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Ethiopia's Productive Safety Net Programme

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(drawing on ongoing collaborative work
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Rationale

- Ethiopia has long been one of the largest recipients of emergency food aid in Africa
 - emergency appeals approach has been costly: avg cost of \$265 mn from 1997-2002, reaching > 5 mn people per year
 - emergency appeals have had limited effectiveness at protecting productive assets and mitigating drought shocks
- In 2005, the Government of Ethiopia revised its strategy of distributing food aid
 - emergency appeals replaced with a standing safety net in areas suffering from chronic food insecurity
 - focus of new program was to provide more reliable and timely support to chronically food insecure households in more than 260 *woredas* (counties) across Ethiopia
 - increased funding for complementary programs to foster graduation from the safety net



The Food Security Program and the PSNP

- Starting in 2005, the Productive Safety Nets Programme (PSNP) has been implemented as part of the GOE's broader Food Security Program (FSP)
 1. Productive Safety Net Program (PSNP)
 - labor intensive public works
 - use safety net to build productive community assets
 - transfer payments in **cash** rather than **food** in some areas to improve market development through safety net
 - Direct Support (DS): unconditional transfers to labor-scare households including elderly and disabled
 2. Other Food Security Programs (OFSP)
 - Makes available packages of services such as : subsidized fertilizer, subsidized credit, other inputs or assets
 3. Resettlement to other locations with more productive land



How is the PSNP *supposed* to work?

- The objective of the PSNP is to improve food security while preventing households from being forced to sell assets
- The objective of the OFSP, combined with the PSNP, is to increase productivity and promote asset accumulation
- *In other words, the aim of the program is to directly address the malign consequences of chronic poverty in the short term while laying the platform for longer term income and asset growth*
- The PSNP reaches more than 7 million people and operates with an annual budget of nearly 500 million US dollars. Outside of South Africa, it is the largest social protection programme operating in sub-Saharan Africa.



How is the PSNP *supposed* to work?

- A series of local administrative structures – “Food Security Task Forces” are established to assist in the selection of local public works projects, to act as liaison between the programme and beneficiaries, to keep records to monitor implementation of public works and to identify households who should receive:
 - Employment under the public works component of the PSNP
 - Transfers under the direct support component of the PSNP
- Households selected to receive Public Works are allocated approximately 20 days per month for each of the first six months of each calendar year. They are paid in cash (6 birr per day in 2005-2008; 8 birr per day in 2009) or food (3kg grain) or a combination depending on where they live.



Implementation and Impact of the PSNP

- There are a large number of extant and on-going studies of the PSNP.
- Our work is based on a quantitative household and community level surveys fielded in 68 woredas served by the PSNP in 2006. In 2008, we re-surveyed these households and extended the survey to woredas in Amhara that are covered by USAID contributions to the PSNP.
 - The 2006 data have been analyzed;
 - We are in the midst of analyzing the 2008 data and discussing the results with stakeholders



Implementation: Usefulness of Community Assets

Percentage of households indicating that ... benefited from construction or maintenance of public works: Amhara

	2006	2008
Roads		
Community benefited	82	86
Household benefited	57	83
Water harvesting infrastructure		
Community benefited	60	68
Household benefited	29	39
Soil and water conservation work on communal and		
Community benefited	87	89
Household benefited	36	68
Schools		
Community benefited	81	85
Household benefited	39	71
Health posts		
Community benefited	36	55
Household benefited	19	61



Implementation: Targeting of PW

- Both the 2006 and 2008 data show that controlling for household location, as household wealth increases, the likelihood of participation in public works declines.
 - Ownership of two oxen in 2005 reduces the probability of participation by 10 percent points.
 - Compared to a household with no land, land holdings of one hectare of land per person reduces the probability of participation by 16.9 percentage points.
- Demographic characteristics – particularly labor availability – also matter.
 - Each additional adult male and female increases the likelihood of participation by three percentage points.
 - The likelihood of participation is lower for households with older heads, female heads and households with higher dependency ratios.



Implementation: Targeting of DS

- Both the 2006 and 2008 data show that demographic characteristics dominate the likelihood that a household receives Direct Support.
 - Households with older heads, older men and fewer younger men are more likely to receive these payments.
 - A female headed household is also more likely to be a Direct Support recipient.
 - Characteristics related to poverty play a much smaller role in determining selection.
- The magnitudes of these effects are meaningfully large.
 - Consider two households. Household A has a female head aged 70; Household B has a male head aged 40. In all other respects, they are identical.
 - The probability of receipt of Direct Support by Household A is 22.9 percentage points higher than Household B.



