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Engaging in a multi-actor platform: WFP's experience with the Productive Safety Net Programme in Ethiopia

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1. Introduction¹

Global interest in social protection and safety nets has increased remarkably in recent years (Gentilini and Omamo, 2009). Among various initiatives, Ethiopia's Productive Safety Net Programme (PSNP) is emerging as a beacon of innovation for many countries in the region and beyond (Maxwell *et al.*, 2010). Launched in 2005, it has been defined as the “biggest social protection instrument in Africa and one of the biggest programmes in the world” (Save the Children, 2008: 2), and is supported by a large volume of documentation on impacts and operational arrangements.²

The purpose of this chapter, however, is not to review the evidence on the overall performance of the PSNP, but rather to look at the PSNP “with a WFP lens”, identifying WFP's main roles as one of several actors supporting the PSNP, and deriving core lessons from this engagement over time. These emerging lessons are likely to be important in not only framing the direction of future debates in Ethiopia, but also informing similar initiatives under way in other contexts.

The chapter is structured as follows: the next section lays out the evolution and features underlying the PSNP; section 3 presents core roles played by WFP as part of the multi-actor platform; and section 4 identifies lessons and challenges that emerged from the first years of PSNP implementation. The latter include a number of WFP-specific features, as well as issues of broader relevance.

2. Inside the PSNP

2.1 Origins

In early June 2003, the Prime Minister's office convened an extraordinary session of key government officials, donors, the United Nations and NGOs to initiate a major campaign to reduce hunger and food insecurity. The New Coalition for Food Security in Ethiopia was born. The Coalition was tasked with identifying strategic interventions to address and reverse the critical levels of food insecurity in Ethiopia.

The work of the Coalition was informed by the large-scale food crisis that hit Ethiopia during the course of 2002 and 2003, described as "...one of the most widespread and severe emergencies ever to strike Ethiopia." (Lautze *et al.*, 2003: 41). As the crisis worsened, the government released a new Food Security Strategy. For the first time, a Government of Ethiopia recognized openly that "unpredictable shocks do not suddenly lead to acute food insecurity unless people are already very poor, as is the case of the chronically food-insecure." This acknowledged that food crisis in Ethiopia was mainly a development problem: an inability to manage the risks associated with the erratic weather experienced by Ethiopia. And that many in rural areas actually faced chronic acute food insecurity.

Grounded in the principles of social protection, the PSNP evolved from the work of the Coalition. While responding to a humanitarian need, the PSNP's design was informed by the need to support households to better manage their risks while addressing the causes, rather than the symptoms of crisis.

2.2 Overarching features

Four core features underpin the PSNP approach and shaped its design: the PSNP's nationally led platform for harmonization; its multi-annual approach; its entitlement and productive-oriented approach; and its integration within a broader food security framework. These elements are briefly described in the following paragraphs.

(i) *A harmonized multi-actor platform, founded on strong government engagement and commitment:* Launched in 2005, the PSNP is a partnership between the Government of Ethiopia and a group of donors.³ Donors providing cash have pooled their financing in a World Bank multi-donor trust fund that provides direct budgetary support to the government. Those providing food each channel their food separately, although the food remains within the unified budgetary framework for a single government-led programme coordinated by the Food Security Coordination Directorate (FSCD) of the Ministry of Agriculture and Rural Development. All partners have also agreed and strictly adhere to a

unified stream of technical advice and monitoring and evaluation.

(ii) *Multi-annual and predictable approach to planning and financing*: The PSNP is designed to move away from the previous inadequate response of annual relief appeals for emergency food assistance to address chronic acute food insecurity. Instead, its primary design feature is its provision of multi-annual, predictable assistance to an identified group of the chronically food-insecure, to help them manage risks and overcome their food insecurity. This includes using recently established forward-looking funding modalities, such as integrated risk financing mechanisms.

(iii) *Entitlement-based and productive-oriented approach*: As households' perceptions of risk are a determinant of their participation in development opportunities, the PSNP attaches particular importance to ensuring that beneficiaries receive adequate and timely transfers. The transfers, in cash or food, are designed to manage the food risk of the households, and are provided as part of asset creation or productive activities, whenever possible. According to the Programme Implementation Manual (PIM), the objectives of the PSNP are "to provide transfers to the food-insecure population in chronically food-insecure *woredas* [districts] in a way that prevents asset depletion at the household level and creates assets at the community level" (Government of Ethiopia, 2006: 1). As a result, 80 percent of beneficiaries are included in public works programmes, and the remaining 20 percent – those unable to work, orphans, and pregnant and lactating women – receive direct support or unconditional transfers.

(iv) *Part of a broader strategy to enhance food security*: The PSNP began as a component of the government's food security strategy, and is now fully integrated into one overarching Food Security Programme 2010–2014 (Government of Ethiopia, 2009), which includes the PSNP, Complementary Community Investments (CCI), the Household Asset Building Programme (HABP), and a resettlement programme. Together, these form a package of targeted interventions designed to support beneficiaries in achieving sustainable food security, and thereby decreasing their reliance on publicly provided assistance through "graduation".⁴

2.3 An evolving approach

Over the past five years, although there has not been any structural reorientation of the PSNP's conceptual approach and operational arrangements, some important streams of change are clearly discernible. It could be suggested that five main shifts are putting the PSNP on to a more convincing developmental path. These features, summarized in Table 20.1, revolve around transfer selection, the approach used for public works, the system's response to additional

needs, the inclusion of communities in the planning stage, and linkages to other food security interventions.

