

Building consensus for social protection: Insights from Ethiopia's Productive Safety Net Programme (PSNP)

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There is increasing evidence that social protection can have a significant impact on poverty and hunger in Africa. Yet generating the political commitment and coordinated donor response necessary to create large-scale, appropriate and sustainable social protection programmes is a major challenge.

This briefing explores the policy processes that led to the creation of Ethiopia's Productive Safety Net Programme (PSNP)—the largest social protection programme in Africa. It examines the openings, hurdles and incentives Government and donors faced in forging consensus on the PSNP.

It also provides insights to inform government actors, donors and anti-poverty campaigners as they advocate for social protection in other parts of Africa.



Social protection is on the African agenda. UN declarations have long identified social protection as a basic human right. But in recent years, African governments and development agencies have shown greater interest in translating this right into policies and programmes.

- In 2006, representatives from 13 African governments under the auspices of the African Union drafted the Livingstone Call for Action calling on African governments to increase their commitment to social protection and to develop costed national social transfer programmes. Social protection forms a major element of the African Union social policy framework for Africa.
- Development agencies increasingly recognise social protection as a means to combat poverty and food insecurity, and to provide a platform for growth. Social protection is a priority in the EU's current development policy. The UK's Department for International Development's (DFID) most recent White Paper sees social protection as an essential basic service (alongside health, education and water) and commits the UK government to a significant increase in spending on social protection programmes. The World Bank identifies social protection as a key strategy to alleviate poverty and promote equitable and sustainable growth.

Social protection and social transfers

*There are many definitions of social protection. But, broadly conceived, social protection is **a set of public actions that provide direct support to people to help them address risk, vulnerability, exclusion and poverty.** Social protection can include:*

Social insurance: individual contributions pooled to provide financial support in the event of a shock (e.g., social security, unemployment insurance, contributory pensions);

Minimum standards: to protect citizens (e.g., legislation on core labour standards, child labour, access to social security); and

Social transfers: targeted or universal support to eligible poor or vulnerable households (e.g., housing subsidies, food security safety nets, non-contributory pensions, food aid). Social transfers directly increase or protect the incomes of those living in poverty or those in danger of falling into poverty. Social transfers can be either conditional (receiving the transfer is contingent on, for example, attending school or carrying out public works) or unconditional (i.e. recipients do not need to do anything in return for the transfer). Transfers can be provided in cash or in kind (e.g., food).

From DFID (2007), Social Protection as an Essential Public Service.

1.1 Why social protection?

Social protection programmes can **contribute to directly addressing the poverty and hunger Millennium Development Goal (MDG)**. Pensions, employment guarantee schemes, and child, disability and unemployment benefits can all raise income and reduce the incidence and severity of poverty and hunger. They can also reduce a household's vulnerability to shocks and changes in life circumstances by smoothing consumption and protecting household assets.

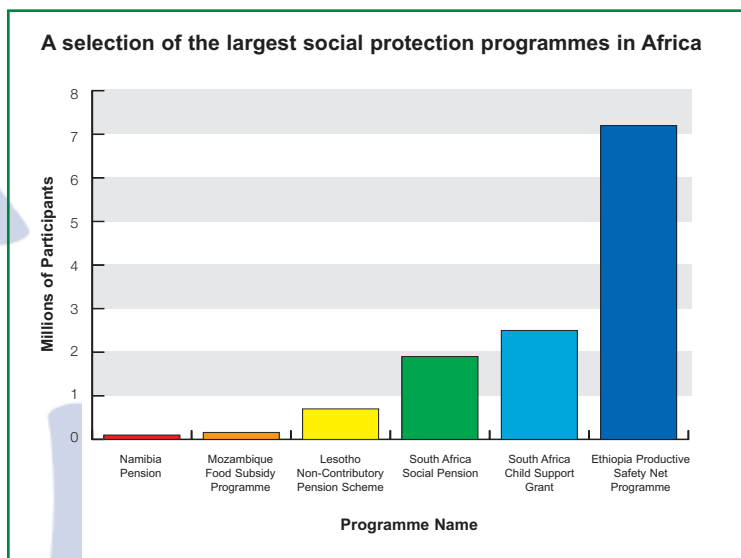
Social protection can **play a transformative role** in the lives and livelihoods of poor people. Some forms of social protection such as public works programmes and cash transfers can create community assets, stimulate local markets and generate income and employment multipliers. Social protection also has the potential to challenge existing power relations and to strengthen the social contract between citizens and the state.