Implementation: Payments and links to the OFSP

- Analysis of the 2006 survey data suggested that there was a considerable problem with wage arrears.
- The 2008 data suggests that wage arrears have been reduced. In some parts of the country (SNNPR), timeliness of payments has been impressive.
- Apart from Tigray, there was limited overlap with the OFSP in 2006. By 2008, coverage of the OFSP has expanded



Evaluation of the PSNP: 2006

- We used a quasi-experimental approach (difference-in-differences matching estimators) to identify the impact of the PSNP and OFSP on household food security and welfare
- In 2006, impacts were only found for those households with access to both the PSNP and OFSP.
 - They were more likely to be food secure, to borrow for productive purposes, use improved agricultural technologies, and operate non-farm own business activities.
 - There was no evidence of displacement or disincentive effects in terms of the reduced supply of labour to wage employment or private transfers.
 - However, relative to the comparison group, these households did not experience faster asset growth.



Looking ahead to 2008 results

- Using the 2008 data to assess impact will be challenging because of:
 - Severe drought in the southern localities served by the PSNP
 - Smaller, localized droughts elsewhere

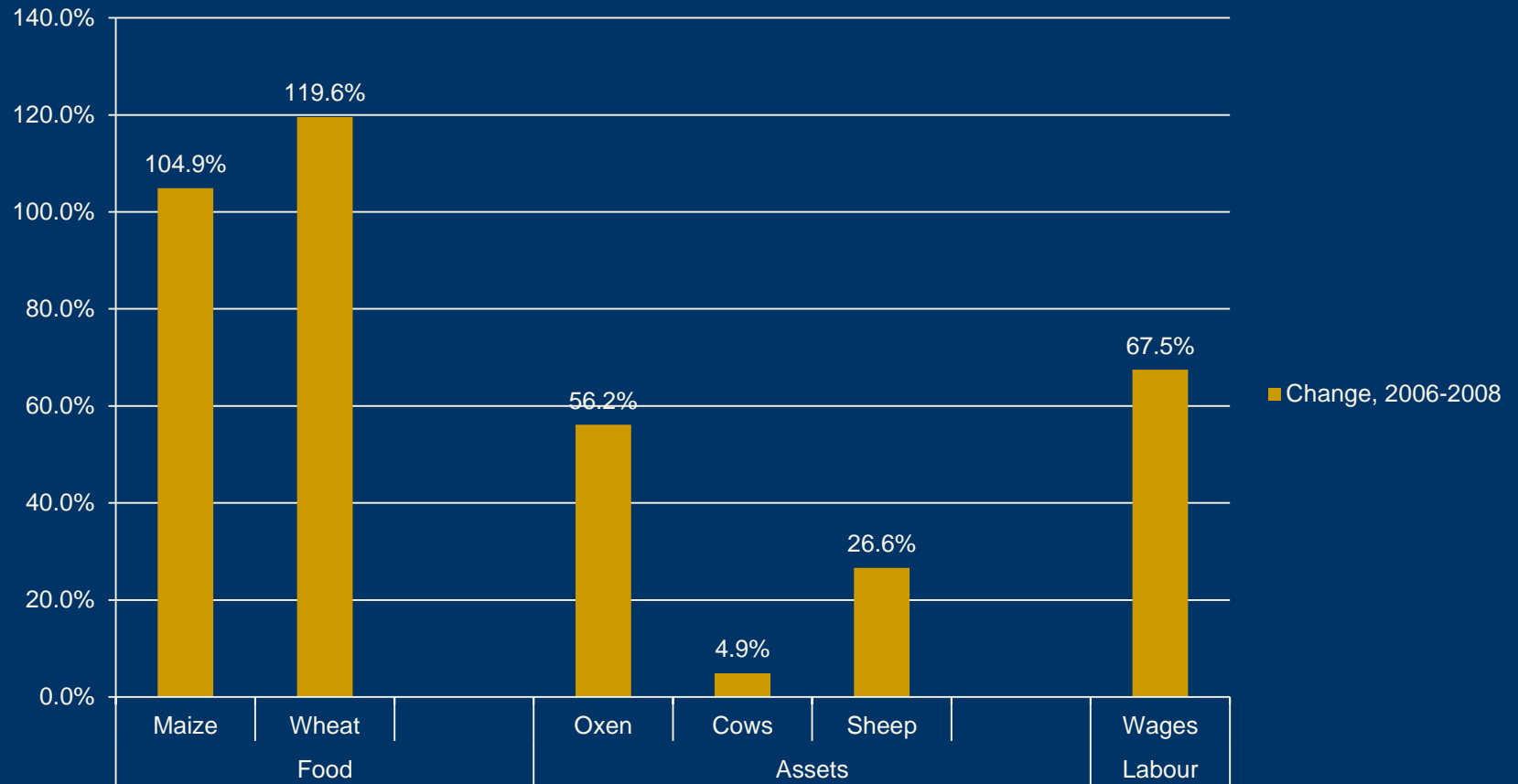
And most importantly:

- The **massive** rise in food prices in 2008

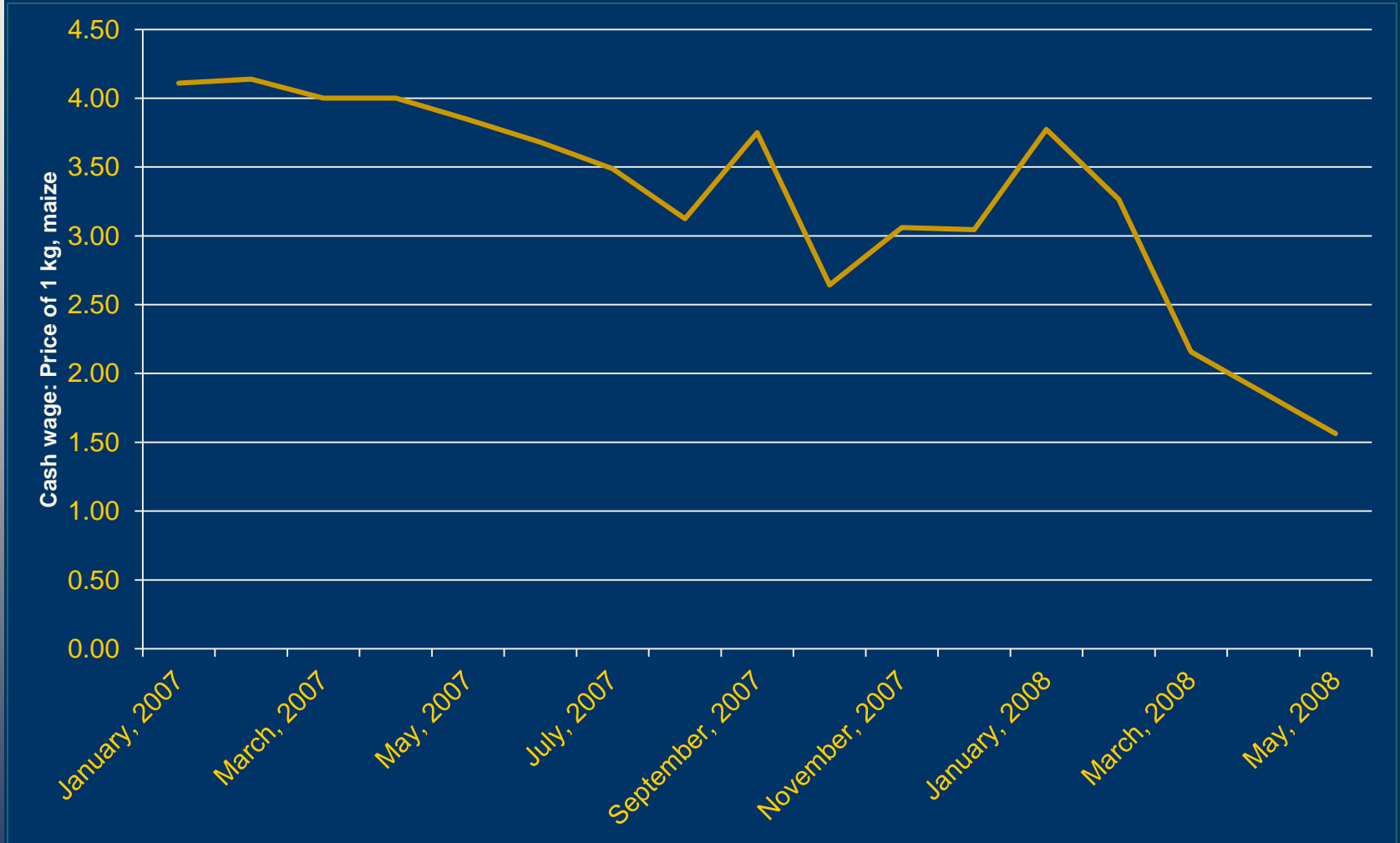


Rising prices ... but at different rates

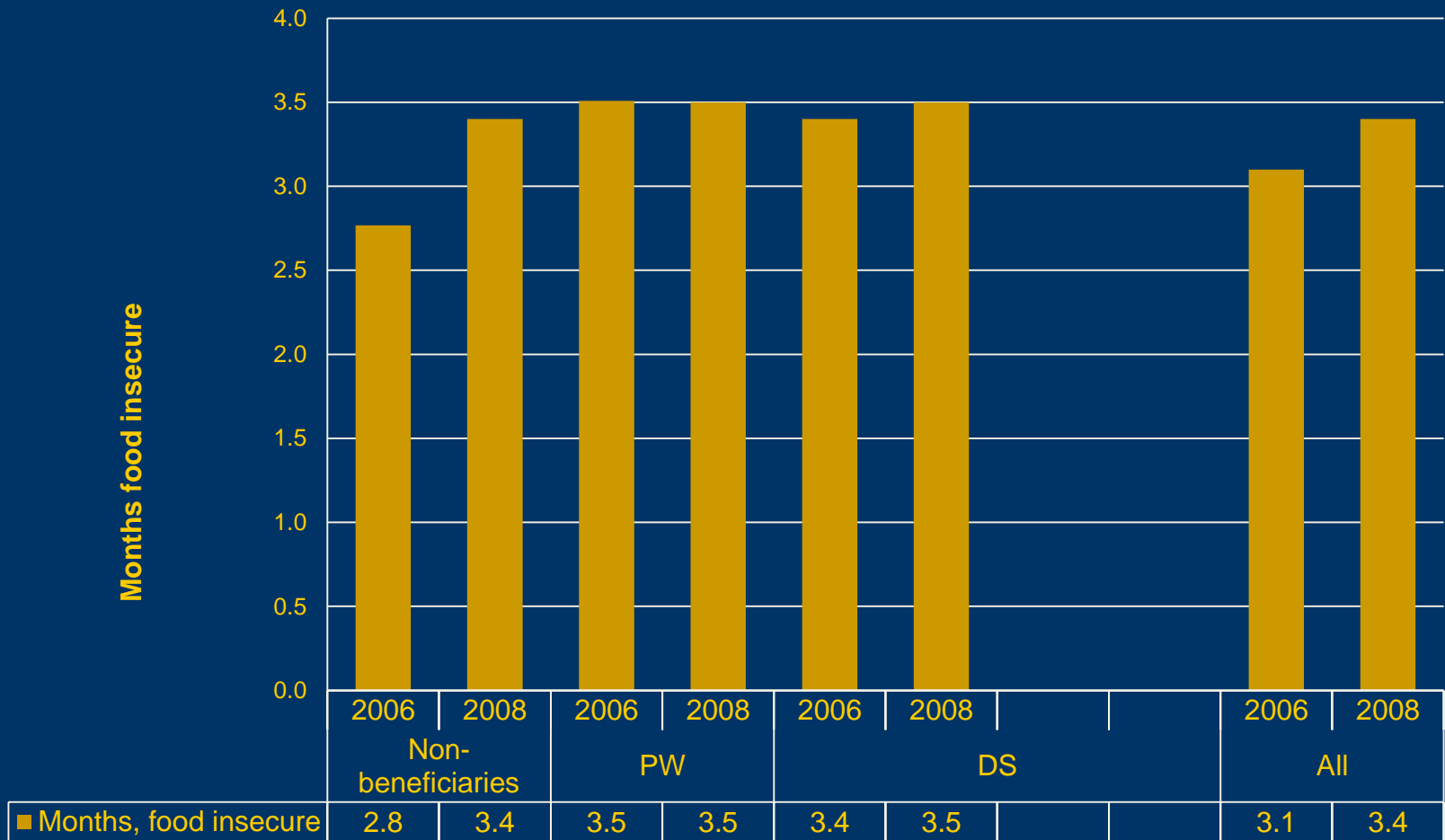
Price Changes, Amhara: 2006-2008



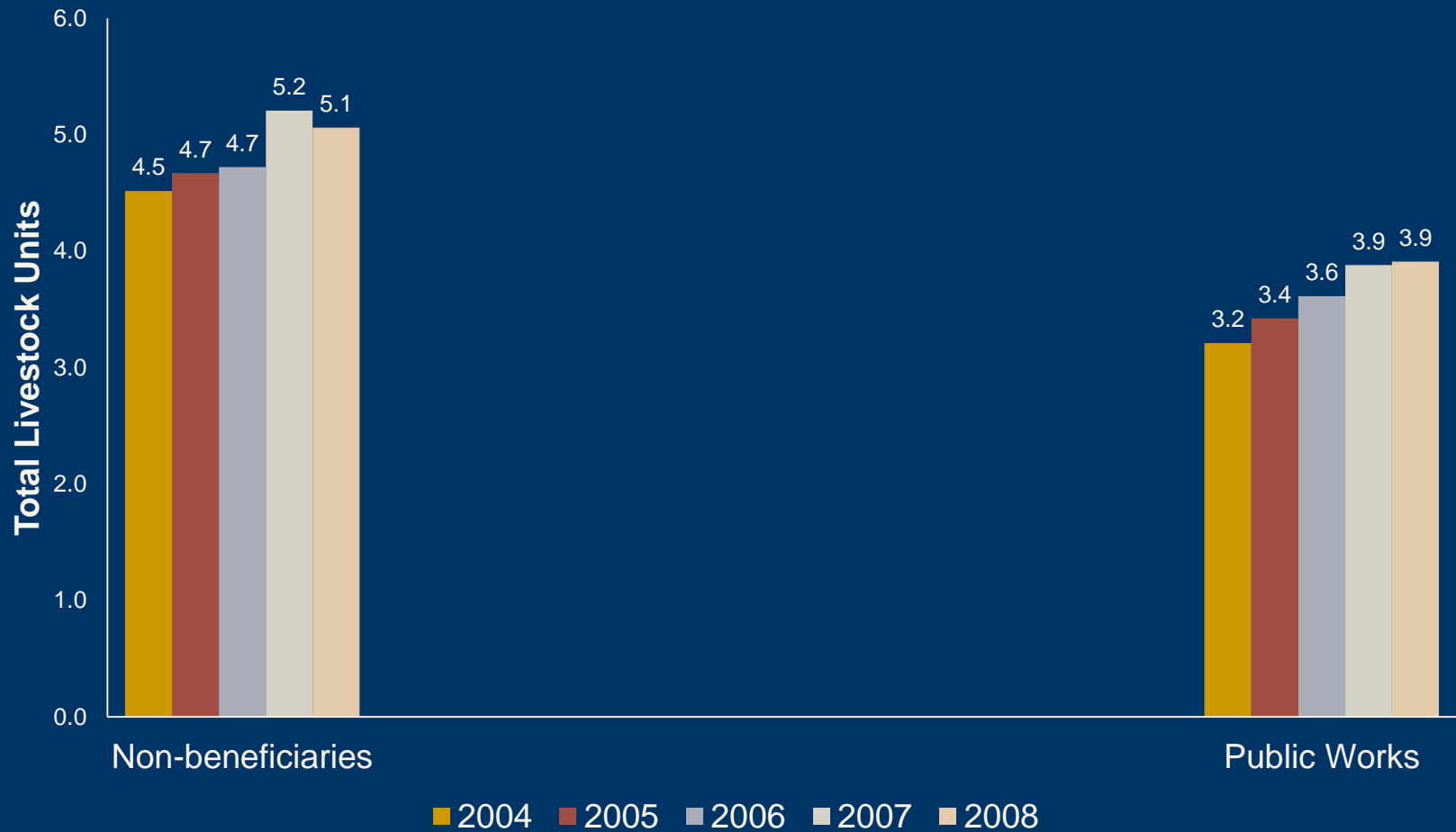
Ratio of PSNP Cash Wage to Maize Prices, SNNPR



Trends in food security (NOT impact!)



Total Livestock Units by year and beneficiary status (NOT impact!)



Summary

- Ethiopia's Productive Safety Nets Program is a large social protection program that aims to reduce chronic poverty in the short term while laying a base for future income and asset growth
- Initial evaluation pointed to several positive aspects of program implementation (such as targeting) and areas (such as timeliness of payments) that needed work. It showed that households receiving both PSNP and OFSP had, relative to the comparison group, slightly higher levels of food security. There was no evidence of disincentive effects
- Analysis of the 2008 data will need to be cognizant of the impact of drought and especially the dramatic rise in food prices