Table 20.1 Shifts in the PSNP approach, 2005 to 2009	
2005	2009
Cash-first principle	Pragmatic use of cash, food and mixes, based on prevailing conditions
Focus on transfer composition and delivery: entitlement approach	More attention to assets: initial steps towards incentive-oriented approach
Contingency plans and traditional emergency response system	Risk financing system
Focus on building public assets at the community level	More public and private community and household assets: links to CCI
Graduation through linkages to other food security interventions	Incorporation of other food security interventions: HABP

Among these developments, an area of lively debate has been transfer selection. This debate has become far less polarized than it was a few years ago, although – as discussed in the following sections – some operational issues remain. In general, the debate on what to give – primarily cash transfers – has shifted towards a more pragmatic and realistic discussion of what is most appropriate in a given context and time.

At the same time, the sharp focus on the mechanics of selecting and guaranteeing the transfers – essentially the entitlement approach – may have overlooked a number of critical issues. These include technical standards and community bottom-up ownership – to ensure that communities can fruitfully engage in planning and benefiting from an intervention – which require deliberate planning, capacities and investments. These considerations are receiving renewed attention in the new Food Security Programme 2010–2014, thereby improving the prospects for wider and more sustainable impacts on food security.⁵

Funding levels and composition have also evolved significantly. The PSNP budget for 2010–2014 is more than US\$2.1 billion,⁶ representing an increase of about 50 percent from 2005–2009, when total costs were US\$1,449.2 million. When the HABP is included, the total consolidated budget is more than US\$2.2 billion (Table 20.2).

Table 20.2 PSNP and HABP budget, 2010–2014	
Component	US\$ million
PSNP	
Transfers and other costs*	1 936.2
Risk financing	160
Institutional support	77.4
Total PSNP	2 173.5
HABP	83.3
Total PSNP and HABP	2 256.8

* Other costs include contingencies, capital and administrative budget.

Source: World Bank, 2009c.

The Government of Ethiopia is expected to provide a total of US\$183 million, or about 8.4 percent of total PSNP costs.⁷ Overall, the PSNP is very significant for the Ethiopian economy: its budget constitutes about 1.2 percent of gross domestic product (GDP) – almost as much as the national budgetary allocations for health, at 1.4 percent of GDP – and about 62 percent of total *woreda* expenditures in PSNP areas (World Bank, 2009c).

3. Exploring WFP's roles

3.1 The incubation period 2002–2004: policy formulation and consensus building

In past decades, much has been written on Ethiopia and the inability of emergency food assistance to address the vulnerability that led to annual calls for relief needs. Nevertheless, it was not until 2002 that the government began to assert leadership in explicitly recognizing food crisis as a developmental problem. The New Coalition for Food Security established a multi-sector technical working group, including government, the United Nations, donors and NGOs. WFP was an active and vocal member of this group, not only because of its leading role in emergency response but given its experiences and successes with the MERET project (chapter 10). The group also included a significant focus on the available knowledge surrounding social safety nets as conceptualized by some donors (Raisin, 2003; World Bank, 2003).

The objective of the Coalition was to develop a strategy of targeted interventions that built on current successes with a pragmatic view of scaling-up what was already working on the ground. WFP had a clear advocacy role – that is, to ensure that the Coalition developed a strategy that maintained capacity for an adequate and timely response to humanitarian needs while seizing the opportunity to promote the known success of MERET in helping to manage weather-related risks and provide links to development opportunities.

The Coalition agreed to focus on the 15 million most food insecure people in Ethiopia, as identified in 2004. The strategy led to three multi-annual programmes, including: the PSNP; the Protection of Basic Services Programme supporting community-based health, education, and water/sanitation; and the Public Sector Capacity Building Programme to support regional and district administrative capacity.

Following the work of the Coalition, an initial group of donors⁸ agreed to come together to assist the government in developing a safety net – the PSNP – for the 5 to 6 million chronically food-insecure households. WFP joined the group, recognizing that this would require it to relinquish its control over the design of its main programme, the emergency operation. Nevertheless, as the PSNP proposed to take over a large part of WFP's humanitarian caseload, WFP felt that staying out of the group was not an option if humanitarian needs were to be met. Partners saw WFP's role mainly in fulfilling the interest of the government and donors in scaling up the MERET approach.

Moving from policy debate to programme design required a significant amount of consensus building among partners with disparate views. The partnership group included strong voices against food transfers, those who saw it as a necessary evil that should be phased out as soon as the PSNP cash transfers could be given everywhere. There were also clear divides within the donor group on the relative weight of entitlement versus productive aspects of the design, and on conditional versus unconditional transfers. Similarly, there were also divides between the government and donors on some of the principles of safety nets, the criteria for graduation, and aspects of community targeting and implementation of community works.

Negotiating through the different perspectives of partners to achieve a harmonized design absorbed a significant amount of staff time over an eight-month period. Senior programme staff and the country director all contributed to this process. In addition, the Ethiopia Country Office requested support from the Policy Division, especially in relation to the policy debates underlying critical design aspects of the PSNP such as the entitlement versus productive focus and the cash/food mix for transfers.

The challenges in consensus building among the donor group created rifts

that weakened the ability of partners to effectively advocate with the government on a range of design and implementation issues. This resulted in the launch of the PSNP immediately to 5 million people without some of the design aspects that most of the donors desired. Therefore, shortly after implementation began, a donor working group (DWG) was established supported by a full time team dedicated to donor coordination. A Donor Coordinator was assigned, with the rotational Donor Chair, to establish harmonized positions among the donor group and be the main interlocutor with the government.