Social protection programmes can also play a significant role in the **transition out of emergency relief**. In circumstances of chronic poverty and food insecurity, predictable social transfers can help to address the structural dimensions of hunger and vulnerability and reduce the need for *ad hoc* relief appeals.

1.2 Large-scale social protection in Africa

Achieving the poverty and hunger MDG will require action on a large scale. However there are few large-scale social transfer programmes in Africa beyond Ethiopia and South Africa. Some of the largest current examples of government-run social transfer programmes are:

- **Mozambique's Food Subsidy Programme**, a cash transfer programme for 160,000 people unable to work (started 1997)
- **Lesotho's Non-Contributory Pension Scheme**, an unconditional pension for 70,000 people (started 2004)
- **Namibia's Pension Scheme**, an unconditional universal old-age pension for 100,000 people (started 1990)
- **South Africa's means-tested old-age Social Pension** for 1.9 million people (racially non-discriminatory since early 1990s)



- **South Africa's** Child Support Grant, a means-tested transfer to 2.5 million poor children (started 1998)

Major programmes are currently under discussion elsewhere too – for example in Rwanda, Zambia, Malawi and Kenya – but none are as large as Ethiopia's PSNP.

1.3 The Ethiopia Productive Safety Net Programme

The Ethiopia PSNP provides a topical case study of a large-scale government-implemented social transfer programme, in one of Africa's poorest countries. It is a 'live example' of the opportunities and challenges facing donors and governments as they seek to forge consensus over social protection.

Ethiopia's PSNP currently reaches over seven million chronically food insecure people. It has two objectives. First it aims to **smooth consumption** and **protect assets** of chronically food insecure households by providing them with predictable and adequate transfers of cash and/or food. Second, it aims to **build community assets** (e.g., roads, soil and water conservation structures, and schools) through labour intensive public works – this is the 'productive' component of the PSNP. The goal to which the PSNP contributes is to 'graduate' people from food insecurity. This is to be achieved through a combined effort of the PSNP and complementary programmes providing access to credit, agricultural extension and other services.

The PSNP works through government financial and food distribution channels. It is administered through the Food Security Coordination Bureau (FSCB), part of Ethiopia's Ministry of Agriculture and Rural Development. The programme provides a mix of cash and food transfers to participants. The PSNP has both a **public works (conditional) transfer component** and a **direct (unconditional) transfer component**. Most PSNP participants (80-90 percent) are required to contribute to public works. They are paid for up to five days per month, per household member, for six months each year. This contribution equals a maximum annual payment of \$21 per capita. Households eligible for direct unconditional transfers are those who, in addition to being chronically food insecure, have no labour and no other sources of support. They may include disabled people, orphans, and people who are sick, elderly, pregnant or lactating.

The PSNP at a glance

Participants: 7.2 million (approximately 11 % of Ethiopia's population). Direct support participants: 1 million; Public works participants: 6.2 million

Coverage: PSNP operates in 7 out of Ethiopia's 10 Regions and in 244 out of over 500 districts

Cash/food split: 50% cash / 50% food transfers for the programme as a whole

Benefits: Public works wage rate is 6 Birr (\$0.70) or 3 kg of grain per day. Direct support benefits are 30 Birr (\$3.50) or 15 kg of grain per person per month. Transfers are made to participants for six months of the year.

