the FSP aim to enable graduation into food security, and to thus reduce the numbers of households which are dependent on PSNP transfers.

3.3.5. Strengthening of the extension service

51. The extension service is a key resource through which the rural development strategy is implemented, and they also have a key role in implementation of PSNP and OFSP. However this system has been under-resourced and in particular there have been too few Development Agents (DAs) with insufficient skills to play their role effectively and the farmer training centres are either unavailable or poorly equipped. This is in the process of changing, and government is making a major effort to upgrade the system and to allocate 3 DAs to each kebele in the country, and to ensure that posts are filled with people holding a diploma. When this is complete it will be of major assistance to the PSNP and OFSP.

3.3.6. PSNP/FSP and the PASDEP

52. The current draft of PASDEP has a strong focus on agriculture and rural development and on the food security programme in particular (see also section 5.3). This suggests that current efforts to address food insecurity will remain a national priority for at least the 5-year PASDEP period, and are likely to be prioritised in forthcoming budget rounds.

3.4 Challenges faced in implementing PSNP and other food security programme interventions

53. As might be expected a number of important challenges for the 'supply' of effective policy and programmes have emerged during the course of PSNP implementation, and these are discussed in this section. These include:

- Woreda level capacity to make effective linkages
- The quality of planning processes
- Understanding of programme implementation at woreda level
- Coverage of PSNP and OFSP
- Making horizontal institutional linkages work
- Timing of planning and budget processes
- Timeliness of budget flows

3.4.1 Woreda level capacity to make effective linkages

54. Four issues weaken woreda ability to make the necessary horizontal and vertical linkages, and therefore the effectiveness of the PSNP:

- Shortages of staff and skills
- Rapid staff turnover,
- Additional work load created by PSNP, and
- (probably to a lesser extent) Wider resources required to operate effectively

55. These problems are especially acute at woreda level but in some places (for example SNNPR) are also serious at regional level.

56. **Turnover of staff.** The rapid turnover of staff positions in government service at woreda level in particular constrains PSNP implementation.

57. This rapid turnover of woreda officials was most serious in Oromia and SNNPR. In Chiro and Boricha, we found only a very small number of officials who had been in post for more than one year. The head of WOFED in Chiro had both been in post less than one month and in other line offices we found heads of office that had been in post for even less time. This severely constrained the capacity to work in a coordinated manner between offices because staff were so busy getting to grips with their internal roles and responsibilities that they did not have time to coordinate externally.

58. In Boricha, many line office heads were new appointees with less than a year of experience in their job. In addition to being relatively new, some heads also explained that they were often occupied more with events related to political meetings and mobilizations than their official office tasks.

59. **Staff shortages.** A second dimension of capacity is the extent of inadequate staff provision and unfilled staff positions, which is a widespread problem in food security and related offices.

60. In the Food Security and Disaster Prevention and Preparedness Department in Chiro, only three experts were available to cover the safety net (in collaboration with CARE implementing partner), the World Bank project, the Federal Food Security Programme, resettlement and emergencies. In Bugna, the food security desk also felt the need for additional manpower. They had two trained staff responsible for coordination of project appraisal, implementation and evaluation for the PSNP, the World Bank project, various NGO programmes and early warning.

61. Boricha too experienced staff shortages. The woreda food security desk there had 4 staff members – an acting head who had served for more than 18 months, an acting food security expert and two safety net facilitators working on a contract basis. A senior safety coordinator, food security planning expert, early warning expert and monitoring and evaluation expert were yet to be appointed.

62. In Kiltawlalo there were good linkages between the local NGO REST and many woreda offices. The only offices where REST was not able to work effectively were those that had human resource shortages.

63. There are a number of examples of where NGOs or donor agencies have attempted to fill some of the gaps at woreda level. For example, in SNNPR, WFP provides technical assistance. REST in Kiltawlalo provides a similar role. What remains unclear, however, is the extent to which implementing partner NGOs in the PSNP are strengthening the capacity of woredas or drawing PSNP resources that could be used to build capacity away from the woredas.

64. In recognition of these difficulties, donors and the government of Ethiopia have recently authorized woredas to recruit additional staff on a contractual basis to support existing staff, using the PSNP and OFSP budget. This is widely believed to relieve work burden on the existing staff and release the shortage of human resources at woreda level. However, regions and zones are required to provide support to woredas in finding and recruiting the required staff particularly for remotely located woredas.

65. **Increased workload.** The PSNP itself brings a significant workload especially at woreda level. When combined with the prevalence of inexperienced staff caused by rapid staff turnover, staff skills shortages, and insufficient numbers of staff caused especially by unfilled positions, this frequently makes it difficult for existing staff to manage.

66. In Derrashe, it was noted that the responsibilities outlined for woreda offices in the PIM created additional work for officials who were already facing staff shortages and had their own full-time portfolios and targets to meet. The shortage of staff meant that people with the relevant qualifications and experience were not available and not assigned to the safety net tasks.

67. In KildeAwlalo it was reported that the combination of PSNP and Other Food Security Programmes, especially the household package, had created a sizeable burden of work for woreda line offices who had to both provide technical inputs to PSNP public works planning and to work to ensure the appropriateness and implementation of the various packages available and regular extension activities.

68. Elsewhere, staff shortages meant that skills required for PSNP public works (for example support for irrigation efforts in Bugna) were not available. Even for offices with smaller roles in the PSNP, the creation of additional demand for services meant that health and education offices were struggling to meet the demand from beneficiaries for healthcare and schools. The PSNP had also created an administrative burden on woredas. The PSNP administration budget did not cover staff time apart from some additional support in core PSNP implementing institutions.

69. **Other material resources.** A number of respondents mentioned the absence of material resources to do their work as constraints to PSNP implementation. These commonly included office space, computers and vehicles. Whilst this may reflect to some extent a perception of PSNP as a project, it appears that not all woredas feel fully equipped to allow the maximum efficiency in their work.

3.4.2 The quality of planning processes

70. All 4 Regions present examples of how planning processes might be improved, and in particular how planning processes might become more evidence-based. Some examples illustrate the different ways in which this is manifested.

71. **Expectations for graduation.** As has been mentioned above there is some inconsistency in the application of graduation expectations and criteria. A particular case is the connection between indicators for graduation, targets for graduation, and programmes provided to enable graduation. The expectation is that households which are PSNP beneficiaries and are also in receipt of OFSP household package loans will be able to graduate. This logic drives both the indicators of graduation and the regional and woreda graduation targets. Expectations are based on experience in Ethiopia from various projects and programmes over the years, but nevertheless the analysis is a simple one which does not take into account any of the differences between households (as described in section 2) or wider factors which may enable or disable graduation, irrespective of specific FSP activities.

72. This is evident in the FSP M&E logframe itself. Graduation into food security is a Global Impact (or Goal) level objective of the FSP and is therefore intended to result from the combined effect of PSNP, OFSP and resettlement. In order for this to be the case, assumptions need to be made to take account of the wider environment in which FSP takes place and these assumptions are critical to the success of the FSP; if these assumptions hold then widespread graduation is likely, if they do not, then it is unlikely. And yet the M&E logframe does not contain assumptions. Whilst the M&E report does mention some assumptions, it is possible that making these external to the planning process has already reduced, and will continue to reduce, the focus of planners on the importance of the wider environment to graduation.

73. **Participatory planning.** The current process for PSNP public works planning is arguably one of the most systematically participatory that has been seen in government programmes in Ethiopia. However some of these planning processes, for example that for watershed development, require technical inputs to inform them which are not well delivered in most woredas, largely due to lack of capacity. This means that the outcome is not as favourable as it could be.

74. **Community involvement.** The participatory planning process requires active engagement by community members in a coordinated manner. However in many Regions watershed planning and implementation training has yet to be provided to communities. This inhibits the quality of their participation and weakens the whole watershed development process.

3.4.3. Making horizontal institutional linkages work

75. Whilst the roles and responsibilities of each woreda level institution for horizontal linkages are clear, there is little guidance on HOW they might carry out some of their roles. So whilst woreda officials were clear on the objectives of linkages, they did not know how to get the WFSTF to fulfil its coordination role. In many of the woredas in this study, the WFSTF was not functioning effectively – decision-making was a long, drawn-out and ultimately ineffectual process (Kalu); or the WFSTF is not meeting regularly (KilteAwlalo, Chiro).

76. The reasons behind this were manifold. Often, the WFSTF was not meeting as regularly as it should, sometimes because the chair did not have the authority to call others to meetings. Elsewhere it was felt that a WFSTF alone was inadequate and other committees were formed – in Enderta, an additional technical committee had been formed to provide coordinated line office support. In Chiro, a technical committee to coordinate public works planning had been planned from the outset of the PSNP but only finally formed in mid-2006. Some woredas also had significant NGO presence in the woreda but where these were not official PSNP implementing partners they had no official role on the WFSTF.

3.4.4 Understanding of programme implementation at woreda level

77. Despite the extensive programme of guidance, training, and mentoring provided to woredas on PSNP and OFSP implementation, there remain some areas on which more guidance is needed. The most important example of this relates to the guidance provided on graduation: defining graduation, planning for graduation, measuring graduation, and setting graduation targets. As discussed below (para 86), steps are underway to address this shortfall but for the time being it inhibits PSNP and OFSP effectiveness.

78. There is a widespread feeling amongst PSNP implementers especially at woreda level that the concept of graduation, though very widely used, has not been clearly elaborated. In particular the application of the concept in practice has created difficulties for implementers.