Significant investment in coordination – full-time staff and a budget for retreats/workshops – was essential to enable the donor group to build consensus on policy, design and implementation supervision issues. Consequently, all partners agreed to suppress their individual voices with the government in favour of the collective. While a critical achievement in terms of coordination, this has led to challenges for WFP with its dual role as a partner among donors and as a United Nations agency providing capacity support to the government. See sections 3.5 and 3.7 for further discussion.

3.2 Targeting

The geographic coverage of the PSNP was determined in 2004 based on the *woredas*/districts that had received the most relief food assistance over the previous ten years. By 2009, the PSNP was targeting about 7.5 million rural people in eight regions, reaching 290 of the country's 710 *woredas*.⁹ The number of beneficiaries receiving cash or food transfers varied significantly over the implementation period 2005 to 2009, increasing by about 2.7 million in five years (Table 20.3). Of critical importance to the evolution of the PSNP was the government's decision to implement the PSNP at scale immediately, without a pilot phase.

Table 20.3 Numbers of PSNP beneficiaries, 2005 to 2009

Year	Total
2005	4 830 000
2006	7 192 072
2007	7 200 000
2008	7 575 728
2009	7 574 530

Source: Government of Ethiopia data.

Households in the selected *woredas* are targeted according to the following criteria for chronic food insecurity:

- households that faced continuous food shortages, usually with food gaps of at least three months, in the past three years and that received relief food assistance prior to commencement of the PSNP;
- households that have suddenly become more food-insecure as a result of a severe loss of assets making them unable to support themselves, in the past one to two years;
- households without family support and other means of assistance.

These targeting criteria are verified through a mix of community and administrative mechanisms, and have raised much debate. This stems partly from wider methodological and programmatic concerns regarding the use of rigid targeting criteria in contexts of pervasive food insecurity – where, in practice, household vulnerability profiles are largely similar and the distinction between chronic and transitory needs is often blurred¹⁰ (Nigussa and Mberengwa, 2009).

Study findings warning against the threat of exclusion error problems (e.g., Sharp, Brown and Teshome, 2006) were echoed by WFP’s country programme for 2007–2011, which underscored the scale of predictable food insecurity, highlighting that “... 18 million of the rural population have food gaps ranging from 1 to 12 months and there is low resilience to shocks, inadequate access to development opportunities, and a history of receiving limited long-term aid” (WFP, 2006b: 11).

Based on the MERET experience, WFP has been advocating for more participatory approaches to targeting using mechanisms that enable communities to have a voice in identifying intra-community vulnerability profiles and that emphasize the importance of community social capital in managing the collective risks posed by environmental causes. WFP has also consistently advocated for giving communities more responsibility for planning, designing and implementing programmes. In general, however, WFP’s opportunities for shaping the design of the PSNP targeting system have been limited (WFP, 2007a). Although it acknowledges the importance of community in implementing natural resource risk reduction interventions, the PSNP has retained its focus on the individual household. Targeting therefore focuses on managing the risks to households individually, through predictable multi-annual transfers or the entitlement approach, rather than collectively, through community-led natural resource rehabilitation or the productive approach.

Surveys and studies undertaken since 2005 find little or no inclusion error – people in the PSNP tend to be the poorest in their communities – but there

are significant concerns regarding exclusion errors, which were found to have two aspects. First, members of polygamous or large households were often excluded from assistance, because the transfer was insufficient to ensure an adequate diet for all household members; it has been agreed that the new Food Security Programme must cover all members of a household. The second aspect of exclusion relates to community members who are as poor as PSNP beneficiaries but not included in the programme; evidence shows that many *woredas* use the PSNP contingency fund to provide some assistance to these households. In addition, following two years of large-scale crisis in 2008 and 2009 and continued large-scale drought in 2010, it is understood that previously marginal families are likely to have fallen into chronic food insecurity. However, donors and the government have agreed that the scale of the PSNP cannot be increased to accommodate these additional households at present. It is hoped that they will be able to enter the PSNP as existing beneficiaries graduate.

Some adjustments to the targeting criteria have been made under the new Food Security Programme, and targeting will also have to reflect the pending decision regarding the “3-6-9” pilot, which envisions three, six or nine months of support to programme participants, according to their food gaps. Studies are currently gauging the feasibility and appropriateness of this approach to calibrating support.

3.3 Design and implementation of interventions

Since 2004, WFP has played an important role in developing the PIM, particularly by providing technical guidance for public works programmes. As mentioned in section 2, these interventions were primarily designed from an entitlement rather than a community planning perspective. They included such activities as gully control, and road and bridge building and maintenance, defined as “labour-intensive community-based activities which are designed to provide employment for chronically food-insecure people who have labour”¹¹ (Government of Ethiopia, 2006: 25). In this, WFP’s main contribution has been to make entitlement programmes more development-oriented, particularly by emphasizing the objectives and impacts related to watershed management, as well as to transfer entitlements.¹²

The inclusion of community-based participatory watershed development (CBPWD) guidelines as a central part of the PSNP public works programme arises from the commitment and vision of government actors, as well as WFP’s.¹³ This has led to the institutionalization of critical aspects of effective CBPWD, which were mainstreamed through the roll-out of capacity building initiatives.

WFP also contributes to the predictability of interventions. For example, before PSNP commencement, WFP helped to enhance the predictability of the

previous Employment Guarantee Scheme (EGS), a relief system for public works. This paved the way for the PSNP's current public works system.

Although WFP's ideas were not widely reflected in early programme documents, they were effective in raising awareness about important practical and technical issues, such as the issue of public works implementation on private land.¹⁴ In 2005–2006, WFP advocated for adding a note to the PIM allowing the treatment of private land under certain conditions.¹⁵ This disclaimer was instrumental in inducing the current attention to integrated watershed management, including on private land.