Total cost: US \$250-300 million per annum

Donors: Canada, Ireland, Sweden, UK and US governments; the EU, the World Bank and World Food Programme. Moving towards multi-annual funding.

2) Origins of the PSNP

2.1 Twenty years of relief

The PSNP emerged from the frustrations, successes and lessons of over 20 years of emergency appeals. Each year since the mid 1980s, the Ethiopian government has had to ask international partners to provide emergency food relief for between one million and 14 million Ethiopians.

By the early 2000s, the Ethiopian government and most international actors were increasingly convinced that they needed to move beyond the emergency appeal system. Relief was saving lives, but not livelihoods. It was costly and inefficient. It was overly focused on food. And it was unpredictable: beneficiaries tended to receive food aid several months later than it was needed. This delay often contributed to the sale of assets and greater destitution and vulnerability.

The consensus to move beyond the cycle of relief in Ethiopia was fuelled by five other factors:

1. **Inappropriateness of existing approaches:** It was increasingly recognised that the bulk of those receiving relief were chronically, not temporarily, food insecure. Most beneficiaries of relief suffered from hunger year after year, regardless of whether there was a drought or other shock. Targeting the chronically food insecure with an emergency response was increasingly seen as inappropriate.
2. **Evidence base for alternatives:** There was an emerging body of experience and expertise on alternative ways of addressing chronic food insecurity and providing social protection. Evidence on the effectiveness of cash transfers, good practice on participant targeting, and the impact of public works programmes all provided donors and Government with a greater menu of options for moving beyond relief.
3. **Champions:** A number of individuals in donor agencies and NGOs had been advocating for a new safety net-based approach to deal with chronic hunger.
4. **Government political incentives:** The government faced significant political incentives to look for different ways of tackling hunger and vulnerability.
 - **Dependency:** The primary incentive was the Ethiopian government's strong ideological commitment to reducing the perceived 'dependency' of individuals and households on long-term food aid. The highest levels of the Government and ruling party saw the safety net as a way in which this cycle of dependency could be broken.

- **Electoral liability:** The government came to power in 1991 with a strong political mandate and ideological commitment to transforming the lives of rural Ethiopians. However, after more than a decade in power, the number of households needing relief had only increased. The persistence of hunger and the shortcomings of other rural development programmes were becoming a political liability, particularly with elections looming.
- **International image:** At an international level, the recurrent high profile appeals and the portrayal of Ethiopia as a famine-stricken country were a continual source of embarrassment to the country's leadership.
- **Access to reliable resources:** On the other hand, the prospect that a safety net might entail the distribution of hundreds of millions of dollars in assistance through government channels was a significant incentive to proceed.

5. Donor incentives: Donors were fatigued by decades of providing emergency relief. Most wanted to move off the annual round of appeals to a more effective, predictable and developmental form of assistance. The shift by several large donors from project aid towards budget support made a large Government-run safety net programme an attractive way forward. However, individual donors faced different incentives and held different institutional positions about the character of social protection.

The need for change was brought into sharp focus by the 2002-3 food crisis in which up to 14 million people, the largest number ever, needed emergency support. This crisis prompted action from the Prime Minister: in June 2003, he convened a meeting with donors and NGOs to explore long-term solutions to food insecurity. The result of this meeting was the 'New Coalition for Food Security'.

The report of the New Coalition envisaged a Food Security Programme comprising three elements: resettlement, support to household economic growth, and a safety net for chronically food insecure people. This programme would complement the emergency system which still addressed the transitory food insecure population. The Food Security Programme was aimed at shifting millions of people out of the emergency relief programme, while also enabling them to graduate out of the safety net and into sustainable food security. Donors embraced the safety net but were sceptical about the other components and did not back them. The government subsequently funded these other two elements itself.