79. **Defining graduation.** Based on the PSNP PIM and discussions with Federal FSCO and PSNP implementers in the 4 Regions, there are at least three definitions of graduation in common use without a uniform understanding of which applies in which situation:

- Graduation from the PSNP programme, which requires households to achieve food security for one year only according to the PIM rules.
- Graduation into food security, which implies a more sustainable transition away from chronic food insecurity

- Graduation out of poverty, which is a more substantial objective which goes beyond food security considerations.

80. **Measuring graduation.** The indicators of graduation are different for each of the three definitions of graduation mentioned above, and this has created difficulties at woreda level, as officials decide how they will measure whether graduation targets have been achieved or not in the absence of specific guidance to date from federal level. The main systems applied include the following, all of which translate the concept into an income measure:

- Use of the MDG goal of \$1 per day per person, translated into Birr assuming a household size of 4.5, giving a figure of 18,000 Birr per household. This has been applied in Tigray and Amhara.
- Use of national per capita average income of just over 1000 Birr, so that a household of 5 needs an annual income of 5,300 Birr to be food secure. This has been applied in SNNPR.
- There is also some discussion of perhaps using the cost of a basket of food, the purchasing of which indicates food security.

81. **Setting graduation targets.** The overall targets for graduation, defined in terms of achieving food security, are provided in the FSP M&E framework. Individual regions and woredas have however also set their own targets. The way in which this has been done reflects use of the different definitions outlined above. So for example:

- Regions set graduation targets based on people covered by the OFSP household package, recognising that it is the integration of PSNP and OFSP that enables graduation. The targets passed to woredas assume that all households covered will graduate, although in Tigray it was stated that they would be happy to achieve 75% of the targets. Graduation is considered to have occurred when a household earns 10 Birr per day per individual, since this converts to the MDG target of 1\$ per day.

82. It is clear that varying interpretations of graduation are currently being applied across the FSP, and that further guidance from the centre and consensus building would be of assistance in bringing consistency across the programme. This is acknowledged by the Federal FSCO. Recent survey work supported by IFPRI is expected to provide more information on how to measure graduation, and it is planned to use this to develop and provide further guidance to PSNP/FSP implementers. A more challenging progression will then be to learn from experience what works to enable graduation of PSNP households.

3.4.5 Coverage of PSNP and OFSP

83. It is widely agreed that food insecure households require more than the PSNP itself if they are to be able to graduate from the PSNP. To reflect this, GFDRE made a recent policy decision for the targeting of OFSP programmes on PSNP beneficiary households. Whilst this decision has yet to be completely implemented in all places, it is likely to contribute to graduation from the PSNP.

84. There are many possible influences on a household's ability to graduate (however measured) including economic growth and the opportunities this presents, but within the FSP's direct control it should be influenced by complementary access by PSNP beneficiary households to the OFSP household package. The extent of this graduation should therefore be determined to some extent by the coverage of OFSP (and other similar programmes) in comparison with PSNP.

85. Federal plans are to achieve approximately 30% coverage of PSNP beneficiaries with the OFSP per year for three years, and 6 billion Birr has been allocated for this purpose. This is a large sum of money which, at a rate of 1,600 Birr per beneficiary household (as budgeted in SNNPR) would allow full coverage by one loan of PSNP beneficiaries at 2006⁴ levels, with more than 50% of the budget remaining to be allocated to other elements of the OFSP package.. However at the rate of 3,600 Birr per loan, 100% coverage would require the whole budget to be invested in the OFSP. Other than where revolving funds are established this would also allow only one loan per household.

86. Table 3.2 shows how the coverage of the two programmes compare in the 8 study woredas based on 2006 figures. It shows that so far the coverage of the household package in some woredas is quite high already but others lower than might be expected. It should be noted that the calculations assume the targeting of PSNP households with the OFSP package whereas we know this has not always been the case, although we do not know to what extent.

87. The Federal OFSP is not the only source of programmes of this kind, and there are a variety of projects and programmes providing similar services including the USAID SPSNP, EU and World Bank projects amongst others. However the scale of these initiatives, while significant, is limited compared to the Federal OFSP budget, and it is therefore the distribution of the Federal OFSP budget between loans and wider expenditures that will be the major influence on OFSP coverage, as well as the size of individual loans and the extent to which they revolve. Box 3.1 outlines how SNNPR intends to allocate this budget in 2006/7.

Box 3.1: Allocation of OFSP funds and OFSP coverage in SNNPR

In 2005/6, SNNPR received an OFSP budget of 235.5m Birr. Of this, 57m Birr was allocated to the household package, to cover 35,000 households, with 50–60m Birr allocated to resettlement, and the remainder to roads and water supply in food insecure woredas. However the funds allocated to the household package were unable to be spent and only around 10,000 households received loans.

For 2006/7, around 160m Birr, or 70% of the allocation will go to the household package, and be recirculated as a revolving fund. It is intended that this will allow loans for 100,000 households, and the following year, 40,000 will be targeted. Together with combined coverage by WB and EU projects of 25,000 households, the target of 1 million people, or around 200,000 households, will receive an OFSP loan. This should be sufficient, unless the number of PSNP beneficiaries increases.

Source: SNNPR Regional workshop, July 2006

⁴ Using the figure of 8,294,089 PSNP beneficiaries and a household size of 5

Table 3.2: coverage of PSNP and OFSP in 8 study woredas

Woreda	Woreda Population	PSNP Beneficiaries	OFSP Package Beneficiaries	PSNP Beneficiaries as a % of woreda population	OFSP beneficiaries as a % of PSNP beneficiaries	1998 EC PSNP Budget (Birr)	PSNP Spending per capita beneficiary (Birr)	PSNP Spending per capita population (Birr)	Package Budget (Birr)	Package spending per capita beneficiary (Birr)	Package spending per capita population (Birr)
Enderta	144,784	75,323	10,750	52.02	16	17,795,059	236	123	3,583,500	1,500	24.75
Kileteawlalo	121,260	79,840	18,000	65.84	25	18,862,200	236	156	10,000,000	2,500	82.47
Derrashe	126,158	20,673	4,995	16.39	27	4,883,996	236	39	1,780,000	1,604	14.11
Boricha	197,254	39,760	4991	20.15	14	9,393,300	236	48	1,794,400	1,618	9.1
Chiro	219,565	26,077	11,372	11.88	48	6,160,691	236	28	1,143,187	452	5.21
Fedis	197,846	69,524	27,000	35.14	43	16,425,045	236	83	2,713,500	452	13.72
Bugna	223,941	70,000	19,980	31.26	31	16,537,500	236	74	6,400,000	1,441	28.58
Kalu	233,544	63,903	31,365	27.36	54	15,097,084	236	65	6,948,867	997	29.75

Notes

- 1) Based on 2006 PSNP beneficiaries and budgets.
- 2) Budgets for PSNP include transfers (amount of cash and / or value of food), capital and administration and the 5% contingency budget for each woreda).
- 3) Package figures are for Federal Food Security Programme packages only. Other agency programmes (e.g. World Bank, NGOs) are not included.
- 4) OFSP package beneficiaries assume 5 people benefit per loan
- 5) OFSP / PSNP % figures assume all OFSP loans go to PSNP beneficiaries (which is not the case in practice)

3.4.6 Timing of planning and budget processes

88. The timing of the annual PSNP budget and planning cycle differs from that of other activities in the woreda, creating potential difficulties in alignment of PSNP and other plans at woreda level.

89. The PSNP planning cycle is laid out in the PIM. Officially, the planning cycle for PSNP begins in September when beneficiary numbers are presented. In September and October, planning exercises take place to identify community action plans for public works under the PSNP. By the end of October, a safety net plan should be in place in every kebele that identifies the activities and number of beneficiaries days that will be allocated to different activities. Technical advisers (from woreda line offices) then appraise the plans and a procurement process for required tools then takes place. Public works are implemented between mid-January and the end of July.

90. In contrast, the woreda planning and budget cycle begins in January, when woreda line offices prepare their plans. A long process of negotiation then takes place between line offices and WOFED and the woreda budget committee. Plans are finalised by the budget committee and then ratified by the woreda Council to meet the deadline of the new financial year on 1st July.

91. The effect is that woreda line offices, who are expected to deliver public works according to community action plans, have to prepare budgets and activity plans by January, but they need to estimate what will be required of them in the PSNP and what budget they will receive from the PSNP. These final figures only emerge around November.

92. Whilst it might appear that this would raise difficulties for effective planning, coordination and strategic prioritisation, a number of woreda and regional respondents downplayed the difficulty of this situation. Their view was that whilst this analysis is correct, they are in fact able to predict demand and resource flows with some degree of accuracy based on previous experience. Moreover they felt that if the cycles were harmonised this would create a major burden that would not be manageable given their own constrained staffing resources – of the need to prepare woreda development plans and PSNP at the same time.

93. This issue was under discussion at federal level at the time of the study and it appears as though a decision has been taken at the federal level to harmonise the two planning cycles. If so, and given the feedback from consultation on this issue, it will be important to enable woreda staff to deal with both processes in tandem.

3.4.7 Timeliness of budget flows

94. Predictability of payments is a key element of a successful safety net scheme, but this has frequently been problematic in the PSNP to date, because of delays in the release of funds.

95. The funds for PSNP activities at woreda level flow from the Federal level to the Region, and are then released to the woreda. The first two years of implementation have been marked by frequent delays of fund release from region to woreda, which has in turn led to delayed payments to PSNP beneficiaries. This is the case even when public works have been conducted.

96. There are a number of inter-related causes of these delays. Some relate to delays in submitting required paperwork from woreda level to Region, some are rooted in delayed releases from Federal level, and finally some are caused by delayed releases by PSNP donors.