Finally, WFP has been proposing ways of enhancing the linkages between public works and direct support components of the PSNP, arguing that although some people are unable to *create* assets, they may still be able to *manage* them. This perspective has the potential to reduce the dichotomy that stigmatizes those receiving direct support as less productive than those engaged in physical works (Carucci, 2006). However, this approach has not aroused much response from the PSNP group, which is more concerned that implementation of direct support *requires* beneficiaries to work, rather than *encouraging* them where appropriate.

3.4 Transfer trends and composition

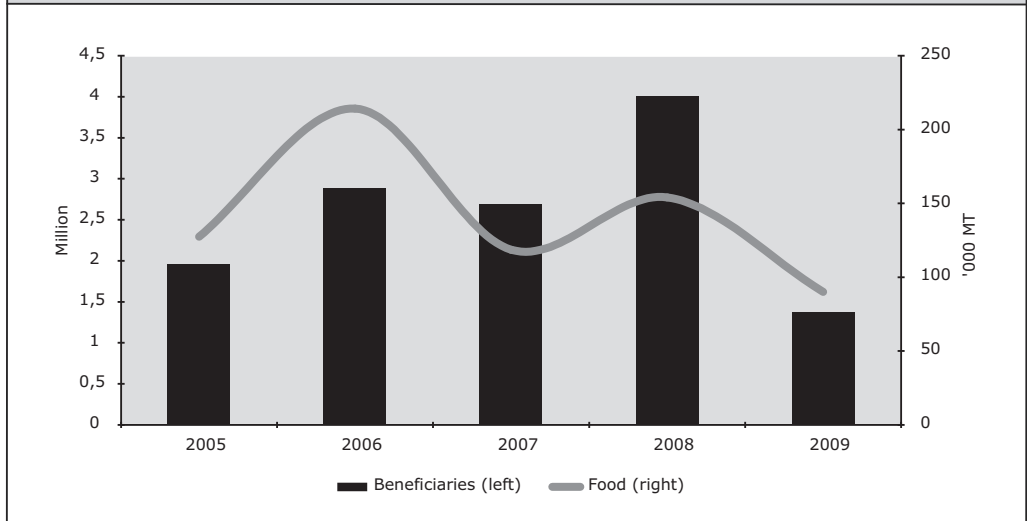
In the PSNP, beneficiaries receive transfers in either cash or food. The selection of transfer modalities hinges on several factors, including:

- proximity to food-surplus areas;
- availability of active markets;
- the communities' preferences;
- experience of and capacity for managing food and/or cash.

In the absence of an adequate information management system, the PSNP started by providing cash transfers based on only the last two factors. As described in the following paragraphs, it is only since the 2008 crisis that significant efforts have been made to assess the market availability of food before deciding on transfer appropriateness.

WFP has been providing large shares of the PSNP's food transfer component, and has not been involved in providing cash transfers.¹⁶ On average, WFP has provided about 140,800 mt of food per year since the launch of the PSNP (Figure 20.1). More than 37 percent of PSNP beneficiaries were supported by WFP over the period 2005 to 2009.

Figure 20.1 WFP beneficiaries and food transfers under the PSNP, 2005 to 2009



Source: WFP country office data.

At present, the PSNP operates two transfer rates:

- Cash transfers are set at 10 birr/day, or 50 birr/month.¹⁷
- Food transfers are set at 3 kg of cereal/day, or 15 kg/month.¹⁸

In general, maintaining parity between these transfer levels has proved to be challenging. For example, a recent study showed that decisions on transfer selection were heavily influenced by the prevailing relative values of transfers, “... rather than factors causing these differing values (market integration, distance from surplus areas etc.)” (Save the Children, 2008: 20). High food prices made food transfers more valuable and cash transfers riskier, because of eroded purchasing power (Devereux *et al.*, 2008), so communities’ preference shifted overwhelmingly towards food transfers.

This is part of the broader discussion around the cash-first principle, mentioned in section 2. The principle states that “cash should be regarded as the primary form of transfer, unless market conditions significantly reduce the value that the beneficiaries receive”.¹⁹ However, as PSNP implementation advanced, there was evidence that the implementation and value of cash transfers could be severely restricted by adverse market and capacity conditions. At the same time, there was wider recognition that cash and food transfers are not mutually exclusive, and that they should be deployed flexibly, based on conditions on the ground. This led to the initial allocation of 60 percent of beneficiaries receiving

cash and 40 percent food, moving to almost half of beneficiaries receiving food and the rest cash five years later.²⁰

Such a shift was partly the result of PSNP cash transfers' failure to keep up with the sweeping increase in food prices over 2007/2008 (Save the Children, 2008), the response to which entailed ramping up emergency programmes (Maxwell *et al.*, 2010). Evidence shows that this food price inflation translated into a clear preference among sampled beneficiaries for food only – and to some extent for the cash and food mix – as opposed to cash-based support²¹ (Table 20.4). In the words of Sabates-Wheeler and Devereux (2010), “PSNP food recipients have enjoyed accelerated income growth relative to cash recipients, whose income gains have been compromised by inflation. Not surprisingly, therefore, beneficiary attitudes are hardening against cash and in favour of food transfers”.

Table 20.4 Beneficiaries' preferences, 2006 and 2008

Transfers	Received		Stated preference	
	2006 (%)	2008 (%)	2006 (%)	2008 (%)
Cash only	15	21	9	3
Food only	19	26	55	84
Mix (cash + food)	66	53	36	13
Total households*	100	100	100	100

*Surveyed households = 960

Source: Sabates-Wheeler and Devereux, 2010.

