



European
Commission

CASE STUDY

ETHIOPIA



SPaN
Supporting people through crisis



Guidance Package on Social Protection across the Humanitarian-Development Nexus

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Acknowledgement

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CASE STUDY

ETHIOPIA

Type of shock	Social protection instrument	Way the social protection system was used (typology)
Slow onset natural disaster (drought)	Public works and unconditional cash	Vertical and horizontal expansion (ex-ante)

Acronyms

BoA	Bureau of Agriculture (Regional)
DFID	Department for International Development (UK overseas development assistance)
ECHO	Directorate-General for European Civil Protection and Humanitarian Aid Operations
FSCD	Food Security Coordination Directorate
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
HFA	Humanitarian Food Assistance
HRD	Humanitarian Requirements Document
IDPs	Internally Displaced Persons
MDG	Millennium Development Goals
MoA	Ministry of Agriculture
MoU	Memorandum of Understanding
MoAL	Ministry of Agriculture and Livestock
MOANR	Ministry of Agriculture and Natural Resources
MoFEC	Ministry of Finance and Economic Cooperation
NDRMC	National Disaster Risk Management Commission
PASS	Payroll and Attendance Sheet System
PSNP	Productive Safety Net Programme
WFP	World Food Programme
WOFED	Woreda Office of Finance and Economic Development

Ethiopian Words

<i>Belg</i>	Short rainy season from February till May in <i>belg</i> areas
<i>Deyr</i>	Short rainy season from October till December in southern and south-eastern pastoral areas
<i>Gu</i>	Main rainy season from February till June in southern and south-eastern pastoral areas
<i>Meher</i>	Main rainy season in the highlands from mid-June till mid-September
<i>Kebele</i>	The smallest administrative unit of Ethiopia
<i>Woreda</i>	The equivalent of a county or a district

—PART I—

THE PRODUCTIVE SAFETY NET PROGRAMME

Scene setting

Over the past two decades Ethiopia has made significant progress in poverty reduction (-9 %) as well as towards achieving the Millennium Development Goals (MDGs), and is one of the fastest growing economies in Africa (+10.3 % per year on average from 2006-07 to 2016-17) (World Bank, 2018). Economic growth has helped reduce poverty in both urban and rural areas. Since 2005, 2.5 million people have been lifted out of poverty and the share of population below the poverty line has fallen from 38.7 % in 2004-05 to 23.5 % in 2015-16 (OECD, 2018; using a poverty line close to USD 1.25/day). Despite this, Ethiopia is ranked 173 out of 187 countries on the Human Development Index (2018 Statistical Update) of the United Nations Development Programme. Country vulnerability remains high: 27 million people still live under the food poverty line, one in three children live in poverty, the number of people in need of social protection or humanitarian assistance has nearly tripled since 2015, the country registered more than two million internally displaced persons (IDPs) and hosts over 900,000 refugees.¹ Several incidents contributed to the exacerbation of the crisis situation, and to people's increased vulnerability, especially in terms of poverty and undernutrition: climatic shocks, such as the 2016 El Niño drought, ongoing conflicts, and high population growth (from 74 million to over 109 million between 2004 and 2019).²

With 80 % of its population dependent on rain-fed agriculture, Ethiopia is particularly vulnerable to weather-related shocks. Rain varies greatly by region and is particularly unpredictable. Over the past six decades, Ethiopia has been particularly susceptible to drought, with a drought occurring every three to five years. Serious droughts and often famine, either widespread or localised, have occurred several times and affected millions of people. Environmental degradation and poor natural resource management, together with a reduction in size of average landholdings due to high population growth and conflict, governance and institutional capacity issues have all exacerbated the impacts of these droughts. All of these factors have contributed to the erosion of productive assets and coping capacities of households and communities. Food insecurity is widespread and food aid accounted

for the majority of emergency assistance spending, with an average annual share of 78 % between 2009-10 and 2016-17 (OECD, 2018). Although during 2018 the country was spared from relevant climate-related emergencies, an estimated 7.8 million people received humanitarian food assistance (Humanitarian Response Plan, NDRMC 2019).

In this framework, the need to strengthen the **Social Protection System** has become a national priority, and it is considered as an effective instrument to reduce poverty, promote development, and increase resilience to shocks. Moreover, social protection is conceived more and more as intrinsically linked to disaster response, playing the role of a **'bridge' between humanitarian assistance and development processes**. In this context, several attempts have been deployed in **reforming the emergency assistance into a wide and more predictable productive safety net programme** (OECD, 2018).

Social transfers -both cash and in-kind- and **public work programmes** have been at the core of the social protection system of Ethiopia in the last 15 years, with special regard to the flagship **Productive Safety Net Programme** (PSNP), which was born mostly as an attempt to replace humanitarian assistance in chronically food-insecure areas through improving livelihoods and increasing resilience to shocks (GoE and WB, *A new way of working*; OECD, 2018).