97. Problems with disbursement horizontally tend to be more acute where NGOs are implementing partners and WOFED disburses first to NGOs who then pass budget for safety net activities to line offices. For example in KiltAwlalo, the implementing NGO did not release the woreda's share of the budget in a timely manner. The woreda was using its regular budget to buy fuel and stationery items to support PSNP implementation, and hoping the money from the NGO would arrive soon. Similarly in Chiro, for example, some line offices were implementing PSNP public works without receiving budget to run the programme.

4: People's experiences with PSNP and OFSP: how do programme linkages enable graduation?

4.1 Introduction

98. In this section we describe the patterns of PSNP and OFSP access and impact for each set of households and summarise key points, then we draw the findings together and explore, identify and document where linkages between programmes can maximise the household transition to independent and resilient livelihoods. We do this by analysing the extent to which, for each type of household, the PSNP and OFSP have enabled consumption smoothing, asset protection and asset building in households. This provides are both general lessons about household and community experiences with programmes that can be understood from the aggregated qualitative sample and a set of findings that are specific to each set of households.

4.2 Household Experiences with Programmes

4.2.1 Type 1: Poor and elderly or sick households

99. All households in this group were PSNP beneficiaries, all except one as direct support beneficiaries. The income from the PSNP was either a very large proportion of household income or the only household income. Most households used the income from PSNP for consumption smoothing only. In cash payment woredas, they also bought clothes and medication. In food payment woredas they simply consumed the food. The impact on consumption was significant. One household in Fedis noted that *'Before the PSNP we ate twice, at breakfast and dinner, but now we can eat three times. When the PSNP is over the income from sale of ropes means that the household can eat only once in the morning.'* All the households argued that food payments were better than cash because prices were high and the cash did not provide the same quantity of food, and because they were far from markets and subject to the prices charged by more local traders.

100. Households in this group, whilst not doing public works, recognised the importance of some of the community assets created through the PSNP. They highlighted the benefits of road construction and maintenance, soil and water conservation measures and the construction of clinics. Whilst households recognised that these assets benefited everyone, no households in this group of direct support beneficiaries expected to be able to graduate either from the PSNP itself, or in more general terms to move to a sustainable independent livelihood.

101. Households were concerned with two main problems with the PSNP: late payments and dilution of benefits among a larger number of beneficiaries.

4.2.2 Type 2: Poor labour constrained households

102. The second group of households, the labour-constrained households, had large food gaps and, as a result, most of them – 9 out of 10 households – were PSNP beneficiaries. In spite of their labour constraints, all households participated in public works, for example:

- In Amhara, Desta worked 25 days to cover the entitlement of her and her four children, whilst Aminat worked 20 days for herself and 3 children.
- In SNNPR, Gebaso and his wife worked 15 days each (but received payment for only 2 people). Of more concern was Melawi who worked 30 days a month for herself and 5 children.
- In Tigray, Haftu and his wife worked up to 25 days each per month, Kes and his wife did 25 days each, whilst Zenabo and Medhin (both women-headed households) worked 25 days though Medhin struggled to do all the work and only received payments for 3 or 4 children – *'I can't do the full work myself. So I only get payment for 3 or 4 children. Last year I got 108 Birr a month and tried to make it spread across the whole household.'*

103. The major use of PSNP income was for consumption smoothing. In cash woredas some households bought other household necessities including school materials, clothes and medicines. Payments were also sometimes used for savings and repayment of credit. This did not occur in this group of households in food only woredas. Other important aspects of the PSNP included the fact that, where PSNP payments came on time, households were no longer taking loans in order to buy food. Fewer households reported selling grains to meet cash needs because the PSNP helped to meet those needs. Few households reported no longer selling livestock, but most households had already sold any remaining livestock anyway.

104. There were also examples of investment of PNSP income. Among women-headed households, PSNP income was used first and foremost to pay registration fees for school – a long-term investment in household human capital. There were other production investments too: one household had bought one goat and one hen using PSNP income, whilst another was saving regularly with an *uko* (rotating credit association).

105. The range of consumption smoothing, asset protection and asset building was wider amongst households receiving cash or a combination of cash and food than it was among households that received food only. However, five of the ten households said that they would prefer to receive food, two preferred cash and one preferred a combination of cash and food. (Two households did not express a preference). The main reason cited was the high price of food on local markets.

106. A large number of households – eight out of ten – had also taken OFSP credit packages.⁵ The two without packages were from SNNPR and both wanted loans to buy oxen that would help save household labour in their cereal production. Women taking loans sought opportunities that did not require large amounts of labour, and mainly took small numbers of goats or a cow on credit. The largest loans (up to Birr 3,800) were in Tigray and were for packages comprising 5 sheep and 2 modern beehives and colonies. In these cases the late payment of the PSNP forced households to use part of the loan for consumption. Beehives and colonies were common in this group, though there were indications, particularly in Tigray, that households did not feel they had exercised any choice in taking the beehives. Some households used their credit for non-package investments – including the construction of improved housing with metal roofing. Whilst strictly-speaking outside the terms of the OFSP packages, DAs tended to turn a blind eye to these investments on the grounds that they enabled long-term labour savings – households no longer had to regularly rebuild and re-thatch their dwellings and they stayed drier and healthier during the rainy season. Most loans had been given between 6 and 12 months previously. Even older loans

⁵ It is important to remember that these data are not representative. This figure is probably higher than expected because of the large number of households in this group from Tigray where loan coverage is higher than other parts of Ethiopia.

were yet to start showing profits with the exception of occasional quicker gains made with small ruminant production.

107. In summary: The critical evidence from these labour-constrained households is that the PSNP can help households to secure their income enough to then be willing to take loans. There are two important caveats though: First, any implementation problems in the PSNP, for example late payments, have a knock-on effect for OFSP – with households failing to repay, selling their assets or using credit to purchase food. Second, the PSNP makes quite weighty labour demands on households and significantly reduces the range of livelihood activities that they can try and pursue through the credit packages. To maximise the positive synergies between the PSNP and OFSP requires a PSNP that frees-up household labour, rather than absorbing it.

4.2.3 Type 3: Food gaps and other sources of vulnerability

108. In this group of households, 10 were PSNP beneficiaries only, 2 were in receipt of the OFSP only, 6 had both PSNP and OFSP, and 3 were not in either programme.⁶

109. The benefits of participation in the PSNP were similar to those in Household Group 2 with a combination of consumption smoothing, asset protection and asset building.

'I bought clothes for my children and grains from the PSNP income and by borrowing 200 Birr and the savings from the PSNP I bought a calf and sold it for a profit. Before the coming of the PSNP the family used to eat coffee leaves with a loaf of bread and eat korkufa [a mixture of cabbage and barley]. Now we eat better food in the morning, at dinner and sometimes at lunch. I also bought a jerry can, calf, cooking and food grain, T-shirt and these were all things that I needed to buy earlier.' (Turungo, Derrashe).

110. The most prevalent of use of PSNP income was for the consumption of food, and households reported significant improvements in diet. Households also bought important household items such as clothes and medication.

111. The second most important impact was in terms of asset protection. The PSNP protected not only physical productive assets – such as goats and cattle – but also the labour assets of the households. Many households in this group described either distress migration or low-paid and insecure casual labour as a key coping strategy. They all reported that the income from the PSNP, when it arrived on time, enabled them to avoid this. Sani in Chiro said that *'When I was participating in the PSNP programme I faced no shortage and the feeding condition of my household improved. I stopped selling goats and consequently buying grains and this enabled me to develop and save resources.* In Fedis, Ahmed reported that *'I was migrating to Harar in search of a job. The PSNP helped me to avoid going out in search of work and saved us from selling the single donkey that we have. The PSNP also fulfilled our food gap and helped the family avoid taking a loan for consumption.*

112. Households also used the PSNP income to make the most of their own food production. There are two particularly good examples of this: one where households eating green maize before the PSNP were subsequently able to let their maize reach full maturity before harvesting and consuming. In the second case, newly planted enset that would have been unlikely to reach maturity before cutting was allowed to mature. Simon in Boricha described how *'I have been in the PSNP as a public works beneficiary since February 2005.*

⁶ The figures stating the numbers or proportions of households with access to PSNP / OFSP / Both or none are in no way representative of either kebeles or woredas. Households were purposively sampled to get information about the impacts of different combinations of programmes.

The family used to consume enset crops before they reached the maturity stage. We used the cash payments to buy enset seed and to buy school fees and expenses. The land you see covered green with enset is because we did not cut our enset as we are using PSNP payments to fulfil our food needs. PSNP also helped us to avoid selling our animals during the food shortage season.

113. A very small number of households had invested in assets using PSNP income – notably goats and, in one case, a calf.

114. In terms of the OFSP, loans ranged from 500 to 5,000 Birr. Most loans were used to buy either oxen for draught/fattening, dairy cows or goats. There were some examples of households getting beehives and other more diverse uses – such as buying donkeys for transporting sand, or rebuilding the homestead with stones and iron rooves in order to avoid constant rebuilding.

115. Many households wanted to take loans, lots had applied but there were not yet enough loans available in some areas. In Fedis, respondents said that the revolving credit funds meant that each year up to 50 households in the village would get a loan. It would take some time to cover all the households in the kebele. Similarly, in Chiro, less than ten households in the kebele had thus far received credit from the revolving fund. In both woredas, interviews with community groups confirmed this situation. Households in this group were particularly articulate about the benefits of combining the PSNP and OFSP. The main arguments were that, without the combination of PSNP and OFSP:

- Households would use loans to meet their consumption needs during difficult times;
- Households would be unwilling to take the risk of indebtedness without the security of income brought through the PSNP
- In preventing distress migration, the PSNP in turn makes people more likely to be able to invest the necessary time in their packages to make them a success.