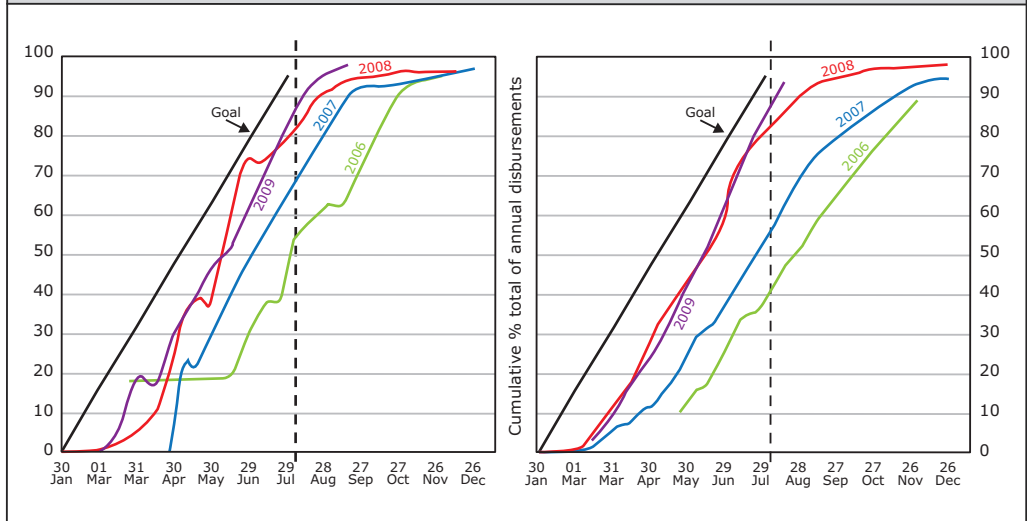
Disbursements of both cash and food have yet to meet the optimal timing (Figure 20.2), but performance has improved remarkably over the years.

Improvements in the timing of disbursements can be attributed to various procedural, administrative and process enhancements, such as installation of the Payroll Attendance Sheet System (PASS)²² at the *woreda* level.

3.5 Capacity building

As well as being one of WFP's Strategic Objectives (SOs), building national capacity is part of the mandate of the United Nations as a whole. Here too, however, donor partners in the PSNP felt that WFP should follow the principle of moving in consensus, providing its support only in areas where donors collectively agree that it should be involved. This is particularly relevant because

Figure 20.2 Timeliness of food (left) and cash (right) transfers, 2006 to 2009



Source: Government of Ethiopia, Information Centre Reports 2006 to 2009.

of WFP's dominant role in Ethiopia, its close relationship with the government, and the perception that WFP is a major factor in maintaining the food-first approach to food insecurity. Although working in consensus is coherent with WFP's policy framework for capacity building, it has created strains in the relationship between WFP and donors in the DWG, and WFP has had to manage these carefully.

Donors relied heavily on WFP staff's support to the building of community and *woreda* capacity for using the PSNP to implement the natural resource rehabilitation achieved by MERET. Since 2005, WFP has supported CBPWD technical training for more than 700 government staff, who have in turn trained more than 5,000 community development agents in about 200 PSNP districts. WFP facilitated the printing and distribution of 15,000 copies of training modules on technologies and 23,000 copies of CBPWD guidelines.

However, the capacity enhancement achieved by MERET goes far beyond training and guidelines. First, at the community level, MERET depends on community management committees to provide the planning and ownership that is the foundation of its success. The PSNP's community food security committees were not given the same level of support, guidance and training. Second, the WFP country office and sub-office staff involved in MERET have technical backgrounds and close partnerships with local technical experts, allowing them to provide much hands-on guidance to the development agents

and community members implementing MERET. This kind of support was not possible at the scale of the PSNP, although the PSNP benefitted from the capacity that MERET had already created among technical staff in some regions and *woredas*, resulting in examples of very effective and high-quality public works. This led the donors and government to encourage WFP to invest more heavily in leveraging MERET's capacity results for the PSNP and, to a certain extent, to blame WFP when that capacity did not emerge consistently across PSNP sites.

The government and donors initiated the PSNP with a focus on building capacity to deliver cash, and the extensive food management infrastructure did not receive the same level of capacity strengthening measures. When Ethiopia was hit by the 2008 crisis, which was predominantly an economic shock leading to food market failure, the hardest hit region was market-integrated SNNPR, resulting in a large-scale nutrition crisis and child mortality. SNNPR had been one of the PSNP's most successful regions, shifting almost entirely to cash-only transfers by 2007. The experience of 2008 both reawakened interest in maintaining a food response capacity and led to a more rational and appropriate mix of cash and food transfers to beneficiaries.

In the areas of needs assessment, targeting and monitoring capacity, WFP's role in vulnerability analysis and mapping (VAM) and its large field-based network of monitors were also viewed with caution. While valuing the benefits of WFP's ability to support capacity in these areas, donors were concerned that WFP had a tendency to work on its own – taking decisions and working directly with the government, without appropriate consultation.

WFP has taken steps to communicate its interactions with government to the DWG and to seek the participation of coordination team members. Strong partnership and collective action are key to an effective PSNP, and to WFP's capacity building support.

3.6 Risk financing

The anticipation of major crises, and thereby the prevention or mitigation of their humanitarian implications, is firmly enshrined in the PSNP principles of predictability and timeliness. To address additional needs, the PSNP includes contingency resources for 20 percent of its value, but this may not be enough to meet these needs. Risk financing is the process of analysing, estimating, costing and funding additional temporary needs, beyond the 20 percent programme contingency.²³ The new risk financing measures may therefore greatly enhance the predictability and risk management capacity of the PSNP.