As a consequence of the major drought of 2002-03, more than 13 million people became reliant on food emergency aid; it became clear that 'while the humanitarian system was saving lives', it was proving to be ineffective in 'protecting livelihoods and managing risks effectively'.

The Government of Ethiopia (GoE) – in partnership with international organisations, aid donors, and civil society – was thus galvanised to supplement the existing emergency food aid system with a longer-term solution for reducing vulnerability to food insecurity. The key rationale was to replace emergency assistance with a resilience-building approach for those households

¹ United Nations Office for the Coordination of Humanitarian Affairs - UN OCHA, <https://www.unocha.org/ethiopia>
² <http://worldpopulationreview.com/countries/ethiopia-population/>

that were chronically food insecure and in those areas that were constantly receiving humanitarian aid. This process led to the establishment of a programme called the **National Food Security Programme** (FSP), consisting of several sub-programmes aimed at strengthening livelihoods in vulnerable areas: the Household Assets Building Programme (HABP);

the Resettlement Programme; the Complementary Community Investment Programme (CCIP); and the Productive Safety Net Programme (PSNP), funded by the European Union and other major donors, which became a core element of the broader food security programme and Ethiopia's flagship social protection initiative.

What it looks like

PSNP was launched in 2005 and is run by the Ethiopian Government with the support of twelve development partners: Austria, the European Commission, Canada, Denmark, Ireland, Netherlands, Sweden, UK, USA, the World Food Programme, UNICEF, and the World Bank. The Programme is one of the largest national social safety net programmes in Africa, with a budget availability of approximately 650 million dollars per year, operating in seven regions, the most drought-prone *woredas*, and benefiting at least eight million people during **Phase IV (mid-2015–2020)** (Knippenberg et al., 2017).

The programme provides cash, food or a mix of both in exchange for public works. Chronically food-insecure households/beneficiaries who cannot provide labour to public works are given an unconditional cash or food transfer of equivalent value to that received by labour-contributing households and increasing the period from 6 to 12 months. A programme of skills-upgrading and training across different technical agencies and levels is provided through the capacity-building component of the programme.

So outlined, the Programme covers two components: i) the **labour-intensive Public Works component**, including Temporary Direct Support (TDS) beneficiaries, and ii) the **Permanent Direct Support (PDS) component**. The first group of beneficiaries are chronically food-insecure households with able-bodied adults and may also include pregnant or lactating women who will be temporarily moved to direct support without having to do public works. The second group consists of chronically food-insecure households without able-bodied adults or who are labour-constrained (elderly, people with disabilities, chronically ill and orphans), who are entitled to receive support without participating in public works. The first group receive regular cash or food transfers conditioned on the provision of labour, with exception of the Temporary Direct Support, who temporarily receive unconditional transfers. The second group receive financial or in-kind support on an unconditional basis. In the ongoing PSNP Phase IV, the first category receives 6 months of support, while the second is entitled with 12 months of support.

Public works beneficiaries accounted for 86 % of the 8 million of beneficiaries in 2016/17. The **public work component** includes a great share of community-level projects, and about 60 per cent of these are related to restoring natural resources, such as soil and water conservation, and designed to improve climate resilience (Haverkort et al., 2015). Additional community projects concern the development of community assets like roads, water infrastructure, schools, and health care centres. **This component thus contributes simultaneously to social protection and building climate resilience, benefiting also those who are not entitled to receive the support.**

The process of **selecting the beneficiaries** of the Programme starts with the Federal Government of Ethiopia, which identifies those *woredas* in a situation of chronic food insecurity – those that received Humanitarian Food Assistance (HFA) for three consecutive years. Once identified, the *woredas* identify those *kebeles* presenting situations of food insecurity. In turn, *kebeles* identify the families that will be beneficiaries of the PSNP according to three main criteria: if the family has continuously suffered from a food shortage for three months in the last three years; if the family has become suddenly food insecure as a result of a severe loss of assets (financial, livestock, means of production); or if the family has no adequate social/family support or other social protection support (PSNP IV, Programme Implementation Manual, 2016).

Currently, the **number of clients** who is established through: i) the PSNP 'quota', which is based on the number of people in a *woreda* who received humanitarian food assistance for the past three years; and ii) the outcome of the seasonal assessments or early warning system, which identifies the number of people in need of transitory support because of shocks, who is supported through the contingency budget ('Terms of Reference', *Review of PSNP and HRD Procedures at woreda level*).

PSNP is integrated into the GoE's fiscal management system, which combines GoE and donor resources (cash/food). This approach has helped to secure longer-term, more predictable GoE and donor financing. All phases were financed through the a financing mechanism pooling sources from different donors, some directly to the National Treasury and

others through the **Multi-Donor Partnership Trust Fund** managed by the World Bank or through other intermediary organisations like WFP and UNICEF; all these resources are added to the **Federal budget contribution that has progressively increased through the different phases**. Regional governments also co-finance it in forms such as grain transfers and employed contract workers. It should be noted that the majority of donors' support for the Programme is in the form of loans (OECD, 2018).