4.2.4 Type 4: Food secure but vulnerable

116. Three-quarters of the Type 4 Households are or have been participants in the PSNP whilst more than half of them participate in OFSP. The key benefits of the PSNP for these households include:

- Using the PSNP for consumption smoothing (especially the purchase of food and ensuring children stay in food) and for building assets – especially through saving for livestock. Households reported eating more and more diverse food.
- Avoiding selling grains for medical and other expenses. Many households interviewed from all groups found that previously they had to sell food at harvest in order to meet household needs. (This has negative implications for net consumers who want to buy since there is less food on the market and prices tend to rise). At harvest the price was low but they would then have to replace the grains at a later date when the price was higher. Meeting short-term cash needs was easier when households received cash payments from the PSNP.
- Avoiding sale of productive assets such as oxen.
- Buying assets such as goats.

117. Many of the households in this group were much poorer before the PSNP and it was only the predictability of income brought by the PSNP that had given them the stability of income to go on and take credit. Thus, the generally better wealth status of these households was in most cases a reflection of the success of the PSNP and OFSP and not

necessarily an indication that households other than the poorest had been targeted for the PSNP. (The obvious exception to this is Amhara – where medium households were overtly and explicitly targeted for PSNP in 2005.)

118. Some of the households that did not take the package were reluctant to do so because there was no supporting environment to maximise the benefits of credit. Both Gizachew and Anako in SNNPR would not take credit until the wider risks in agriculture (drought, water availability, pests and diseases) were addressed. Gizachew argued that *'there is animal disease in our PA and due to this I will not take loans'*. The experiences of these farmers with credit also demonstrated the importance of ensuring that packages were real packages – i.e. a combination of credit linked to services such as extension, reliable supply of seeds and fertilisers, veterinary services etc. – and not just credit alone. Households that were making the best use of the packages were also cooperative members, were getting help from NGOs and, most importantly, were getting training from DAs and NGOs. Letamo in SNNPR had not taken a loan and said that he was constrained by a lack of extension – especially the provision of the right kinds of seeds and the right techniques to change his cultivation to more marketable high-value crops such as haricot beans.

119. In terms of graduation, where loans were taken, they were used explicitly to support what households saw as a pathway out of poverty. In Section 2 we showed how Type 4 Households prioritised increasing productivity of cultivation but were also interested in livestock management. Most had already taken credit packages for small ruminant production, dairy cows or cattle fattening but were now seeking support to make productivity gains in cultivation. It was the intensification and diversification of cultivation that these farmers thought would help them move out of poverty. The existing common packages had played a role in strengthening assets, but Type 4 Households had largely exhausted the range of options available from the packages and now sought loans for things that were often not available. At the top of this list was credit for irrigation infrastructure. Some households had got this through NGOs or cooperatives but none through the OFSP. Whilst the PSNP and existing OFSP packages provided the first two steps out of poverty, the third step (perhaps irrigation infrastructure packages to enable farmers to increase productivity in cultivation) was less well supported.

4.3 General conclusions about PSNP and OFSP linkages

4.3.1 Lessons for each household type

120. The main lessons from each group of households are as follows:

Poor and elderly or sick households (type 1):

- The PSNP is critical for maintaining and improving consumption among households with no labour and no source of livelihoods.
- Where grandparents are supporting children, the income from PSNP helps ensure that they are able to attend school.
- Late payments lead households into indebtedness.

Poor labour constrained households (type 2):

- Households can use PSNP to protect and build assets, though this is more likely in cash or cash/food woredas than in food only woredas

- The PSNP helps some households secure their income enough to be willing to take the risk of loans.
- Labour-constrained households work best with package options that enable labour-saving. Packages work less well if adults have to do a very large number of days of work to get the PSNP entitlement for the household.

Food gap and other sources of vulnerability households (type 3):

- The PSNP is effective in many households in smoothing consumption, protecting assets and, to a very small extent, building assets.
- Beyond the purchase of food, avoiding early consumption of green food, distress sales of livestock and distress migration or low-paid casual labour were important PSNP impacts.
- The combination of PSNP and OFSP was recognised to be important but it is recognised that even with the additional positive effects brought about by a combination of both programmes, graduation to a sustainable and independent livelihood will still take a long time.

Food secure but vulnerable households (type 4):

- There are good examples of how households participating in both the PSNP and OFSP have been able to significantly improve their food security.
- There is potential for the combination of PSNP and OFSP to contribute to graduation but for type 4 households to continue to accumulate assets, they require access to a wider range of package options to support diversification into new agricultural activities – especially high value crop production and irrigated agriculture.
- When PSNP is delivered late, the potential for households to combine the PSNP and packages to maximise the potential for graduation is severely constrained.

4.3.2 Overall findings on linkages and graduation

121. These lessons from each group of households bring us to our first set of findings about how the PSNP and OFSP package programme can facilitate graduation:

Finding 1: There are examples of positive impacts on consumption smoothing, asset protection and asset building from the linking of the PSNP and package programmes.

122. The examples identified in this study are supported by the quantitative study. A total of 75% of PSNP beneficiary households in the quantitative survey reported that they had consumed more or better food this year than last, nearly all of whom directly attributed the change to the PSNP. Asset protection as a result of the PSNP is significant and some households have even been able to build assets.

123. So the underlying logic of linking the PSNP and package programmes stands up. The two programmes are in many ways the right tools for the job they are intended for. At the heart of this is the fact that the PSNP stabilises the income for households so that they are more confident about taking the package credit. The PSNP enables the household to take greater risk.

124. However, there are also other examples of why the PSNP / OFSP combination logic works beyond those that have frequently been assumed or cited in other studies. In fact, we have also found that the PSNP and OFSP can be mutually self-supporting, for example:

- When the PSNP is on time, it prevents the use of loans for consumption so they are used for their intended purpose - productive investment;
- The PSNP prevents distress migration which in turn makes people more likely to be able to put their labour time into making the most of their package.

Finding 2: There are certain aspects of the PSNP that minimise the positive outcomes of the programmes and can sometimes have negative effects.

125. For example:

- The size of benefits paid to beneficiaries was a frequently cited concern. Beneficiaries argued that either the payments made were too small to meet the food gaps, or that they didn't cover all members of the household. The impact of these two problems is a dampening effect on the positive synergy between the PSNP and OFSP packages.
- When PSNP payments are made late, households are much less likely to invest in productive activities and are less likely to take credit packages. Where late payment is an issue, households are more likely to prefer food payment to cash payment. Better implementation of the PSNP is key.
- Some households complained that they did not know whether they would be receiving PSNP transfers next year, and this inhibited their risk-taking behaviour. This was due to uncertainty about the targeting process, a lack of understanding of the PSNP process, and due to interpretations of the PSNP rules which meant that on occasions households with assets gained on credit through the OFSP were considered to have sufficient assets to no longer be included in PSNP. See also the targeting study, p28.
- For some households the labour requirements of the PSNP prevent them from investing time in other activities. In part this is an implementation problem and highlights the importance of doing PSNP public works in the agricultural slack period (in all 8 study woredas public works were continuing into the agricultural season) but it also suggests the need to revisit the logic of the PSNP work requirement.

Finding 3: Other wider linkages are critical to maximise graduation – community assets and skills and knowledge are critical.

126. There are a number of other factors, beyond the implementation of the PSNP and packages, that can either act as enablers or blockers of graduation.

127. **Public works:** Almost all households and communities were positive about the assets created through PSNP public works and there are good examples of how the outcomes from PSNP public works can contribute to graduation:

- Public works can enable better service delivery – for example, by creating public goods through soil and water conservation activities.
- Public works can contribute to the building of human capital both by ensuring that beneficiaries are learning new skills and technical expertise when they work and by providing capital investments to support other sectors like health and education
- Public works can improve access to markets so that new opportunities open up to households that enable them to diversify these livelihoods, spread risks and potentially access more remunerative livelihoods.

128. There are, however, challenges to ensuring that the most benefit is gained from the assets created through public works. The labour-intensive focus of public works means that the investments being made are not always what communities really need (for example, hand dug wells and ponds are constructed when communities really need river diversion or capped springs) and that there are only limited opportunities for participants to learn new technical skills. The sustainability of public work outputs requires due consideration. Community assets created through PW need to be maintained on a regular basis. For this to happen, a locally appropriate sustainability strategy and community-based structures are vital.

129. **Knowledge and skills:** Beyond public works, opportunities for graduation also depend on improved knowledge and skills. Many of the poorest households had little vision or plan for getting out of poverty, lacked exposure to new ideas, were unable to recognise market opportunities, and felt they did not have the knowledge or skills to take advantage of new livelihood activities or farming methods. Where DAs were most active, for example in Endereta and Kiltawlalo, households had clearer plans for future livelihoods and were receiving training to help them take on new livelihood activities. In Chiro, where DAs were less numerous and people were unable to maximise the opportunities to strengthen skills that came from the construction of farmer training schools through public works. Where the food security programme was a true package (i.e. where it consisted of more than credit by including training and skills development and some form of extension provided by the DAs) the potential for graduation from the PSNP and package was much greater.

130. These findings about the need for knowledge and skills and the critical role of DAs point to the importance of the wider rural development strategy, particularly the extension programme therein. However, evidence of the roll-out of the extension programme is very difficult to find in any of the woredas in which fieldwork for this study was carried out. Households repeatedly cited lack of additional agricultural extension and support as a key constraint to achieving their livelihood strategy and as a factor that dissuaded them from taking credit.