Decision-making for risk financing is informed by a wealth of information generated by multiple tools, including the index-based weather insurance products²⁴ presented in Chapter 8. In many aspects, risk financing entails a

different business model from that for traditional emergency response mechanisms (Government of Ethiopia, 2009). Risk financing is not designed to replace traditional emergency response systems entirely, but rather to limit their use to shocks of larger scale, longer duration and wider magnitude. Risk financing is an innovative and institutionalized feature of the PSNP, designed to address *ex-ante* transitory and localized needs in a predictable, timely and flexible manner.²⁵

WFP was one of three partners, together with DFID and the World Bank, to put risk financing clearly on the PSNP agenda. This occurred in 2006, when the successful drought insurance pilot was under way (Chapter 8) as a collaborative effort involving WFP Headquarters, the World Bank and the WFP Ethiopia country office. It brought to the government's attention the idea of using objective analysis to predict large-scale emergencies, assess the likely livelihood damage of such emergencies, and safeguard resources for responding in ways that protect livelihoods. As a livelihood protection and promotion programme, the PSNP was the ideal instrument for developing this theory into practice.

Beginning with collective advocacy work, the three partners worked through the DWG to raise awareness of how donor risk financing funds could perform a similar task to private sector insurance, by providing a commitment for payout based on an objective analysis of livelihood damage. WFP engaged at both the analytical level, by developing the analytical tools, and the operational level, by helping to develop the processes and procedures for triggering and disbursing risk financing. The resulting programme design was approved in 2009.

3.7 Leveraging multiple capacities

WFP also plays a number of less visible and subtle roles, which are more difficult to quantify, but no less important than those already described. For example, as the only United Nations agency in the PSNP group, WFP's intervention has helped to resolve lingering divergences in views among actors,²⁶ and its dual engagement in both relief and PSNP programmes has helped to relax some potential institutional tensions.²⁷

4. Lessons and challenges

4.1 General issues

Capacity

Although the government and donors have made significant efforts to enhance programme capacity, relevant gaps often hamper effective and efficient PSNP implementation. Limited capacities are a major bottleneck for ensuring the design and application of technical standards, community-based planning, and information management and reporting. Official documents highlight the need to upgrade *woreda*-level capacities to implement the volume of operations and standards required. In particular, there is need for investments in financial infrastructure, tools, equipment, databases and staffing, including through continuous training at the *woreda* level to address the high level of staff turnover.

Sustainability, ownership and institutional arrangements

In Ethiopia, implementing complex programmes with multiple donors, departments or ministries demands sound common principles of engagement and coordination (World Bank, 2010b; Slater *et al.*, 2006). For example, coordination across government departments for PSNP public works needs to be more effective to reduce the fragmentation in oversight; enhancing institutional and operational coordination with the natural resource management department may improve the quality and impacts of public works interventions. Financially, although the overall sustainability of the PSNP hinges on several factors – graduation, food price trends, number of beneficiaries beyond 2014, etc. – the prospects for funding the PSNP domestically in the medium term appear very limited.²⁸

Reconciling entitlements and incentives

According to discussions with key informants, and the findings of various evaluations, WFP has been a flexible and open-minded counterpart in PSNP discussions (WFP, 2007a), although it been trying to persuade actors to adopt a more community-based and incentive- rather than entitlement-oriented approach, instead of administrative, household-only mechanisms. In the early days of conceptualizing the PSNP, WFP staff often wanted to propose “a new approach with an old tool”, but they are often confronted by “an old approach with a new tool”. A major concern is that simply shifting beneficiaries from a relief administrative list to the PSNP administrative list is not generating a new development paradigm.²⁹

Graduation

Evidence shows that the PSNP generated positive benefits at the household and community levels. However, there is significant geospatial variation, and the overall livelihood impacts may have been below initial expectations (Gilligan, Hoddinott and Taffesse, 2009; Devereux *et al.*, 2008).³⁰ For example, when gauged with a graduation lens, performance has been quite modest. According to initial targets, all beneficiaries under the PSNP were supposed to graduate from it by 2009. By that year, however, only 104,846 households had done so – about 1.3 percent of total beneficiaries.³¹ For the new phase, the Government of Ethiopia has laid out targets for graduation that are significantly ambitious, envisaging a scenario in which up to 80 percent of beneficiaries graduate.³²

Application in pastoralist areas

Although the PSNP is now expanding into pastoralist areas, implementation is often hampered by a range of issues, notably institutional capacities, security and the viability and relevance of approaches developed in other contexts within the country, such as the highlands. According to recent assessments, the PSNP roll-out in pastoralist areas is bound to remain a pilot initiative, and food requirements will be addressed under the relief system.

Timeliness versus quality

The PSNP design began with a clear statement favouring the timeliness and predictability of transfers over the quality of public works. Quality was initially seen as almost a positive “externality” of a programme aimed at protecting livelihoods. In development programmes such as MERET, transfers are often delayed until quality inspection assures that minimum standards have been met, but from the beginning it was agreed that quality of work should never delay PSNP transfers. The importance of quality to the outcomes of the PSNP has become more clear, and is being managed by greater efforts to support communities’ capacity to plan and implement appropriate works.