PSNP budgeting takes place at the *woreda* level, jointly with the preparation of the Woreda Annual Safety Net Plan. The PSNP *woreda* budget consists of seven components (PNSP IV, Programme Implementation Manual):

- The budget for the Permanent Direct Support clients;
- The budget for the Public Work component clients;
- The public works budget, covering capital inputs and materials for public works;
- The livelihoods capacity-building implementation budget for training costs, equipment and inputs;
- The livelihood transfer budget disbursed to clients separately from regular payments;
- The administrative budget covering human resources, office equipment and materials, travel costs, training, and monitoring and evaluation activities;
- The contingency budget, which is allocated by woredas once the total budget has been established (only excluding from the calculation the livelihoods and capacity building costs), amounting to 5 % of additional budget.

The budget is submitted to the Region for approval.

The ongoing **PSNP Phase IV** largely builds on the successes and lessons learned from the previous phases. It introduced **a move from a food security programme to a more systematic approach delivering social protection, disaster risk management, nutrition, and climate resilience elements**, well supporting the overall strategy of the Growth and Transformation Plan (GTP). It provides an integrated package of services, which includes transfers, linkages to livelihoods interventions, linkages to health and nutrition services and support up to graduation once 'households achieve food sufficiency in the absence of external support'.

The 2015 poverty assessment of the World Bank found that the **direct impact of PSNP transfers** to vulnerable households has led to a **two per cent reduction of the national poverty rate**. It is considered well targeted and able to reach the poorest households thanks to a combination of geographic and community-based targeting (Coll-Black *et al.*, 2011). The PSNP has a **positive effect on nutrition outcomes** and the **acquisition and protection of productive assets** (Mohamed, 2017; Gebresilassie, 2014). The PSNP transfers also have resulted in an **increase of agricultural-input use**, which supports productivity (Haverkort *et al.*, 2015).

Contributing to the income of households, PSNP have proved to be effective in stimulating local and national production; in parallel, beneficiaries are more likely to have access to health and education services. Thus, the Programme has widely been contributing to both **social and economic spillovers** (Matheuz *et al.*, 2016).

The Programme has demonstrated the importance of integrating environment and **climate change mitigation and adaptation** when formulating and implementing social protection programmes. By incorporating environmental and climate change considerations, Ethiopia's PSNP has increased resilience, improved food security and reduced deforestation through land restoration and natural resources management and is now known as one of the largest climate change adaptation programmes in Africa. According to Knippenberg *et al.* (2017), PSNP reduced the impact of drought shocks by 57 % and eliminates its negative impact on food security within two years, thus contributing to **building resilience of communities against shocks**.

The fourth phase of the Programme is therefore contributing both to the National Policy on Disaster Risk Management and to Social Protection.³

³ To go beyond the rural location of PSNP, the GoE, has also initiated a 10-year **Urban Productive Safety Net Programme (UPSNP)**, in partnership with the World Bank to address the problem of urban poverty. Although poverty is considered mainly a rural phenomenon, 14.8 % of the urban population in Ethiopia is living below the poverty line. Piloted since 2015, the programme was rolled out nationally in July 2017, at cost of USD 450 million, where two-thirds is covered by the World Bank and the rest by the GoE with the expectation of reaching 604,000 beneficiaries in 11 cities.

THE SCALABILITY OF THE PRODUCTIVE SAFETY NETS PROGRAMME

Despite the expectations that PSNP would have contributed to reducing the food vulnerability of the communities, building livelihoods and strengthening resilience to shocks, thereby decreasing humanitarian aid flows, the people in need of emergency aid reached 10.2 million at the time of El Niño in 2016 (Dom et al., 2018). A first type of reaction was the inclusion of Afar and Somali Regions in the Programme, and the Programme was effectively scaled up, reaching 2.8 million more beneficiaries compared to the previous year. This step was later followed by the progressive awareness of the existence of pockets of food insecurity in various parts of the country, as well as **the need to transform the Programme into a pillar of the national social protection system**.

Both reflections led to the envisaged plan to expand the Programme to the whole country through PSNP IV, with a shift of the paradigm moving towards a **scalable safety net system in rural areas in case of shocks**, with particular regard to drought. **This paradigm is endorsed within the GoE's National Social Protection Policy and the National Disaster Risk Management Policy** (PSNP-Donor Working Group, 2017).

As pointed out in the PSNP IV Programme Implementation Manual, although the PSNP is designed to support chronically food-insecure households, shocks can create food insecurity among food secure households, thus generating **transitory food insecurity**. If these households are not adequately supported, their livelihood assets may be endangered, and households are potentially exposed to becoming chronically food insecure. To avoid transitory food insecurity deteriorating into chronic food insecurity, PSNP may be moderately scaled up in the event of shocks to ensure support to non-PSNP households as well, and to provide further support to PSNP clients by extending the duration of support, preventing them from becoming more food insecure because of the shock.