2.2 Designing the PSNP

The design process for the PSNP took place during the period from late 2003 to the end of 2004, and can be characterised as having three phases:

- i) Agreement on concept and on key elements of the draft programme design
- ii) Disagreement over proposed changes to the design
- iii) Consensus on the final shape of the PSNP

i) Agreement to proceed and initial design

The New Coalition emphasis on safety nets was welcomed by donors, who were eager to move the agenda from concept to action. Meetings among donors and between donors and Government led to consensus, with strong political support, that a safety net was the appropriate solution to supporting millions of chronically food insecure people.

The design moved quickly at first, initiated by a concept note produced by Government. This formed the basis for a joint design mission, whose aide memoire outlined principles and key features of the proposed safety net design.

ii) Disagreement over donor 'red lines'

However, the design process soon ran into difficulties. During a second design mission, Government and donors disagreed on three issues:

- Programme scale at startup. The Government concept note and initial design document had envisaged a phased expansion of the programme. However Government now decided to begin the whole programme at full national scale in all food-insecure areas. Donors felt this would introduce unacceptable humanitarian risk if capacity proved to be insufficient to implement the programme effectively.
- Provision for unconditional transfers. Donors and Government initially agreed that safety net transfers should primarily be unconditional. Some donors felt that this agreement was being diluted and that conditional transfers in return for public works were being over-emphasised. Donors felt that plans for unconditional transfers were insufficiently clear.

PSNP Key events

June 2003: Meeting with Prime Minister Meles, leading to launch of New Coalition for Food Security Technical Group

November 2003: New Coalition report, envisaging a safety net, released

December 2003: Joint donor-Government agreement to proceed with design

January 2004: GoE Concept Note on the Safety Net

Feb 2004: First design mission

May 2004: Second design mission

August 2004: Programme Implementation Manual approved

September 2004: Appraisal mission

December 2004: Readiness mission

February 2005: Programme commenced



- Earmarked funds. Government had initially agreed to create within the national budget a safety net budget sub-line, in response to donor concerns that sufficient funds might not be allocated to safety nets. Donors were concerned at the delay in establishing this budget line.

The strong position adopted by the Government created a significant challenge for the donor community. Should donors proceed with the Government line, contrary to previous agreements? Or should the donors continue to press for specific design features and their own 'red lines'? Heated disagreements among donors on how to move the process forward threatened to undermine harmonised donor support for the PSNP.

iii) Consensus on the way forward

Ultimately, however, all the original donors agreed to proceed with one harmonised programme under Government leadership, and one channel of funding. Key factors in this agreement were:

- A willingness by some donors to trust the design process to resolve contentious issues rather than stall progress and risk the collapse of donor harmonisation and the PSNP.
- Ongoing discussion with Government, including the Deputy Prime Minister, which addressed many donor concerns and specifically resolved the sub-budget line and unconditional transfer issues.
- A willingness by donors to compromise on their 'red line' preference to start small, given Government's insistence on the importance of running a national programme from the outset.



3) Insights into building consensus for social protection

Implications for designing and supporting social protection programmes

1) High level political commitment to social protection is crucial, especially for larger programmes and those using government systems. In Ethiopia key government leaders—including the Prime Minister and Deputy Prime Minister—were committed to moving beyond the annual round of emergency appeals. This conviction stemmed from the scale of the 2002/3 food crisis, and a shared analysis that for both political and humanitarian reasons something had to change. However, commitment to breaking the cycle of relief was not the same as commitment to developing a safety net. It was only through discussion with donors and making a safety net attractive to Government that a commitment to the PSNP was forthcoming. Providing predictable, long-term financing through government channels, for instance, created significant incentives for government to invest politically in the PSNP. The PSNP and the reduced role of emergency appeals also allows the Ethiopian government to project a more positive international image.

2) It's a political process, not a technical exercise. Key elements of the PSNP were driven by the government's ideological campaign against 'dependency', its reluctance to create future welfare entitlements, and the political imperative to deliver results as soon as possible.