4.2 WFP-specific issues

Exit strategy

WFP initially supported the PSNP through the recovery component of a protracted relief and recovery operation (PRRO) (WFP, 2004c), but members of WFP’s Executive Board expressed concerns about issues related to exit strategies. The Government of Ethiopia laid out an overall graduation strategy, which proved ambitious, and WFP presented its exit strategy the following year (WFP, 2005c). This information was provided as an annex to the PRRO, and

detailed how WFP supported the general shifts underlying the PSNP: a deliberate transition from relief to productive investments, a strong preference for local purchase, a methodical shift from in-kind food transfers to cash-based transfers, extensive capacity building, strengthening of monitoring and evaluation systems, and integration with other food security programmes.³³

Reporting

The PSNP provided an opportunity for demonstrating WFP's ability and involvement in harmonized programming, but harmonization became problematic in the context of reporting and financial contributions. WFP's own reporting requirements did not easily accept a harmonized or joint report; therefore, although WFP agreed in principle to a single reporting requirement, it had to submit its own separate reports. The same applied to reporting on financial contributions.

Technical expertise and the evidence base

An important factor in determining WFP's engagement has been its ability to offer and document expertise in highly relevant domains. For example, its technical expertise on watershed management has been crucial in garnering support and credibility among the PSNP group. Sustained investments in technical expertise and documented evidence on practices and impacts will be an important basis for WFP's engagement in safety nets globally.

Engagement capacity

The PSNP requires intensive, systematic and continuous engagement from WFP and partners. WFP has made investments to enhance its internal capacity, such as by creating a unit dedicated to the PSNP and MERET, but engagement remains very demanding. For example, it has been estimated that the large number of technical groups involved³⁴ have required more than 500 missions and meetings over the past five years. This is equivalent to about 100 meetings per year, or approximately one every three working days. As each mission requires the attendance of an average of three WFP staff, it can be claimed that at least one WFP staff member is engaged in a PSNP-related mission every day of the year. This puts a lot of pressure on WFP's capacity and priority-setting, and implementing a similar arrangement in other contexts where WFP operates may be challenging.

Strategy and vision

Engagement in the PSNP group has required strategic planning and vision by WFP management over the years. For example, an evaluation concluded that “... it is important to highlight the level of vision, initiative, risk-taking and the huge amount of additional work and effort that was required [by WFP] to become a respected member of the policy consortium. (...) By working to depolarize debate and shift the focus away from the simplistic cash or food discourse towards one of how best to use food to allow a smooth transition, WFP Ethiopia is continuing to strengthen trust and confidence” (WFP, 2007a: 39). Navigating through contentious debates and building a trusting working relationship with central actors has required long-term strategic vision and commitment, especially in the first years of inception and implementation.

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- ¹ The authors benefited enormously from discussion with actors involved, at various stages, in the PSNP. Special thanks go to Mohamed Diab, Felix Gomez, Georgia Shaver, Al Kehler, Paul Turnbull, Volli Carucci, Yihenew Zewdie, Hans Vikoler, Mulugeta Dessalegn, Ezgimelese Tecleab, Tariku Alemu, Belay Seyoum, Messele Egziabher, Patrick Mullen and Wout Soer.
 - ² The donor coordination team in Ethiopia recently produced three CD-ROMs including main PSNP reports for the period 2005 to 2009, for a total of about 2,500 documents. In addition, there is a wide range of grey literature, working papers and peer-reviewed articles not included in the collection.
 - ³ There are nine donor agencies in the group: the Canadian International Development Agency (CIDA), the Department for International Development (DFID), the European Commission, Irish Aid, the Netherlands, the Swedish International Development Cooperation Agency (SIDA), the United States Agency for International Development (USAID), WFP, and World Bank. SIDA and the Netherlands joined the group at a later stage.
 - ⁴ Graduation from the PSNP is defined as the move from being chronically food-insecure to being food-sufficient: “A household has graduated when, in the absence of receiving PSNP transfers, it can meet its food needs for all 12 months and is able to withstand modest shocks” (Government of Ethiopia, 2007: 1). The graduation from food insecurity is achieved through support from the other components of the Food Security Programme.
 - ⁵ For example, CCI includes mixed community and household-level interventions, and combined private-public initiatives. The new programme also envisions a wider adoption of practices developed under MERET (see chapter 10), and a new component, the HABP, providing microcredit and other financial services to improve graduation prospects.
 - ⁶ In 2009, project documents indicated an expected total financing gap of US\$526.5 million of total estimated costs (World Bank, 2009c).
 - ⁷ However, as local officials remarked, donors discussed their contributions to the PSNP within the framework of broader PSNP-HABP operations, and pledged their support on the understanding that the Government of Ethiopia would provide substantial resources to the HABP and other components of the overall Food Security Programme. It is estimated that the government will provide about US\$250 million for the HABP, in addition – and off budget – to the resources provided by donors, i.e., US\$83.3 million for institutional capacity building, product development, etc. When these factors are considered, the share of government funding in total PSNP and HABP funding rises to about 17.2 percent.
 - ⁸ The World Bank, the European Commission, USAID, DFID, CIDA, IrishAid and WFP.