With these aims, PSNP includes: (i) a **woreda contingency budget** to address transitory needs for small-scale shocks, and (ii) a **federal contingency budget** to address transitory needs. **The federal contingency budget is expected to work in harmony with the broader emergency response systems for transitory needs**. These three mechanisms together enable the PSNP to 'scale up' in response to shock-related transitory needs in PSNP areas and to enable a response in non-PSNP implementation areas.

'The combination of PSNP scale-up, emergency consumption-smoothing support (food or cash distributions), and other emergency interventions is known as **the continuum of response**' (PSNP IV,

Programme Implementation Manual).

It is from the design of the PSNP Phase IV that the *continuum of response* is particularly stressed. The purpose is to implement an improved 'continuum of response or the sequenced use of available resources to address both chronic and transitory need in a coherent way' (PSNP, 2018b). The strategy is to sequence support for the risk management with this order: (i) *woreda* contingency budget, (ii) federal contingency and (iii) other humanitarian responses. *The PSNP federal contingency budget will be the first line of financing for response to transitory food needs (in kind or in cash) in PSNP regions; this will enable an up-front response. Humanitarian resources will be used for food needs in PSNP regions if the federal contingency budget is insufficient to meet the anticipated needs [...] The triggering of federal contingency budget and other humanitarian responses should be on the basis of one joint assessment of transitory need developed into one response plan with one overall financing plan (with the federal budget being just one source of funding) and using one decision making process* (PSNP IV Implementation Manual).

In case food aid needs go beyond the scope of the PSNP, these are addressed through **Humanitarian Food Assistance** (HFA), which is a parallel large safety-net programme delivering humanitarian food assistance, including a portion of relief cash. HFA is defined as the provision of direct transfers to individuals or households for the purpose of increasing the quantity and/or quality of food consumption in anticipation of, during, and in the aftermath of a humanitarian crisis. As such, it includes both in-kind food transfers and cash transfers for smoothing consumption.

The two systems have different operational frameworks as regard to: the lead government agency, benefit levels, targeting procedures, and reporting mechanisms. Although managed by separate entities and addressed to different beneficiaries – chronic and transitory food-insecure households, – in practice **the two Programmes are delivered in the same areas through similar modalities. This led to large overlapping since PSNP started**.

Major concerns related to inefficiencies and communication weaknesses arose as a consequence of the **institutional arrangements for Disaster Risk Management** ('Terms of Reference', *Review of PSNP and HRD Procedures at woreda level*). Until 2015, the Food Security Coordination and the Early Warning and Response Directorates were managed by a single minister, the State Minister for the Disaster Risk Management and Food Security Sector, within the Ministry of Agriculture. In 2016, the establishment of the **National Disaster Risk Management Commission (NDRMC)** entailed the splitting of the previous Disaster Risk Management and Food Security Sector into two separate entities: i) the new NDRMC, with overall responsibility for the coordination

of disaster management and implementation of Humanitarian Food Assistance, reporting directly to the Deputy Prime Minister, and ii) the Food Security Sector, within the Ministry of Agriculture and Natural Resources (MOANR), with the overall responsibility for the PSNP. **The NDRMC thus manages the provision of cash and food transfers through the HFA, while the MOANR manages the provision of cash and food transfers through the PSNP.** For both the PSNP and HFA, food transfers are channelled through the government's food management system, which is currently the responsibility of the NDRMC; cash transfers for the PSNP are channelled through the Ministry of Finance and Economic Cooperation (MOFEC), and cash transfers for the HFA through the NDRMC (GoE and World Bank, *A new way of working*).

Inefficiencies were tangible when the El Niño drought occurred. The suddenness of the emergency did not allow the two systems to be harmonised and the new model revealed its weaknesses. The 'continuum of response' between the NDRMC and MOANR was not evident, and was affected by limited coordination in delivering PSNP and HFA support, especially when both systems were targeted to the same communities. There was a lack of coordination between the two leading agencies: the Food Security Coordination Directorate (FSCD) under the Ministry of Agriculture (MOA) and the NDRMC; and several weaknesses in communication both at central and the local level. Furthermore, the different level of assistance among families in the same areas has caused unrest, with some families required to work in order to receive support, in the case of PSNP beneficiaries, while other families were beneficiaries of food assistance and received unconditional support.

To address these weaknesses, the NDRMC and the MoA have developed a Memorandum of Understanding (MoU) detailing how the food management aspects of the PSNP will be organised. As of 2019 a joint Commodity Management Unit has been established and is in charge of the Integrated Cash-Food Response Plan (ICFRP).

