



ETHIOPIA: Social Security in Drought Areas. The Productive Safety Net Programme

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Ways out of extreme poverty, vulnerability
and food insecurity (AVE)

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PRACTICE
SERIES

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Social Security in Drought Areas. The Productive Safety Net Programme in Ethiopia

The *Productive Safety Net Programme* (PSNP) is a social security system that benefits a current total of around eight million extremely poor and food-insecure people in drought-affected *Woredas* (counties) in Ethiopia. Primarily, public works are promoted within the framework of *food / cash for work*. The work carried out by both men and women focuses primarily on soil and water conservation measures. In addition, there are unconditional cash payments or direct support for people who are unable to work, as well as a small amount of non-repayable financial support for setting up a business. The money and food transfers are accompanied by numerous advisory services such as preparing households for agricultural or livestock-oriented small investments and access to bank loans.

This Good Practice paper presents the realisation of the PSNP and deals with the effects of the programme and existing challenges. On the one hand, the PSNP is a good example of social security. Objectives, structure, the comprehensive implementation organisation at the *Woreda* level and the targeting of people in need are exemplary and can serve as a model for other countries. Furthermore, the programme provides important survival aid for millions of poor and food-insecure households.

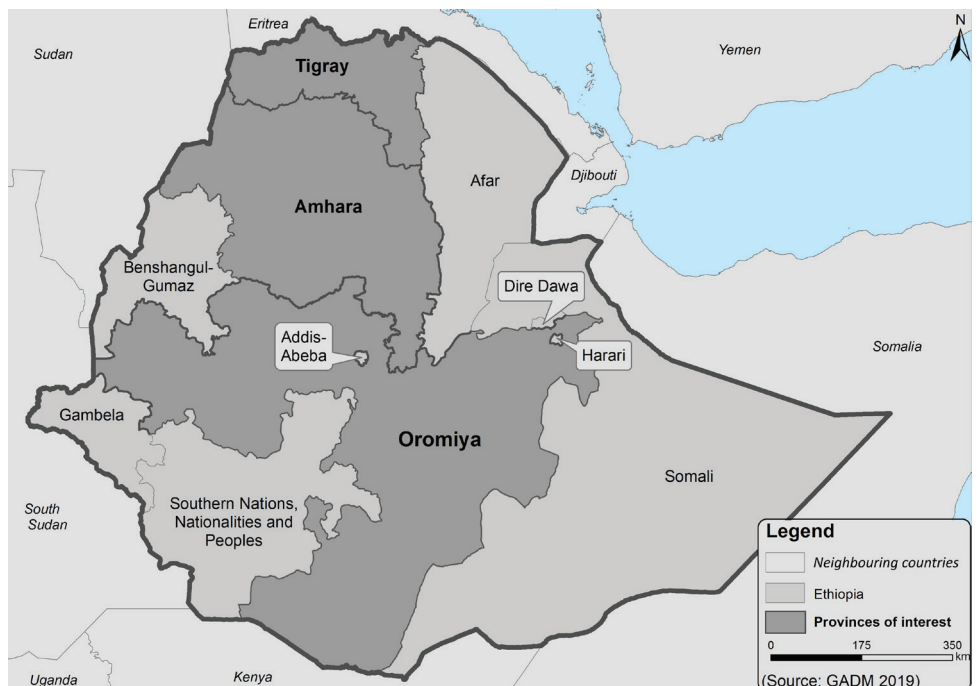
On the other hand, despite funding by the Ethiopian government, World Bank and a dozen other donors, financial resources of the programme remain completely inadequate. Due to lack of money, neither the majority of the extremely poor and food-insecure people in rural areas can be included in the measures, nor are the individual payments sufficient to sustainably lift the actual beneficiaries out of vulnerability. The latter is therefore only possible for those who receive one-off payments and are able to invest and manage the money and additional loans skilfully.

Extreme poverty, social security, food security, unconditional money transfers, food / cash for work, Ethiopia

Project background

According to latest estimates, agriculture in Ethiopia ranks second with a share of 35.8% of gross national income (GNI), ahead of industry, at 22.2%, but behind services, which clearly rank first at 42% (cf. CIA 2019). Agriculture continues to be extremely important for the Ethiopian economy. It plays by far the most crucial role in the livelihoods of households in the country. About 80% of the working population is employed in this sector at least as a sideline. It is assumed that, in the years

2015/2016, 95% of agricultural production was generated by smallholder farms, with 85% of the farms cultivating only less than two hectares of land and 40% even less than half a hectare (FAO 2014). The consequences of land scarcity are widespread poverty and food insecurity in rural areas, especially in marginal income locations. In



addition, Ethiopia's farming population has always been suffering from droughts. In view of global climate change, however, these are occurring with increasing frequency, accompanied by increasing variability in precipitation even in otherwise "normal" years. This makes it more difficult to build up capital reserves among the mass of the rural population and thus also to promote measures to strengthen resilience. At least half of all Ethiopian counties are affected by this situation. In this context, contributions to climate change adaptation, e.g. through diversification of agricultural production and incomes, may help, but they are not sufficient to reach all the poor.