5: Linkages between PSNP and wider government programming

5.1 Introduction

131. Beyond the linkages between the PSNP and the OFSP, there are various other programmes with which linkages are potentially important for graduation. These are identified under three additional tasks in the TORs⁷ which are dealt with here in turn:

- Linkages with GFDRE emergency systems
- Linkages with key GFDRE strategy documents
- Linkages with use of other services such as health and education

5.2 PSNP and GoE Emergency Systems

132. The PSNP and GoE emergency systems need to operate side-by-side effectively and efficiently at all levels. Concerns exist because at federal level, legislation and policy for dealing with emergencies dates back to the Disaster Prevention and Management Policy of 1993 and have not been systematically revised following the inception of the PSNP, although the mandate (and name) of DPPA has been changed and the policy is under review. In principle PSNP deals with chronic food insecurity while emergency interventions focus on acute food insecurity. Interviews at federal level suggest that some stakeholders believe that Disaster Prevention and Management Policy needs to be revisited given the presence of the PSNP – i.e. a changing approach to dealing with food security, requiring a rethink of the continued appropriateness of earlier approaches.

133. In the PSNP PIM it is clear how the PSNP and GoE emergency systems work alongside one another. The PSNP contingency fund provides a mechanism for the horizontal scaling of the safety net to increase the number of beneficiaries when the number of chronically vulnerable households increases. However, the PSNP is not meant to deal with additional acute needs of existing beneficiaries during especially bad years when their food gaps may increase significantly. At these times, the DPPA is meant to address all acute food insecurity.

134. At woreda level there are concerns that individual staff are expected to fulfil both PSNP and emergency response roles. Given the findings already presented in section 3, where woreda level staff are overburdened, either PSNP or emergency responses or both are likely to suffer. Maintaining the integrity, independence and responsiveness of either system suggests that separate staff are required for each.

135. At community and household level there is evidence that households who are not in the PSNP did in 2005 receive emergency food aid when they faced shortages because of drought. It is not clear whether this emergency response was coordinated by the woreda, as is prescribed in the Disaster Management Policy, or by NGOs.

136. There are contingency plans to suspend OFSP household package payments during years of drought, but households are not aware of these, and therefore remain concerned

⁷ In this report, the final task in the TORs regarding targeting, is dealt with in sections 3 and 4.

about how they will cope with repayment during difficult years. However, a large number of individual respondents, some PSNP beneficiaries and some not, reported that uncertainty over what would happen during a difficult year had a dampening effect on their willingness to invest in agriculture and to take credit packages.

5.3 The potential impact of other government investments on graduation

5.3.1 Enablers of graduation

137. Individual livelihood strategies and trajectories, and possibilities for graduation linked to PSNP and OFSP, do not exist in a vacuum. Graduation from food insecurity may be directly assisted by elements of the Food Security Programme, such as the PSNP, OFSP or resettlement, but there are many wider influences, positive and negative, on the potential for graduation of food insecure rural Ethiopians. Most significant is the status of the rural and wider national economy, and the role of economic growth in enhancing production, job creation, demand creation, market stimulation, increasing purchasing power, increasing public expenditure and, in sum, wealth creation and poverty reduction. We cannot assume that just because a household is in receipt of PSNP and OFSP benefits they will graduate; graduation is more complex than that. In practical terms it is easier for food insecure people to find opportunities for sustainable graduation in a dynamic improving economy than one which is stagnant or in decline.

138. This study has identified a number of important enablers of livelihood improvement and economic growth (see especially sections 2 and 4). These are factors beyond the direct control of PSNP and OFSP that aid graduation processes. Whilst we have shown that the 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.

139. The following bullets list those enablers emphasised by respondents in this study. As can be seen these are not unexpected – they are very well aligned with findings from the PPA for example – and also are probably not exhaustive. However the study has produced clear evidence that these are factors which influence the livelihoods of the food insecure, and can influence the rural economy. Many of them are beyond the control of the FSP but this does not mean they should be ignored. The implication is to emphasise the importance of an outward-looking perspective when implementing the FSP so that internal and external factors affecting graduation are well linked. The enablers are:

140. **Absence of drought or other crisis.** The impact on agriculture caused by drought in particular is so severe that it forms an important element of household decision-making for most of the households in the 4 categories described in this report. Whilst this cannot be controlled, drought compromises future livelihood gains. Promotion of important risk mitigation strategies at household and community levels through OFSP and regular development undertakings would be vital to reduce the effect of uncontrolled drought.

141. **Economic growth: rural and national.** PSNP households with products to sell require good markets for their products; PSNP households who are net food consumers need enhanced livelihood options, incomes and jobs. All need better public services and well targeted public spending, a more active private sector delivering what they need, and a stable macro-economic environment in which to borrow, invest and accumulate. A growing economy is likely to improve all of these things and will also itself be strengthened by widespread graduation.

142. **Agricultural extension services, training, decision support, and advice.** Agriculture remains one of the key strategies by which rural households aim to address their food insecurity, despite its well-documented problems both now and looking to the future. But the strong message emerging from this study is that most households receive insufficient technical support to allow them to improve their agriculture, and yet would value such support highly. Furthermore where such support is better the results of OFSP credit investments appear to be more successful.

143. **Agricultural services and supplies (seed, disease and pest control).** Lack of access to veterinary services, to new seeds, and to means of pest control are according to respondents in this study some of the major constraints to agriculture. Where they are absent this has been seen to reduce households' willingness to invest in agriculture.

144. **New skills.** A key strategy for many households, most notably those with labour but less land, is to engage in wage labour. However opportunities are few, and many people lack the skills which would allow them to enter higher-priced markets or more secure employment.

145. **Roads – construction and maintenance.** The study has produced evidence of the negative effects of not being joined up by a road, including the higher price of food, and the difficulty in accessing markets for inputs, outputs and labour.. It has also shown how the benefits from road construction can be great in terms of the enhanced opportunities and economic activity that results.

146. **Water/irrigation.** Given the importance of rainfall in people's livelihoods and on their decision-making, study respondents commonly viewed access to reliable water through irrigation as a potential means of enhancing their livelihood status.

147. **Access to investment capital and saving mechanisms.** Despite the credit programme in the OFSP, many households in this study are unable to gain access to financial services – both credit and savings – that they would like. Access to capital is a key element of potential livelihood strategies for both poor and better off households.

148. **Access to quality affordable health and education services.** Investments in health and education are one of the greatest priorities for PSNP beneficiary households, and as this study has shown children's education is the first priority for women-headed households with cash. Both can be seen as investments in human capital. However even in our small sample availability of these services was commonly poor.

149. **Housing improvement.** Investments in housing, especially in roofing, was a common choice due to the future labour requirement for maintenance of thatch that it releases, and also because it enhances labour productivity through enabling better sleep and reducing sickness in the rainy season.

5.3.2 Planned Future Investments

150. This section draws out the GDFRE's planned future investments which are likely to have some impact on graduation. It focuses especially on the forthcoming PASDEP (draft of 2nd December 2005), since this encompasses the overall national poverty reduction and growth strategy plus elements of specific sector strategies and is the clearest indicator of government's future plans in the short to medium term.

151. General thrusts which are favourable to the analysis in this report include:

- PASDEP emphasises agriculture and rural development and the rural population as a key element of its accelerated growth strategy and the overall policy thrust is potentially favourable to graduation for the food insecure. Furthermore, the ‘lion’s share’ of the national budget is allocated to agriculture and rural development, and within this extension and food security are accorded highest priority.
- A major new thrust of PASDEP (compared with SDPRP) is on agricultural commercialisation alongside support to pro-poor basic agriculture, and the balance between these two in practice will be an important influence on the direct impact of PASDEP on the food insecure. This also applies to how the differentiated approach to the ‘three Ethiopias’ is applied in agriculture and rural development.
- The focus on livelihood diversification in food insecure areas is consistent with people’s own strategies in the face of declining land holdings and continuing population growth
- It is beyond the scope of this paper to assess the quality of the overall growth strategy adopted. However PASDEP is very explicitly a strategy to accelerate growth and if successful it is likely that this would have both direct (push) and indirect (pull) impacts on food security and wider poverty amongst food insecure households.

152. Other than the FSP activities already discussed elsewhere, specific plans with potential direct impact on graduation of the food insecure cover most of the list of enablers identified in this study and discussed in section 5.3.1, and include the following.

In agriculture:

- Intensified extension support at the kebeles level and improved advisory and training services
- A change in agricultural research service delivery mode with a focus on the grassroots
- Increased coverage of basic veterinary services and pest control measures
- Support for small-scale irrigation and better use of ground water
- Support to off-farm income generating activities
- Facilitation of improved supply of seeds, fertiliser, and other agricultural inputs
- Continuing emphasis on soil fertility and environmental improvement
- Expansion of rural microfinance institutions and enhanced access to credit

Beyond agriculture:

- Focus on malaria, women’s and specifically maternal health, and access to basic services
- A major road-building programme with 90% of roads planned for rural areas
- Moving towards achieving universal primary education with a specific focus on girls’ education

5.3.3 Implications for PSNP

153. Both the overall thrust and the specific areas of focus within PASDEP are very well aligned with the demand from PSNP and non-PSNP households as described and analysed

in sections 2, 4 and 5.3.1. This is good news for the prospects of the wider environment contributing to FSP efforts to enable graduation.

154. So what is planned seems to be highly appropriate if the analysis based on kebeles in 8 woredas presented in this report applies more widely. How these programmes will actually be implemented will however be important – the ‘devil will be in the detail’, and the capacity of woreda staff to interpret and implement the policy intention accurately in practice will be crucial. Clear and appropriate guidance which is disseminated effectively where it is needed will help avoid a situation similar to the current inconsistent application of the graduation concept.