During 2017 several steps have been taken to support the **new paradigm of flexible scalability of the PSNP through a joined-up strategy between humanitarian and development donors.** To better address the weaknesses related to how the PSNP and HFA systems were functioning, a meeting of interested humanitarian and PSNP development partners was held in February 2017. This meeting discussed the potential for greater harmonisation of PSNP and HFA and explored some of the key areas for integration.

A more detailed assessment of *woreda* and regional transfer processes was later implemented. The assessment aimed at better understanding how PSNP transfers and relief food aid were managed at *woreda* and community level, in order to inform recommendations regarding how the two systems could be better harmonised. The findings of the study

were discussed at a workshop held in April 2017, where agreements were reached between all stakeholders to harmonise processes and procedures related to:

- Beneficiary number planning and needs assessments, targeting and grievance redress;
- Benefit levels, payment processes and public works conditions;
- Resources, resource flows (cash and food) and reporting.

The long-term vision shared by the GoE and donors is to bring the **PSNP and HFA into a common framework**, in order to ensure a strong foundation for a national and scalable safety net system in rural areas ('Terms of Reference', *Review of PSNP and HRD Procedures at woreda level*).

The common framework would be **led by the government and would aim at delivering cash or food support to chronic and transitory food-insecure households through three delivering operators: Government, UN and NGOs**, all using a single set of operational procedures from the selection of beneficiaries to payments and M&E mechanisms. For government delivery, all *cash transfers* would go through the Channel One system of MOFEC; and all *food resources* would go through the food management system of the NDRMC (warehouses, transport, etc.).

At federal level, the government would establish the procedures that would lead the response to chronic and transitory food insecurity in all *woredas* ('Terms of Reference', *Review of PSNP and HRD Procedures at woreda level*). In regard to the **identification of need**, chronically food-insecure people would be set as the number of people receiving food assistance for the past three years, which is the current number of PSNP clients. Transitory food-insecure people would be set through the seasonal assessments or the early warning system. As for the **operational plan**, for each Ethiopian Fiscal Year, the government would set the number of chronic and transitory food-insecure people that would benefit of the rural safety net, the number of months of support, type of support (food or cash), the operator for the delivery, the source of funding (development, humanitarian, government, donor) and the update frequency of the operational plan. The **monitoring** system would entail periodic reports on performance, aggregating the reports from UN and NGOs. A financial and commodity **audit** would be carried out each year. The routine PSNP impact **evaluation** would be extended to transitory food-insecure beneficiaries. In *woredas* where PSNP is implemented, a single set of **community committees** should be responsible for household targeting of PSNP core caseload, HRD/humanitarian appeal response and *woreda* contingency budget. Timing of targeting of these resources will differ: i) PSNP: annually as part of annual planning; ii) HRD: following each seasonal assessment; iii) *Woreda* contingency budget: as and

when needs are identified. A single **targeting process** establishing chronic and transitory food-insecure households would replace the current PSNP system, which combines PSNP quotas and numbers resulting from the seasonal assessment of the early warning system. A single list of clients would be created and supported through a **single payroll and common payment systems** at *woreda* level, such as PASS that is currently used within the PSNP. The regular **transfers** to chronically food-insecure people would be set at as to fill *the food gap*, ensuring the parity between cash and food transfers. When an emergency assistance is required at scale, the value of transfer will be increased for chronically food-insecure people who will receive a '**top-up**' to increase the value to the same level of those receiving transitory support. The top-up would be either in term of additional value or extended duration of transfers, namely outside the regular PSNP transfer season (January-July). Cash or food – according to the operational plan – will be transferred to all people (chronic or transitory) in a given *woreda*. The requirement of public works for chronically food-insecure beneficiaries might be suspended.

The scalable rural safety net would be **financed through a combination of development and humanitarian funds**, with the scope to achieve the 'continuum of response'. Chronic food-insecure people would be supported through the core budget of PSNP, while transitory needs – both for PSNP top-up/extended support and transitory beneficiaries – will be addressed through a PSNP contingency budget financed by: i) humanitarian funds established according to the Humanitarian Appeal or HRD; ii) the federal contingency budget.

Although coordination mechanisms with humanitarian assistance were not fully tackled in PSNP IV's design, a debate has increasingly emerged not just on harmonisation, but on how to expand PSNP into a scalable rural safety net providing assistance to both chronic and transitory food-insecure households.

The overall background is a renewed government policy approach, supported by development and humanitarian partners, which focuses on **promoting a resilience framework** able to empower communities and develop rural areas to ensure a better management and reaction to disasters. The distinction between chronically and transitorily food-insecure beneficiaries is blurring, and the modalities for a **joined-up strategy to implement the nexus from humanitarian to development processes, and to social protection, are at the centre of the commitments for the period 2020-25** (Humanitarian Response Plan, 2019).

Thanks to its longstanding effort to replace emergency assistance in chronically food-insecure areas with a predictable and sustainable development programme, PSNP is well suited to foster the nexus, also placing Ethiopia at the forefront of transitioning from humanitarian assistance to social protection (OECD, 2018).