Negotiations between government and donors and among donors themselves are also fundamentally political processes. The final shape of the PSNP was the product of political horse-trading, brinkmanship and backroom bargaining. As such it is a compromise. But it is a compromise that is politically acceptable to all parties and begins to address the chronic nature of hunger and other vulnerabilities.

3) Donor harmonisation can be a disharmonious process and still achieve its aims. Following the 2002/3 food crisis, donors (like Government) shared a desire to move beyond the annual cycle of emergency appeals.

*Invest in **shared analysis** with government and donors to build a common understanding of the sources of poverty and vulnerability.*

*Providing financial, technical and capacity support to government can **create incentives for social protection**.*

*Understand the **political incentives** facing government. Do poverty and hunger threaten the government's legitimacy and authority? Could social protection be a vote winner? Does it enable government to project a more positive image internationally?*

*Understand **government and popular attitudes** and discourses around social protection and issues such as 'dependency' and the 'deserving poor'.*

*Appreciate and acknowledge the different **incentives** and institutional **positions** of international actors.*

They also shared a desire to improve food security through more predictable transfers to food insecure households. But each international actor faced different incentives and some had different institutional views about what a safety net should ultimately look like. These differences along with the unexpected changes introduced by Government sparked significant disagreements and conflict among donors. Ultimately however, a shared desire to move away from the inappropriate relief response made it possible for donors to resolve or 'park' their differences.

Since the launch of the PSNP, there have been incremental improvements in donor relations and substantive harmonisation. As layers of processes and dialogue have been added, trust and the quality of negotiations have improved. Current donor harmonisation is strong.

4) Don't confuse entry points with the end point. A clear shared vision from the start is helpful, but not essential. As long as key players share a motivation for change and a space for dialogue exists, the detail can be worked out over time. In the Ethiopian case it was clear what the transition was from, but less clear what the transition was leading to. However, decisions were taken to buy into the process anyway with the expectation that, over time and with growing experience and trust, a common vision would emerge. To an extent this strategy has worked: issues which the Government was reluctant to discuss openly at the start of the process—such as the long-term future of the programme—have now come onto the agenda.

The PSNP may now be opening up space for broader conceptions of social protection in Ethiopia—such as long-term social transfers to those with no hope of 'graduating'—in a way that was unimaginable a few years ago.

5) Be opportunistic. Shocks, crises or political changes can shift government and popular attitudes towards social protection and alter the incentives faced by leaders. In Ethiopia, the 2002/3 food crisis was a 'tipping point' for both government and donor attitudes towards emergency relief and the fundamental need for creating a more predictable and effective social protection system.

*Consensus-building on social protection is fundamentally about **compromise**. If the objective is to move from relief to social protection, then **don't let the best be the enemy of the good**.*

*If an impasse is reached, it may make sense to leave some issues **strategically unresolved** and to use subsequent negotiations to iron them out.*

***Begin processes where there is interest.** There is no point pushing for a 'better' solution where there is no political support.*

*Once space is opened for social protection, **more comprehensive social protection programmes may become more acceptable** for initially-reluctant Governments.*

***Work to create space for debate on social protection.** In many contexts civil society may play a key role in building a constituency for social protection, gathering and disseminating evidence on the scale and character of poverty and hunger, and lobbying government at different levels.*

Be opportunistic when openings for



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Further information

Wahenga, Regional Hunger and Vulnerability Programme: www.wahenga.net
Overseas Development Institute, Social Protection Portal: www.odi.org.uk/portals/socialprotection/
The Centre for Social Protection, Institute of Development Studies: www.ids.ac.uk/ids/pvty/socialprotection
Social Safety nets, The World Bank: www.worldbank.org/safetynets

This publication was produced by a team from *theIDLgroup* comprising Taylor Brown, Sam Gibson and Steve Ashley, supported by a Steering Committee comprising Tim Robertson from DFID, Stephen Devereux from IDS, Kay Sharp from ODI and Rachel Slater from ODI. Photos courtesy of CAFOD, Trócaire, Kay Sharp, and *theIDLgroup*.

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