- ⁹ The eight regions are Ahmara with 2,519,829 beneficiaries, SNNPR with 1,459,160, Tigray with 1,453,707, Oromiya with 1,438,134, Afar with 472,229, Somali with 162,671, Dire Dawa with 52,614, and Harare with 16,136.
- ¹⁰ Community members' perception of programme participation – “all members deserve support, but some more than others” – and their gauging of entitlement may not match the more selective intra-community criteria designed by planners, of “only some members get support”. There is evidence that in some cases a significant portion of the beneficiary list changes from one distribution cycle to the next. This may signal community arrangements for involving all members, including those who do not meet PSNP targeting criteria.
- ¹¹ In 2009, PSNP public works were operational in almost a third of Ethiopian *woredas*, generating an estimated 190 million workdays of labour. Each year, the PSNP initiates roughly 34,000 public works projects that focus on soil and water conservation, social infrastructure and roads.
- ¹² For example, WFP contributed to the PIM output and activity section with lists of possible outcomes, such as improved land productivity and soil fertility restoration.
- ¹³ These guidelines were initially developed under the MERET programme, and subsequently mainstreamed nationally by the government (Government of Ethiopia, 2005a).
- ¹⁴ In highly eroded and marginal environments it is not always easy to distinguish between private and public land. For example, as small private lands become eroded they tend to be abandoned, and are subsequently used by communities for other purposes, hence becoming *de facto* public. However, the holistic and integrated logic of watershed management requires that the *whole* catchment area be treated with appropriate interventions, and not just those areas within the administrative boundaries delineated by private-public distinctions.
- ¹⁵ According to the note, “public works activities should be on community land at the community level. However, on an exceptional basis, works activities can be done on private land (i) that are critical for watershed management, (ii) for female-headed households that have no labour” (Government of Ethiopia, 2006: 9).
- ¹⁶ WFP's policy on the use of vouchers and cash transfers was released in 2008 (WFP, 2008d).
- ¹⁷ In other words, households receive up to US\$137 per year. In 2005, the wage was set at 6 birr/day, or half the level it will be in 2010, when it is increased to 12 birr/day.
- ¹⁸ In addition, 1.5 kg of pulses and 0.5 litres of oil are provided monthly, when resources are available. In most cases, however, PSNP food rations consist of cereals only.
- ¹⁹ Memorandum of Understanding between the Federal Democratic Republic of Ethiopia and Funding Partners Supporting the Productive Safety Net Programme, 2005.
- ²⁰ For a global review of the theoretical and practical issues around the cash versus food debate, see for example Gentilini, 2007a.
- ²¹ The way the monitoring systems are set up makes it difficult to capture consistent trends in the mixed cash and food option over 2005 to 2009. A household could receive one, two or three months of one transfer, and the remaining month(s) of the other, but the government reporting system tends to classify all of a household's transfers as only one or the other. However, disaggregated data for 2009 show that about 929,000 beneficiaries received only cash, 1,872,000 only food, and about 4,773,000 a combination of both.
- ²² PASS is a computer-based system designed to address critical bottlenecks in the transfer process and to improve fiduciary control. Starting in 2010, beneficiaries will receive “client cards”, which will be a tool for providing them with proof of payments.
- ²³ The process is based on four components: (i) *early warning systems*, designed to signal the need for a response as early as possible; (ii) *contingency plans*, offering a framework for response; (iii) *contingency financing*, including readily available resources for timely disbursements; and (iv) *adequate institutions and capacities* to support the whole process.
- ²⁴ Other tools include livelihoods impact analysis sheets, the livelihood early assessment protection model, the convergence of indicators technique, and expert consultations. For a comprehensive description of each tool, see IDL Group, 2009.

- ²⁵ The *belg* rains (small rains) failed again in 2009, prompting the government to launch an emergency appeal for 6.2 million people. PSNP contingency budgets at the *woreda* and regional levels had already been used earlier in the year to provide a rapid response to the emerging situation. Government and the PSNP donor group therefore decided to scale-up the coverage of the PSNP, using risk financing resources, as had been done successfully in 2008. Additional transfers were provided to 6.4 million PSNP beneficiaries at a cost of US\$63.6 million.
- ²⁶ This included support for developing and clarifying the definition of “landless” people, who are excluded from PSNP support; the original definition did not take homestead land into account.
- ²⁷ FSCD, which manages the PSNP, was supposed to absorb beneficiaries from DRMFS, the body in charge of relief.
- ²⁸ As mentioned, the Government of Ethiopia funds about 8 percent of the PSNP, or 17 percent if its HABP contribution is included. In Ethiopia, aid accounts for about 50 percent of gross capital formation (World Bank, *World Development Indicators 2009*, Table 6.15, p. 376).
- ²⁹ Donor agendas may also have motivated such approaches. For example, DFID is committed “...to double to 16 million the number of people [in Africa] moved from emergency relief to long-term social protection programmes by 2009” (DFID, 2006: 60). In the White Paper released in July 2009, DFID states “...our aim is to help build social protection systems to get help to 50 million people in over 20 countries over the next three years” (DFID, 2009: 25).
- ³⁰ Studies such as Gilligan, Hoddinott and Taffesse (2009) reflect the broader relevance that experimental and quasi-experimental evaluations are gaining in the area of impact evaluation. The main advantage of these approaches centres on their ability to quantify and attribute impacts to given interventions in an objective, controlled, robust and scientific way. WFP has already used those techniques for programme impact assessments in Sri Lanka (chapter 6), Bangladesh and Uganda, and is in the process of expanding their application to other initiatives.
- ³¹ This includes 18,538 graduated beneficiaries in 2008 and 86,308 in 2009; there were no graduations in 2005 to 2007. Data were provided by FSCD on 29 December 2009. Overall, however, the issue of graduation has generated lively debate, both conceptually and practically. See for example Slater (2009) for a discussion of programme graduation versus deselection.
- ³² The 2010–2014 programme introduces some new nuances. For example, households that are making progress towards graduation could move to a reduced level of assistance for a year or two prior to moving off the programme.
- ³³ The new PRRO 10665 includes a full section on hand-over strategy (WFP, 2007e).
- ³⁴ These include bodies such as the Joint Coordination Committee; the DWG; the Rapid Response Team; the Public Works Impact Assessment mission; the Joint Review Implementation and Supervision mission and its seven thematic working groups on general management, financial management, procurement, roll-out to pastoral areas, public works, risk financing, and the HABP; the Public Works Technical Committee; the Pastoral Task Force; the Monitoring and Evaluation Technical Team; the Risk Financing mission; and the Food Management Task Force.