Against this background, PSNP tries to enable the rural population to bridge emergency situations through social security contributions and at the same time to reduce vulnerability to the effects of droughts through measures that promote resilience.

Goals and activities at a glance

The PSNP is a national programme (launched in 2005) supported by the World Bank and a number of third-party bilateral and multilateral donors. The current PSNP IV (2015-2020) aims to improve food security in beneficiary households. Food quality and general living conditions are included in the objectives. This is essentially done through two components: (i.) the support of social security and disaster management systems and (ii.) the development of *productive safety nets* and *livelihood services*. Institutional capacity development at all levels and support for project management are important as well.



The latter refers to the PSNP structure at the state level as well as in the individual regions of the Ethiopian State and in particular at the operational level of the programme in drought-prone *Woredas*. Currently, 349 of the 683 rural *Woredas* throughout the country are threatened. At this level, each *Woreda* has teams of around 25 professionals who are responsible for the implementation of the activities. In the field of public works alone – the main intervention component of the PSNP – there are currently 46,000 individual measures.

The services of the PSNP consist primarily in the promotion of *public works*, in which previously identified persons or families are paid five days a month for a period of six months a year to build terraces, stone dams and erosion gutters in the area of resource conservation, for example. Payment is made in the form of *cash for work*, *food for work* or a combination of both, with the current trend towards food provision due to the sharp rise in food prices in Ethiopia.

Persons from extremely poor families with members incapacitated for work, destitute elderly people, persons with disabilities as well as pregnant or nursing women receive *direct support* in the form of unconditional money transfers or at least the corresponding value in food instead of paid work. Similarly to the procedures for public workers, they are identified and selected for support services in a relatively transparent procedure in drought-affected districts in the Ethiopian states.

Country background and project integration



Ethiopia currently has around 105.35 million inhabitants, with a growth rate of 2.5% to 2.85% per year (CIA estimate for 2016 and Tradingeconomics estimate for 2017). The country ranks 173rd (out of 188 countries) in the Human Development Index (HDI), making it one of the poorest countries in the world (cf. UNDP 2018). Since 2000, however, Ethiopia has made significant progress in reducing poverty. While in 2000 the country had a very high poverty rate of 56% (poverty line of US\$ 1.25 PPP), in 2011 "only" 31% of the population lived in poverty, and an estimated 29.6% in 2014. In 2000, the difference between rural (45.4%) and urban poverty (36.9%) was 8.5%, which decreased to 5.1% in 2011 (rural poverty 30.4% and urban poverty 25.7%) (WB 2015: XXIII). At almost 30%, Ethiopia's poverty rate remains high despite all the progress made. In addition, the depth of poverty is considerable, referring to the positioning of the affected poor below the poverty line.

For Ethiopia, it is particularly true that the poverty figures obscure the fact that a very large proportion of the rural population is vulnerable to extremely vulnerable, entailing two aspects: firstly, many people who are not explicitly classified as poor live at a level just above the poverty line. On the basis of per capita GNI, it can be safely assumed that four out of five Ethiopian households must be classified as vulnerable in this sense.

Secondly, however, these monetarily vulnerable people and even a number of households that are no longer classified as poor or vulnerable in terms of income are increasingly affected by the consequences of climate change. Thus, they run the risk of losing all

their livestock (capital or resources) – for example as livestock farmers, in the event of increasingly recurring droughts – and falling into extreme poverty.

In line with this development, the World Bank states that between 2005 and 2011 (the last available survey year) the extremely poor in particular have not experienced any improvement in their living conditions and, on the contrary, even had to reduce their consumption (cf. World Bank 2015: XVI). For people who generally have to spend 70% of their income on basic food stuffs, this might generally be attributed to the disproportionately rising food prices in Ethiopia.

Although government leadership in Ethiopia has been heavily criticised until recently, the country is implementing a number of nationwide programmes designed to strengthen agriculture, promote resource conservation and explicitly reduce poverty. With regard to poverty reduction, the PSNP is the central measure that is implemented nationwide and thus currently represents the second largest social security programme in Africa (after South Africa).



Project impacts achieved so far

For millions of extremely poor and vulnerable people in Ethiopia, the PSNP is an important contribution to their survival. Despite major weaknesses in the programme, there is no doubt that the PSNP is indispensable for the beneficiaries' food security. PSNP support has resulted in increased food availability and diversity in food use. This is mainly due to the *food-for-work* component and the distribution of food to beneficiaries unable to work within the framework of *direct support*. A positive contribution to improving

the nutritional situation, in particular among children and especially for girls, can be observed (cf. Debela et al. 2017).

During the group discussions of the INEF research team with *public works* participants as well as *direct support* recipients, it became clear that the PSNP's contribution to food security is highly valued. However, even though the programme favours monetary payments, beneficiaries currently prefer food-based remuneration or support, as their value is significantly greater than the goods that they could purchase with money themselves.