Figure 1. PSNP and Humanitarian Caseloads, millions of people, 1992–2016



Source: World Bank. 2017. 'Quantifying the Cost of Drought in Ethiopia: A Technical Note.' Draft.

—PART II—

IMPROVING THE CONTINUUM
OF RESPONSE

Scene setting

On the path to the long-term vision to deliver both systems into the government framework, and to develop the capacity and procedures to scale-up safety nets during shocks, a short-term achievement focused on the harmonisation of the two systems is the Echo Pilot, carried out in 2017-2018.

In January 2017, the Humanitarian Requirements Document (HRD), delivered by the GoE, stated that 5.6 million people were in need of humanitarian aid, 1.7 million of whom were in the Somali Region. Over the following months, the numbers had progressively increased, reaching 3.3 million people in the Somali Region in July (*ECHO and DFID Pilot: Cash Integration of the Productive Safety Net Programme and Relief in the Somali Region, Ethiopia*).

A joint caseload of transitory needs of both HRD relief beneficiaries and PSNP clients in the Somali region was therefore identified **to pilot the integration between the two systems delivering safety nets**: PNSP and the humanitarian assistance provided through the World Food Programme (WFP). The pilot was among the recommendations of the above-mentioned wide assessment carried out in 2017, and it focused on some of the key issues highlighted in the study. Among these: an **expanded use of relief cash in PSNP woredas**; **common transfer rate** among the two systems; and the use of a **common set of procedures** (*ECHO and DFID Pilot: Cash Integration of the Productive Safety Net Programme and Relief in the Somali Region, Ethiopia*).

What it looks like

Through resources from ECHO and the UK Department for International Development (DFID), WFP implemented the operation by providing cash transfers to both PSNP and HDRP beneficiaries in 10 *woredas* of the Somali region for the period October-December 2017 using PSNP procedures and systems (WFP, 2018a). Although the Somali Region had already received forms of PSNP scaled-up support in the past, as well as relief support, this was the first experience in integrating the two systems to provide cash assistance for transitory needs for both PSNP and HRD beneficiaries, through the PSNP's federal contingency budget (WFP, 2018a).⁴

The pilot reached **442,171 Productive Safety Net Programme (PSNP) clients – receiving transitory top-ups** – and **146,100 HRD beneficiaries**, making **a total of 588,271 beneficiaries** in the Fafan and Sitti zones (WFP, 2018b).

The pilot aimed at:

- i) providing cash assistance to transitory food-insecure people through PSNP's Channel One Federal Contingency Budget;
- ii) registering transitory recipients into PSNP's Payroll and Attendance Sheet System (PASS);
- iii) assessing financial systems and institutional arrangements promoting integration between the two systems delivering safety nets; and
- iv) harmonising PSNP and HRD transfer modalities to beneficiaries and transfer value.

⁴ PSNP started to be implemented in Somali Region during 2008-09 in 6 pilot districts. In 2010, the Programme was scaled-up to an additional 10 districts. Later the Programme was extended to a total of 31 districts and, through new caseloads, 962,369 persons were reached at the beginning of Phase IV (*Ethiopian Somali Regional State Bureau of Agriculture & Natural Resource Development and DPPB, June 2018*).

How it was done

In July 2017, the MoU process began between all stakeholders involved. WFP entered into an agreement with the Ministry of Agriculture and Livestock (MoAL), MOFEC and NDRMC to process funds through the PSNP's Channel one system to address the needs of transitory beneficiaries in selected zones. **The latter were selected as they were considered the least affected by drought and food needs were not considered acute, access to functioning markets was confirmed, thus enabling the use of cash transfers, and the PSNP system was functioning well** (WFP, 2018a). In November 2017, funds were transferred from WFP to MoFEC and in December they reached the Woreda Office of Finance and Economic Development (WOFED).⁵ Transfers to beneficiaries were implemented from January to April 2018 for the selected PSNP's clients and relief beneficiaries. An additional 172,723 HDRP beneficiaries were enrolled during 2018, and the pilot entered its second phase thanks to new financial resources and was extended through September 2018.

ASSESSMENT AND ANALYSIS

DESIGN

Targeting criteria

For the scope of the Pilot, WFP supported the Regional Government in identifying the *woredas* where the two cash delivering systems were overlapping. The poorest quintile of PSNP and Relief beneficiaries were selected on the basis of Relief and PSNP targeting guidelines, both based on a **community-targeting approach** operationalised by a community-targeting committee. Targeted transitory beneficiaries were then registered into PSNP's PASS system.