155. It seems therefore that, if the PASDEP document is operationalised effectively in its current form, there will be a supportive enabling environment for what the FSP is trying to achieve. This will enhance the possibility of PSNP/OFSP households graduating into food security, and will enhance the likelihood of the FSP achieving its goals. To take full advantage of this opportunity, the PSNP and the OFSP must maximise their own contributions to graduation. This means addressing the implementation problems that dilute the predictability and timeliness of PSNP payments, and also addressing weaknesses in OFSP implementation which have inhibited its adoption and impact.

156. It will be important also to enhance the coordination between PSNP and the PASDEP-inspired activities, especially at woreda level. In particular it will be important to ensure that the wider services provided through PASDEP are made available in food insecure areas and, within them, to food insecure households. This will require improvements in planning and coordination at woreda level compared with the current situation. To encourage this, the importance of policy and institutional linkages, and tools by which to enhance them, should be emphasised in all PSNP training and guidance. This will help implementers focus on the higher objective of graduation rather than simply the implementation detail of specific programmes, and will help to ensure that some of the assumptions necessary for the FSP goals to be achieved prove to be valid.

5.4 PSNP and the use of other services

157. Evidence from interviews with Kebele- and Village-level Food Security Task Forces and community interviews highlighted the widespread view that the PSNP increased the use of services, especially health, education and water. It did so in two ways – increase or improved supply of services and increased demand for services:

5.4.1 Increased / improved supply of services

158. The public works under the PSNP have created various assets with implications for the supply of services. The most important priorities for public works at village level were soil and water conservation, health and education infrastructure, and improved roads. Each of these activities had implications for the supply of services. In all the villages where fieldwork took place there had been public works focusing on soil and water conservation. In some villages, even in the first year it was argued that bunding / terracing was improving the water content of agricultural land. Other public works were providing ponds and (mainly hand dug) wells that improved the village water supply.

159. In health and education, public works in all villages had built either school classrooms or health posts or both. Whilst the PSNP public works were creating assets that reduced overcrowding in schools and improved the physical conditions in which children studied, the investments in health and education infrastructure were not matched by additional teaching

posts or health workers. Greater harmonisation between PSNP and health and education sector planning at woreda level would be helpful here.

160. The construction of roads resulted in both increased supply of education services (for example vacant teaching posts in village schools were more easily filled where the construction of roads enabled teachers to commute to schools and continue to live in town) and health services (improved supply of medicines to remote areas). It also made the journey to school easier and quicker for many students.

5.4.2 Increased demand for services

161. Increased demand for health and education was a clear result of the PSNP. The study shows clear evidence that households use at least some of their PSNP cash income to access health and education services (Table 5.1). This finding was supported by evidence from the trends in transfers study, as described in section 4.

Table 5.1 Use of PSNP cash payments to access health and education services

Use of cash	Number	Percent	Average birr
Paid for health costs	178	29.3%	62.5
Paid for education costs	93	15.3%	27.6

162. Further analysis of household survey data shows that in our sample 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, as follows:

- Of the households spending PSNP money on education, 69% kept their children in school longer as a direct result of PSNP
- Of the households spending PSNP money on education, 53% kept more children in school as a direct result of PSNP, and
- Of the households spending PSNP money on health services, 67% were able to use health services more as a direct result of PSNP

163. There were interesting variations in these patterns according to income quintile, see table 5.2. More and longer school enrolment tended to increase with wealth, whilst use of healthcare increased more for the less well-off households. Interestingly this latter pattern was almost directly opposite to the pattern observed for households which reported using more healthcare for reasons other than the PSNP, in which use increased amongst wealthier households. Whilst there are many possible interpretations of this data, it seems possible that PSNP is having an important effect on access to healthcare amongst poorer households in particular.

Table 5.2: Use of health and education and attribution, by wealth quintile

Impact		1	2	3	4	5	Total
Have you enrolled more of your children in school this year	Yes because of PSNP	11.1	26.5	33.3	30.1	36.0	27.1
	Yes for another reason	3.5	2.0	4.6	6.4	10.8	5.2
Have you kept your children in school for longer this year t	Yes because of PSNP	16.7	34.6	36.6	42.4	50.4	35.6
	Yes for another reason	6.9	2.0	6.5	3.8	9.7	5.5

Have you used healthcare facilities this year more than last	Yes because of PSNP	38.9	44.8	41.3	27.8	18.1	34.7
	Yes for another reason	4.7	5.2	10.0	14.2	22.8	11.0

164. Furthermore the schooling impacts were much greater amongst public work households than those for direct support, whereas health care use was similar for the two groups, see table 5.3.

Table 5.3: Use of health and education and attribution, by type of PSNP beneficiary

Impact		Public work	Direct Support	Total
Have you enrolled more of your children in school this year	Yes because of PSNP	30.6%	13.4%	27.2%
	Yes for another reason	5.5%	2.8%	4.9%
Have you kept your children in school for longer this year	Yes because of PSNP	39.4%	21.0%	35.8%
	Yes for another reason	5.8%	3.5%	5.3%
Have you used healthcare facilities more this year	Yes because of PSNP	35.0%	32.9%	34.5%
	Yes for another reason	12.4%	4.6%	10.8%

165. The impact on demand was more notable in woredas where the PSNP payment was in cash than it was where the payment was in food because the increased flexibility / fungibility of cash enabled households to spend their PSNP income directly on school clothes, text books, etc. In terms of the demand from different households, the increased demand for education was greatest amongst the poorest households, and especially amongst households headed by women. In the case of the latter, PSNP income was used first and foremost to pay registration for school because women saw the long-term investment in household human capital as a less-risky and greater potential investment than taking credit and investing in agriculture.

166. The only caveat here is regarding the PSNP and use of education services. Where households in the PSNP had very high labour requirements, children were sometimes kept out of school to take care of household livelihoods, especially herding, whilst parents completed their PSNP work. According to the household survey 4% of respondent households withdrew children from school as a coping strategy, and 3% sent children to work, so if this applies more widely it is not a very common activity. However it does suggest the need to revisit the logic of the work requirement under the PSNP.

6: Conclusions

167. Whilst we are currently in only the second year of PSNP implementation and evidence of impact on graduation is not surprisingly hard to find, there is much to be encouraged by to date, and there has been undoubted progress in most respects between years one and two of the programme.

168. This section draws together the overall conclusions of the linkages study, which form the basis for the recommendations presented in section 7.

Conclusion 1: The PSNP is already having a significant impact

169. Whilst it is was not easy to find evidence of PSNP leading to graduation into sustainable food security amongst study respondents, there is clear evidence that several important changes have taken place in study areas in terms of nutrition, attitudes, and risk-taking behaviours.

170. The most obvious of these relate to the widespread impact on food consumption attributed to the PSNP, in which beneficiaries are commonly eating more food, of different types, of better quality, more often.

171. PSNP funds are also having a major effect on protection of people's assets. Significant numbers of beneficiaries are now able to avoid selling food to pay for short-term household needs such as medicine or school fees, and have been able to avoid selling productive assets like livestock and land. They have been able to avoid loans for food, avoid migrating thereby allowing more investment in their own household livelihood activities, avoid low paid and insecure casual labour, and avoid harvesting their crops prematurely to meet immediate food shortages.

172. The PSNP is also to some extent being used for a range of productive investments, including in education, livestock, and savings schemes

173. Moreover the PSNP seems to be playing a key role in allowing people to feel secure enough in their income to take productive loans which they previously found too risky. This indirectly enhances the asset building role of the PSNP.

174. All of these patterns are found to a greater extent in households receiving cash from the PSNP, and consequently the range of consumption smoothing, asset protection and asset building was wider. Nevertheless there remained a common preference for food over cash. This was explained by the current imbalance between the lower purchasing power of the cash provided compared with the quantity of food provided, but also because of the distance from markets of many respondents and the consequent difficulties of purchasing food. We cannot speculate on whether this broader range of uses of PSNP resources is common across the programme or whether it is more favourable for graduation than the more limited responses associated with food transfers. However if so, then the possibilities for enhancing the proportion of cash payments might warrant further investigation.

175. Finally, the benefits of public goods produced through Public Works have already led to tangible benefits, and they have potential to do more, especially those related to roads to bring markets closer, SWC to enhance soil potential and water management, and clinics and schools where these have been lacking. It will be important to build the coordination capacity and behaviours at woreda level to enhance the impact of future works.

Conclusion 2: Linkages are critical for graduation

176. The PIM is very clear that the PSNP alone is aimed at asset protection and cannot therefore alone be expected to bring graduation. However, graduation is a key goal of the PSNP, in combination with other programmes. Graduation requires not just moving out of the PSNP but moving into some other state – namely a resilient, sustainable and independent livelihood. This is why linkages are so important; ensuring that other elements are in place so that the PSNP can play its part in enabling graduation was a key rationale for this study.

177. In this study we have presented evidence that shows that, whilst the PSNP alone is likely to improve consumption and protect assets, a combination of PSNP and OFSP 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 PSNP 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.

178. The study has produced a list of ‘enablers of graduation’, many of which lie beyond the capacity of the FSP to influence on its own. The advent of PASDEP appears to be a golden opportunity for the FSP since their agendas appear closely related. It will be important for the FSP to be closely linked to implementation of PASDEP at all levels to ensure that the potential complementarities materialise in practice.