If in Ethiopia, due to the general circumstances, a considerable number of people actually escape from poverty every year, then it is likely that these are already located close to the poverty line, or at least not too far below it. Comparable to social security systems in other countries, a core problem of the PSNP, however, is the fact that it mainly includes chronically poor people. Aiming at not only lifting these people sustainably above the poverty line, but also strengthening their resilience in such a way that their food security is significantly improved, requires considerable investment. Due to the underfunding of PSNP, these investments have been quite limited so far. Therefore, it is mainly the recipients of the non-repayable one-time cash transfer of 4,000 Birr who make their way out of poverty and food insecurity. Preconditions for their success are provision of good advice and the possibility to expand their grant through bank loans in order to be able to build up a minimum of assets for production.



Positive effects of the programme can be observed on the local economy, community mobilisation and

gender. The number of women who receive support or participate in *public works* measures is greater than that of men. The PSNP takes into account the particular burden that household, children and employment place on women. Pregnant and breastfeeding women are released from work and receive *direct support* instead. In view of the numerous PSNP activities at the rural community level, women are increasingly involved in local decision-making processes.



Conditions for success and challenges

The PSNP is the only programme known to the author that bears the entire country in mind by having a sophisticated implementation methodology and a surprisingly good presence in the counties. Targeting is generally regarded as transparent and fair, even if it is not possible to include all extremely poor people due to lack of financial resources.

The above mentioned underfunding is further a major challenge for the programme planners to maintain the very important and still urgently needed programme, especially with regard to the operating resources of the controlling and implementing apparatus. Programme components such as *food/cash-for-work* as well as the direct social money transfer are particularly affected by these financial constraints. Firstly, this is reflected in the limitation of the number of persons supported. Even if the programme is strictly confined (risk of drought and actual droughts) and differentiated from other measures (e.g. for the urban poor or rural poor), up to five times more people than the current eight million would need assistance.

Secondly, it would be urgently necessary to increase wages or payroll accounting in food for the labour force, and to increase the amounts of money per person within the framework of social cash transfers. Such an increase is automatically justified by current inflation, which is reflected above all in disproportionately rising food prices. Yet, it is also due to the low wages, which are far below the usual market level, as well as the constantly decreasing amounts of subsidies for the recipients of *direct support*.

An increase in funds could also reduce the problem of the limited fieldwork of the PSNP teams based in the *Woredas*, currently associated to the lack of transport and operating resources. In this way, contact with the beneficiaries could be significantly intensified and, for example, the individual counselling and further assistance provided in the programme could be improved. Increased funding would also make it possible to focus more on the components "*nutrition-based activities*" and "*behaviour change communication*", which have been hardly implemented so far.



Conclusions for Development Cooperation in general

► The Ethiopian example shows that it is possible to establish a nationwide uniform system of social security even in an extremely poor country. With the Productive Safety Net Programme, it has been possible to establish a workable structure that operates within the framework of an integrated concept, has meaningful work processes and is present throughout the area with relatively well-qualified personnel.



- The PSNP also shows (like the Cambodian ID Poor scheme, cf. Bliss / Hennecke 2018) that it is possible to introduce and successfully implement a relatively transparent and fair identification system of poor and vulnerable households with the greatest possible local responsibility.
- The PSNP makes use of the possibility of decentralised disbursement of support funds, even if this involves some effort. Transaction costs could be saved by adding a digital component (mobile money) to the system.
- However, the PSNP also demonstrates that a social security system must not be underfunded if it explicitly defines its objectives as sustainable poverty eradication and shock-resistant food security for its beneficiaries.



Literature

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Images

1 (Title): Construction of terraces in Tigray, 2: Map of Ethiopia (Source: Fabio Pruß 2019), 3: Extreme soil erosion in the south of Oromiya, 4: Preparation for the construction of terraces with simple means, 5: Slopes well secured by terraces, 6: An incredible marginal yield site being ploughed, 7: Goats and sheep are an important source of income in very dry areas, 8: Women take part in heavy work, 9: Around 100 men and women gather together for terrace building, 10: Water has to be fetched from a polluted stream, 11: Focus group after discussing their situation.

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Project characteristics*

B4 – Intensity of research team involvement

G1 – Gender index

P3 – Participation

A1 – Target group index

* For explanation see Good Practice Handbook or www.inef-reachthepoorest.de

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INEF - Research Project

The research project aims to develop recommendations for state development cooperation. The aim is to identify measures that can better reach extremely poor, food-insecure and vulnerable population groups.

We examine the interdependencies of extreme poverty, vulnerability and food insecurity in order to identify both blockages and success factors for development cooperation.

Based on literature analyses and surveys of professional organisations at home and abroad, successfully practised approaches ("good practices") are to be identified and intensively analysed within the framework of field research. In addition to a socio-cultural contextualisation, the gender dimension is consistently

taken into account throughout. The local investigations focus on the participation of the affected population in order to capture their perception of the problems and ideas for solutions.

We initially conduct our research in Ethiopia, Benin, Kenya and Cambodia.

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