Transfer modality and transfer value

The PSNP endorsed a **cash-first principle**, which states that cash is the preferred type of transfer in areas where markets are functioning (PSNP, 2016). The principle was adopted to smooth the consumption of culturally appropriate local products, the functioning of local markets and economies, and the possibility of using cash to purchase households' necessities. In this framework, it is important that 'the wage rate accurately reflects the purchase cost of food' (PSNP, 2016). Similarly, the humanitarian actors are endorsing this principle more and more. **The extended use of cash by the relief assistance programme has being at the core of the ECHO Pilot.**

'The daily wage rate of the cash transfer is calculated on the basis of the cost of buying 3 kg of cereal and 0.8 kg of pulses per day [...] in the market' (PSNP, 2016). The Food Security Coordination Directorate commissions an **annual wage rate** study to establish the cash transfer rates to be used. Rates can vary geographically according to price fluctuations in the different markets. The study is carried out each year in September, and wage rates are defined in November to be later operationalised in January.

Relief cash – of which WFP's is most the most common – is also indexed according to the respective food basket, but through a different methodology allowing transfer rates to be set on a *woreda-by-woreda* basis and to adjust these transfers monthly as needed.

To avoid any challenge and conflict due to the different transfer rates, WFP relief cash was normally not provided in the same *woredas* in which the PSNP was operational. As a consequence, there were several *woredas* where PSNP was providing cash transfers while WFP was providing food transfers (PSNP-Donor Working Group 2017).

A pillar of the **ECHO Pilot** was **the establishment of an equal transfer value** for both PSNP clients' top-ups and relief beneficiaries. This supported the relief cash principle even for relief beneficiaries within PSNP's *woredas* without creating major challenges and conflicts.

An additional concern for *woreda* officials emerging from the wide assessment of 2017 was related to the different level of support normally provided for PSNP and relief beneficiaries, the first receiving six months of payments while the second received nine months. Through the ECHO Pilot both beneficiaries received **three months support**.

As to ensuring the recommended harmonisation of payment processes, **PSNP's PASS instrument** was used for both beneficiaries, and WofED administered all payments.

⁵ For manual cash payments in both the PSNP and the relief support, the WOFED cashier and accountants collect the cash from the bank to make the transfers and travel to the payment sites. For electronic payments, transfers are allocated to micro-finance institutions through the Central Bank of Ethiopia.

OPERATIONS

Enrolment

Following the release of HRD figures in July 2017, the caseload was identified. WFP, together with regional and woreda officials, supported the community-targeting committee in understanding the targeting criteria and facilitating the PASS registration process. Woredas were responsible for assigning their staff to:

- i) support kebeles and targeting committees in identifying beneficiaries;
- ii) ensure coherence with targeting guidelines; and
- iii) inform kebele officials on beneficiary formats and registration deadlines.

The registration process entailed refresher training on PASS for woreda officials already involved in PSNP, and training for new selected woredas, which was implemented by regional and mother woreda officials. The master data template was adapted to register relief beneficiaries and later uploaded into PASS. Woreda accountants were responsible for uploading beneficiary's information and payrolls into PASS. Where possible, registration was made on site electronically; in other cases information was manually collected and later uploaded into PASS (ECHO and DFID Pilot).

Between October and December 2017, 146,100 beneficiaries of the Humanitarian Disaster and Resilience Plan (HDRP) were targeted in the Siti and Fafan zones based on the 2017 *Gu/Belg* assessment, and were registered into an excel spreadsheet at community level; related information was later uploaded into the PSNP's Payroll and Attendance Sheet System (PASS) at *woreda* level. In March 2018 – *Meher* assessment – an additional 172,723 HDRP beneficiaries were targeted and registered in the same way. All relief beneficiaries received client cards, similarly to PSNP's clients (WFP, 2018a).

Following the recommendation of the 2017 assessment, **a single set of committees** in *woredas* where PSNP is operational has been put in charge of targeting both PSNP and relief's beneficiaries of the pilot.

Transfers

Relief beneficiaries located in the districts involved in the pilot were previously receiving in-kind transfers, a food basket consisting of 15 kg of cereals, 1.5 kg of pulses and 0.45 kg of oils, whilst PSNP beneficiaries were receiving the cash value of 15 kg of cereals. To achieve one of the Pilot's objectives, namely to **harmonise transfer modalities and values** between the two systems, relief beneficiaries received the total cash value of the in-kind support and PSNP beneficiaries received a top-up of 50 Ethiopian birr (ETB). In such a way, all beneficiaries received an equal transfer value and transfer modalities were harmonised across both systems (WFP, 2018a).

Three months of payments, through disbursements between January and April 2018, were distributed in a one-time payment period, with alignment of PSNP regular beneficiaries and the top-up transfers in the same Channel One.