179. However it should be noted that a strong message emerging from this study is that graduation processes are complex and cannot simply be delivered through the FSP. Even though we have produced a list of enablers of graduation, we have little experience in practice of observing households graduate, and it is therefore not clear what conditions are needed to stimulate this, or what unknowns might prevent this. This issue would benefit from specific study. Because of this complexity the development of sustainable and independent livelihoods on the scale necessary to significantly reduce the number of PSNP beneficiaries is likely to take a long time; assuming a continuation of the good progress to date, there may be a need to lengthen the 5 year programme period of the FSP.

Conclusion 3: The potential for graduation is inhibited by a number of design and implementation issues within the PSNP

180. The study has revealed that there are areas in which PSNP improvement is possible. These include:

- Lack of clarity over what it means for a household to graduate 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.
 - When payments are late it undermines many of the gains as described in conclusion 1 above and leads a variety of destructive behaviours, such as use of OFSP loans for consumption negatively affecting the key means by which households are meant to build assets, failures to repay loans creating

potentially disastrous debt, and the selling of assets which compromises future livelihood gains, all to buy food. The uncertainty created prevents households making risky investments because their consumption smoothing and asset protection is not guaranteed

- When payments are unpredictable it again has a similar effect of inhibiting risk-taking behaviour. It further compromises graduation potential when loans taken through OFSP exclude the participant from future PSNP transfers – as also discussed in the targeting study in relation to livestock loans⁸. Participants need continued access to PSNP until livelihood-enhancing activities have created a sustainable livelihood, and assets held on credit should not be counted as assets owned.
- Other implementation problems which according to this study need improvement, at least in study woredas, are:
 - Improvement of the situation with inadequate staff numbers and high turnover which have implications for the capacity of the bureaucracy to do what it required – although there may not be much that PSNP itself can do on this
 - Enhanced focus on linkages between programmes to enable graduation rather than an inward-looking focus on programmes themselves
 - Provision of greater skills and application of those skills to the participatory planning processes that are such a positive feature of the PSNP
 - A need for greater guidance on how to make the intended horizontal linkages work in practice, especially at woreda level
 - A satisfactory resolution of discussions on the different timings of budget cycles for the woreda administration and the PSNP
 - Ensuring that PSNP labour does not interfere excessively with households' use of their own labour, especially by avoiding peak agricultural seasons, as is intended.
- Whilst the public works requirement of the PSNP is meant to prevent dependency on the PSNP, the findings presented suggest that it may in fact do the opposite for households with higher numbers of non-workers such as children, the disabled 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, such as those provided under the OFSP. The OFSP requires labour but the PSNP absorbs it. There are extreme cases of this but the argument applies to any households with limited labour and a relatively large number of non-working dependents.

181. The significance of these problems varied between woredas and we do not know how representative they are of other PSNP woredas.

Conclusion 4: The contribution of the OFSP can be enhanced

182. The study produced a number of examples of successful loans which had raised the livelihood status of households to another level, and has concluded that the combination of PSNP and OFSP has potential to enhance livelihoods significantly, where similarities with the study areas exist. As a key component of the equation by which PSNP + 'something

⁸ See Sharp et al (2006), p.28

else' = graduation, the performance of the OFSP is critical, and the study also identified a number of issues which, if more widely applicable, might usefully be addressed.

183. Whilst the list of packages officially available is quite wide, at household level the options available appear much more narrow. Somewhere the menu of packages is being narrowed. This needs to be addressed so that we can overcome the problem emerging from household and community interviews that the packages are often not appropriate for households.

184. There is little evidence of the extension services under the Rural Development Strategy reaching down to PSNP and OFSP beneficiary households. Respondents in this study reported limited or non-existent training and back-up services to support the agricultural credit so in reality the term 'package' is misleading because many households were receiving credit but no other support. This may be an effect of dilution of extension services among the whole village population whilst PSNP and OFSP reach a smaller group of beneficiaries.

185. Many households remain reluctant to take OFSP loans, citing combinations of the following reasons:

- Lack of confidence that repayments will be possible
- Reluctance to take the risk of loan failure because of the potentially catastrophic debt that may result in with no way by which to pay it
- Lack of a supportive environment to maximise the benefit of the loan, for example serious problems with frequent drought, agricultural pests, livestock disease
- Lack of support services to control risks and the feeling that there is no package at all – especially access to veterinary services, extension advice, other inputs etc.
- A judgement that the packages on offer in practice are not suitable for them, for example because they are not interested in the narrow menu of options or the package recommended for them by the DA
- Insufficient labour to allocate to make the package work, and
- Too long between assets being received and returns being received and profits made – for example when buying a heifer –meaning that unaffordable costs would be incurred without a means to cover them.

186. Coverage of the OFSP is critical to achievement of the FSP objective, and yet remains low in some of the study woredas. Plans and budgets are in place which might allow very high coverage of household loans but this still needs to happen. The balance between money allocated to loans and that to the wider package, and the size of loans will be important factors in eventual coverage. However three further findings are significant:

- The budget provision will not allow multiple loans per household⁹, and yet there is some indication that this may be required to allow households to climb a ladder and progressively improve their food security status. Although we cannot currently be sure of this, it is possible that even 100% coverage of OFSP loans will be insufficient.
- There remain many households in study villages, though we do not know the proportion there or elsewhere, who are reluctant to take loans for all the reasons above and more. If this is also the case elsewhere, measures to address their concerns will need to be developed if coverage is not to reach a ceiling well below the 100% mark.

⁹ Other than where revolving funds are established, although these may suffer from slow turnover

-
- There is a current presumption that households with access to PSNP and OFSP will graduate. Based on findings in study woredas this needs to be tested and the dynamics much better understood. This will help identify what does enable households of which types to graduate to food security, and also what is lacking which prevents this transition. Both of these findings will be able to inform future strategy to enhance the likelihood of the FSP achieving its food security objectives.

187. Addressing these issues would maximise the effectiveness and appropriateness of the OFSP and its contribution to household level graduation. Ultimately however the PSNP and OFSP are inter-dependent. Without improvements in the implementation of PSNP, the OFSP contribution will itself be significantly hindered even if the issues here are addressed.

Conclusion 5. Impact on health and education is important

188. The study has illustrated the wider impacts of PSNP transfers on households' behaviours in study woredas. Section 5.4 showed that PSNP cash was being directly used to finance enhanced use of both education and health services, with 29% using it for health services and 15% for education. Children's education in particular appears to be a very high priority for women, and furthermore, poor households are almost twice as likely to use PSNP cash for health services (see the Trends in Transfers study for further analysis, Devereux et al 2006). These are important findings which suggests that PSNP, especially when transfers are issued as cash, is helping households achieve their wider objectives in terms of investments in human capital. Whilst these investments may not directly help with food security, they can be seen as longer term investments in food security and poverty reduction.

7: Recommendations

To better understand and use the concept of graduation

1. Clear guidance needs to be provided so as to introduce consistency across the programme on understanding of and use of the graduation concept. Steps to follow should include:

- a. Bring together lessons emerging from the recent IFPRI study to define locally appropriate indicators of graduation
- b. Develop guidance on how to measure and assess graduation based on these indicators
- c. Develop guidance on how to set targets for graduation
- d. Ensure that users of this guidance are fully trained on its correct application

2. Conduct further analysis and conceptual work on how PSNP and OFSP join up with wider development efforts and trends to enable graduation on a significant scale. This might include:

- a. Learning from experience what it takes to enable different types of households to graduate
- b. Development of alternative mechanisms to promote graduation and assessment of pros and cons of alternative strategies
- c. Revisit the assumptions relevant to goal level in the FSP logical framework to ensure they are likely to hold true and to result in graduation, revise as necessary, and internalise their ongoing monitoring in the FSP M+E system.
- d. Consider adopting an alternative logical framework format for FSP which internalises the assumptions within the logframe and thereby makes them more explicit, more visible, and more likely to be monitored.

To enhance the performance of PSNP

3. Undertake a full review of the extent and causes of late and unpredictable payments to beneficiaries across the PSNP programme and take urgent steps to ensure timely and predictable payments in future.

- a. This should look at local kebele and woreda factors and Regional and Federal, as well as donor-related, causes of delay and unpredictability.
- b. The focus should encompass not only implementation error but also where any procedures or rules hinder effective and predictable operation of the payment system.
- c. Changes should be operational when the next round of public works begins following the current agricultural season.

4. Take steps to address as far as possible, and where appropriate, the weaknesses on the supply side of PSNP delivery as identified in this report. These include:

- a. Seek opportunities to improve staffing levels, high staff turnover, and skill levels of existing staff. It is recognised that these are difficult issues that cannot readily

be resolved by the PSNP itself, but where opportunities can be identified they should be pursued.

- b. Develop and disseminate guidance on how to make linkages effective at woreda level, within the FSP, between FSP and other government departments, between government programmes (for example FSP and PASDEP delivery), and between government and non-government service providers including NGOs and donor projects.
- c. Decide on a satisfactory resolution of the question of whether or not to harmonise PSNP and wider government budget cycles, in the light of the mixed views on its desirability
- d. Review the balance between cash and food transfer systems and re-calibrate as necessary.
- e. Ensure all woredas and regions have a shared understanding on targeting to avoid excessive dilution of PSNP transfers

5. Revise PSNP rules regarding public works labour requirements on behalf of dependents, in line with the findings of the targeting study¹⁰, to reduce the labour demand from the PSNP and to release labour for own-household activities in order to facilitate graduation strategies:

- a. Agree on a maximum number of days per month to be worked for any one individual
- b. Beyond that level allow entitlement to transfers for further non-working dependents without further labour requirement

To enhance the contribution of OFSP to graduation

6. Initiate a process to develop good practice from the various OFSP-like programmes currently in operation, to include the Federal FSP OFSP, the USAID supported SPSNP, the World Bank FSP, and any others that may provide useful lessons.