Institutions and systems

In order to implement the pilot, WFP set-up a **regional technical committee** that involved the two different offices in charge of PSNP and humanitarian assistance in the Somali region: the Bureau of Agriculture and Natural Resources (BoANRD) managing PSNP, and the Disaster Preparedness and Prevention Bureau administering relief. The established regional committee also included the Bureau of Finance and Economic Development (BoFED). The committee worked to identify joint targeting procedures, to set up registration and appeals committees and transfer distribution schedules, and to implement staff training and orientation. Although the institutional arrangements at the regional level were not formally combined into one mechanism, the committee acted as a pillar for better integration between the delivery of PSNP and humanitarian relief assistance (WFP-PSNP, 2018a).

MONITORING AND EVALUATION

WFP implemented both a distribution and post-distribution monitoring mechanism. The scope of **distribution monitoring** was to assess whether delivery was implemented in compliance with the scheduled timeline, respecting humanitarian principles and standards and in coherence with agreements signed with stakeholders. Key persons actively involved in the distribution and transfer processes were interviewed to assess the timeline, type and amounts of transfers. Live distribution monitoring was also conducted in order to triangulate information through on-site focus groups and interviews. **Post-distribution monitoring** was implemented two weeks after distribution by collecting information and perceptions from households involved, with the scope to assess continuity of assistance, receipts of entitlements, use of the assistance received, protection issues, and market prices. This information was also triangulated with a **beneficiary feedback and complaint mechanism** that was established. The latter was based on SMS-based and anonymous phone interviews with beneficiaries.

In the framework of the two monitoring mechanisms, WFP conducted an analysis among 417 households from 10 *woredas*, of which 90 % belonged to HDRP and 10 % to PSNP. The analysis also included officials, accountants, cashiers, experts and transformation agents from the Disaster Prevention and Preparedness Bureau (DPPB), the Bureau of Agriculture (BoA), and the Bureau of Finance and Economic Development (BoFED).

Main findings from this exercise have been:

- 91 %** of beneficiaries reported being aware of the targeting and selection processes;
 - 41 %** of beneficiaries reported being aware of the amount of cash they are entitled to;
 - 5 %** of beneficiaries made some complaints;
 - 0 %** of beneficiaries reported having faced security issues (theft, dispute, harassment) while travelling to/ from the distribution sites;
 - 7 %** of beneficiaries reported having had issues of 'missing name' from the lists;
 - 8 %** of beneficiaries were improperly required to pay tax or contributions;
 - 92 %** of beneficiaries declared that they held a client card;
 - 96 %** of beneficiaries were aware of the establishment of a 'Targeting Committee', of which 84 % declare that the Committee is jointly composed by PSNP and HRD representatives;
 - 97 %** of beneficiaries declare having presented the card to receive the cash;
 - 97 %** of beneficiaries declared having received cash only (2 % cash and food, 1 % food only);
 - 74 %** of the cash is spent on food items;
 - Between 12 %** – for HRD – **and 13 %** – for PSNP – of the cash is spent on repaying loans;
 - 94 %** of beneficiaries declared that the amount of cash received was coherent with the entitlement;
 - 100 %** of beneficiaries considered the targeting process to be 'fair' or 'transparent' ;
- From the Committee/Partner point of view, **86 %** of distributions started at the time planned. When delays occurred, the reason was: meetings between woreda and regional officials;
- 90 %** of cases (at woreda and site distribution level) attended a PSNP-HRD Committee;
 - 98 %** entitlement cards are checked before distribution (2 % don't know) (WFP, 2018b).

Lessons learned

In the framework of a learning event held in Addis Ababa in June 2018, stakeholders agreed on the positive results of the PSNP Cash Pilot in the Somali Region, though areas of improvement were identified. Among best practices, registering HDRP beneficiaries through PASS in PSNP *woredas* using the same systems and processes was highlighted. Other success factors were identified, prominent among which was the harmonisation in terms of structures resulting from the establishment of the regional technical committee that promoted joint work among all regional stakeholders, and in terms of targeting procedures that avoided duplication.

On the other hand, key challenges have been identified. The *woreda* administrative budget and the need to develop a formula that can be applied broadly to

calculate the budget and threshold for the increase of caseload in period of crisis has been highlighted (WFP-PSNP, 2018A). Lack of resources to ensure continuity and to increase the use of cash transfers, and physical and human capacity constraints were also identified among key concerns. Inadequate awareness at *woreda* and *kebele* level on the harmonisation process and lack of capacity to implement the integration were mentioned. Delays in transfers, high turnover of committee members, and gaps in logistics and staffing for mobile teams were reported. Improvement of the use of PASS, in particular in lowland regions where it was not fully implemented, was also discussed. A harmonised transfer value during non-transitory periods emerged as a key challenge.

To move forward, the following recommendations have been suggested (WFP-PSNP, 2018a):

- Additional administrative budget;
- Stronger leadership and commitment, and more effective communication among all stakeholders, including at federal and regional level;
- Harmonised targeting committees and payment processes represent a key takeaway;
- A continued use of the national safety net mechanism to deliver humanitarian cash transfers;
- A continued effort from government to operationalise shock-responsive social protection through cash transfers.

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