- a. Use the FSCO information centre as a clearing house for sharing knowledge and experiences about what has enabled graduation through OFSP-type programmes, and for which kinds of households, and link this to improved lesson-learning systems at all levels
- b. Establish regular mechanism for sharing information at all levels between FSCO, NGOs and donor agencies implementing OFSP.

7. Review planned coverage of OFSP at Federal Regional and Woreda levels and ensure plans for budget allocation and implementation are consistent with providing sufficient access to OFSP loans and supporting packages to PSNP beneficiaries.

- a. Consider whether the OFSP household credit and also wider package would benefit from its own PIM to clarify guidance on objectives, rules and procedures, and to disseminate good practice
- b. Consider whether there is a need to begin negotiations to extend the OFSP beyond its five-year horizon since graduation is likely to be a slow process, late recipients of the OFSP will not have long in which to graduate, and PSNP payments are critical to the graduation process in the early stages at least.

¹⁰ See Sharp et al (2006), discussion in the report and associated recommendations 7.ii and 7.iii, p55

8. In order to address observed supply-side weaknesses with the OFSP, ensure that a wider range of package options is available to households and establish broader access to services and other support required to enable packages to be successful. Actions to include:

- c. Identify where and why the wide range of package options is being rationalised (in the vertical hierarchy of programme implementation) and address this blockage so that households get access to a wider range of packages (including non-agricultural packages)
- d. Ensure flexibility to allow local adjustments
- e. Broaden the package beyond the provision of credit by linking package to farmer (and other livelihoods) training programmes and other support mechanisms such as veterinary services, extension, agricultural inputs and others as appropriate.

9. Take measures to understand better, disseminate understanding, and address reasons (see sections 2 and 4 and para 189 in section 6) why some households – especially the poor – are reluctant to take OFSP loans so that coverage can be enhanced in a way which does not compromise the livelihood security of vulnerable households.

To utilise wider linkages to enable graduation

10. Since many enablers of graduation are beyond FSP control, emphasise the importance of an outward-looking perspective and the need for effective linkages in all guidance and training on PSNP and the OFSP.

11. Ensure that PSNP and OFSP maintain a high profile in PASDEP implementation, and ensure necessary linkages are made so that PASDEP implementation takes account of the needs of PSNP beneficiaries. This should include:

- a. Lobby to ensure food insecure areas are prioritised in PASDEP budgeting and implementation
- b. Ensure active presence of FSCO at Regional level planning of PASDEP implementation
- c. Develop strategic relationships between FSCO and representatives of line departments important for enabling graduation at Regional and woreda level to coordinate efforts
- d. Include in woreda level guidance on how to make effective linkages for graduation (see recommendation 4b) an element on how to join up PASDEP implementation at woreda level
- e. Specific areas for enhanced linkages with PASDEP include the development and institutionalisation of sustainable financial services beyond OFSP to serve the large demand; linking health and education planning with PSNP in food insecure areas

12. Open a discussion with donor partners aimed at enhancing project and programme harmonisation and coherence, based on the findings of this report. Areas for action to include:

- a. Harmonisation of project approaches in line with PSNP and OFSP guidance and good practice
- b. Harmonisation of donor support to FSP with other donor programmes, for example health, education or PASDEP implementation, to encourage joined up working between sectors whose activities enable graduation

-
- c. Addressing issues of predictability and timeliness of donor funds, to better enable GFDRE to enhance the same in the PSNP

Annex 1: Terms of Reference

Ethiopia Productive Safety Net Programme

Appraisal of Institutional and Programme Linkages

Background

The Productive Safety Nets Programme (PSNP) is one of the Government of Ethiopia's (GoE) flagship reform programmes and represents a significant transformation of the Government's strategy for meeting the Poverty and Hunger MDG in Ethiopia. Donor commitment to this programme has also been reflected in the recent "Ending the Cycle of Famine" G8 Paper, where the PSNP was presented as an innovative and priority action in Ethiopia.

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, the programme will provide smallholders with greater flexibility over consumption decisions and stimulate the development of rural markets.

The PSNP was developed by intensive collaboration between the Government of Ethiopia and the joint donor group (European Commission (EC), World Bank (WB), Development Cooperation Ireland (DCI), United States Agency for International Development (USAID), Canada International Development Agency (CIDA) and Department for International Development) involved in the vulnerability policy dialogue and the Coalition for Food Security. The principle of harmonisation has been applied throughout the design process. Donors have sought to a) use the GoE's own documents as the principle guidelines for programme implementation and b) minimize the replication of appraisal documentation. In this context, the appraisal requirements for both DFID and the World Bank have been harmonized and agreed with Government and will be met by work commissioned by the Government of Ethiopia, DFID, the World Bank, and others. The overall

DFID classifies this programme as high risk. The greatest concerns are humanitarian. Specifically, the consequences if the most vulnerable fail to received 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 been developed. Including an agreement with GoE and World Bank and DFID to separate funding into two phases. Specifically, the first year to eighteen months of the programme (from January 2005 to December 2006) will be a transitional period. This phase will allow for the institutional structures, the implementation capacity, the financing modalities (transfers to beneficiaries) and the financial management system to be put in place and adapted as necessary. The second phase of funding will be contingent upon studies being undertaken in key areas and appropriate recommendations being formulated and agreed with Government. These reviews offer an important opportunity for Government and donor partners to undertake a stock-taking of progress on implementation and agree appropriate adjustments as necessary. The studies to be undertaken include: Review of Public Works, Assessment of linkages, Targeting Review, Review of the response to Direct Beneficiaries and Cash Impact Analysis. This terms of reference covers the second of these studies.

Objective

This study will aim to assess the degree to which beneficiaries access Government/donor programs and services in conjunction with the PSNP. The aim is 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.

Tasks

The linkages to reviewed include the following:

Links within the National Food Security Programme. At all levels of the PSNP programme, review links with other activities under the National Food Security Programme (including donor / GoE projects) , including Resettlement activities and those activities focused on building assets and enhancing productive capacity. Specifically, explore lessons, identify and document interventions that promote graduation.

Evaluate if and / or to what extent the PSNP overlaps with and is coherent with GoE emergency systems - i.e. those operations managed and coordinated by DDPA, at federal, state and woreda level.

Review key GoE strategies (PASDEP, PESCAP, PBS, ector Strategies, etc) to assess how future investments in public services may impact graduation. Outline recommendations for how PSNP can respond to these opportunities in the future without resulting in conditional transfers beyond public works.

Assess to what extent PSNP promotes or hinders use of other services including education, health, water, etc.. For example, in SNNPR the FEG group indicated that additional access to cash promoted school attendance.

Across all programmes, assess the degree to which PSNP targeting is coherent with programmes' relevant to food security. Specifically comment on issues related to opportunities for graduation of PSNP beneficiaries.

Methodology

This study will focus on qualitative techniques based around developing case studies (using extensive focus group interviews with beneficiaries, key informant interviews and institutional analysis to be supplemented with quantitative data as feasible). This should include drawing on available survey data.

This work will be part of a series of studies to be undertaken prior to approval of the second phase. In a number of critical areas these studies overlap. In this context it is critical that the relevant teams collaborate closely. It is absolutely necessary that they share secondary data, findings from field work, etc.

The study will be undertaken by a combination of national and international consultants. It is expected that a member of the international will lead these teams. The national consultants will be selected by DFID Ethiopia.

The teams will be asked to participate in a joint expectations setting exercise at the beginning of the mission, which will include a fuller presentation by the teams of the proposed methodology. This exercise will include stakeholders from both Government and donors.

Based on the initial findings, the teams will make a presentation of key findings and recommendations to Government and donor partners for further feedback prior to finalization of the report.

Outputs

The team will produce both a presentation and a report of key findings. Specific focus should be given to make recommendations on how to strengthen linkages between PSNP and other relevant programmes and institutions.

The team may be asked to generate brief interim reports on emerging findings. The primary audience for these reports will be GoE.

The teams may be asked to make a presentation of key findings to Government and other key stakeholders.

Structure

The above work will be undertaken in the following phases

- Preparation Phase): Including, designing detailed methodologies, preliminary identification of secondary data, agreeing coordination mechanisms with Baseline and Cash Impact Assessment.
- Expectation Setting Phase: Two days with key stakeholders (Government, donors, and NGOs) to clarify purpose and methodologies of studies.
- Field Work : Including pre-testing approaches, conducting key stakeholder interviews, focus group discussions and reviews of secondary data
- Analysis: Analysis of data collected. Mapping out of key findings.

-
- Presentation: Reporting back to GoE, Donors and other relevant stakeholders
 - Finalisation of Report: Drafting of final reports.

Timing and Travel

The study will start no later than March 16 2006. A draft report will be provided no later than June 30th 2006. The final report should be submitted no later than July 15th 2006.

The teams will be required to take part in at least 2 preparation and coordination meetings in the UK.

Members of the teams will be required to make up to four international trips to Ethiopia. There will be upto four internal trips within Ethiopia.

The total number of consultant days will be 124 working days. Of this approximately 62 days will be spent in Ethiopia and 62 days in the UK

Team Competancies and skills

The team will require two international consultants. The core competency required for this team will be a) an excellent understanding of rural livelihoods, b) a strong knowledge of social protection mechanisms, c) experience in assessing the viability of institutional linkages , and d) experience of working in Ethiopia and/or Sub Saharan Africa. The team members must have significant skills in both focus group discussions and key informant interviews.