Poverty Alleviation: Lessons Learned from the Productive Safety Net Programme in Ethiopia
Overview:
Poverty in Ethiopia

Poverty rates have decreased in the past 20 years

<table>
<thead>
<tr>
<th>Poverty indices over time</th>
<th>Change (%)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>2004/05 over 1999/00</td>
</tr>
<tr>
<td>1995/96</td>
<td>1999/00</td>
</tr>
<tr>
<td>National</td>
<td></td>
</tr>
<tr>
<td>Head count index</td>
<td>0.455</td>
</tr>
<tr>
<td>Poverty gap index</td>
<td>0.129</td>
</tr>
<tr>
<td>Poverty severity index</td>
<td>0.051</td>
</tr>
<tr>
<td>Rural</td>
<td></td>
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<tr>
<td>Head count index</td>
<td>0.475</td>
</tr>
<tr>
<td>Poverty gap index</td>
<td>0.134</td>
</tr>
<tr>
<td>Poverty severity index</td>
<td>0.053</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
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<tr>
<td>Head count index</td>
<td>0.332</td>
</tr>
<tr>
<td>Poverty gap index</td>
<td>0.099</td>
</tr>
<tr>
<td>Poverty severity index</td>
<td>0.041</td>
</tr>
</tbody>
</table>

Source: HICE survey of 1995/96, 1999/00, 2004/05 and 2010/11
Note: *** Significant at 1 %; ** significant at 5 %; * significant at 10 %; NS=Not significant.

Overview: Drought and Famine in Ethiopia

Food Insecurity Outlook, Feb.-Jun. 2012

- Agriculture accounts for 40-45% of GDP
- Droughts common, may lead to famine
- Frequent drought leads to food insecurity, can be devastating to the poor

Source: FEWS NET Ethiopia and WFP

Table Source: USAID, WFP and FEWS NET, ETHIOPIA Food Security Outlook February through June 2012, 2012, p. 1.
Objectives

1. Prevent household depletion
2. Create community assets

Goals

1. Support rural transformation process
2. Prevent long-term consequences of short-term food inaccessibility
3. Encourage households to engage in production and investment
4. Promote market development by increasing household purchasing power
Targets “chronically food insecure”
Two separate components:
- Public Works
- Direct Support
In 2012, covered 7.64 million people
Cost $500m/year
USAID contributes 20-30% of total cost in food and cash

Map Source: Food and Agricultural Organization of the United Nations,
http://coin.fao.org/cms/world/ethiopia/Projects/Maps.html
PSNP: Overall Positive Impacts

- **2006-2008** – real income of beneficiaries rose by **50%**
- **2006-2010** – Five-year participants in the PW had a reduction in the food gap of **1.05 months**
- **2011-2012** – participation led to reduction in the food gap of **1.48 months** for PW participants and **1.93 months** for DS participants
- **2011-2012** – PW participants were **12% more likely** to have a food gap of 3 months or less due to the PSNP
- The PSNP also increases non-food expenditures of participants by **43 birr per month**
Programs designed to work in tandem with the PSNP (Other Food Security Programme – OFSP)

- Provide different but complementary services
- OFSP has fewer beneficiaries than the PSNP but has a strong positive effect on poverty eradication with the PSNP

USAID and its NGO partners also have complementary activities
**Lessons Learned: Targeting**

- Deciding which households should be a part of the PSNP
- Guidelines from the central government but targeting is done at the community level
- Shaky at first but changes to the program have made targeting better – for the most part, households that are getting the support genuinely need it
- Question of graduation
Lessons Learned: Governance

- Sub-state implementation
  - Local project choice
  - Local targeting

- Local capacity critical

- Transparency/accountability
Lessons Learned: Cash vs. Food Transfers

- PSNP uses both with cash as the default option

- Considerations
  - Local economies
  - Local government capacity to handle cash
  - Local preferences
  - Inflation and seasonal price variation

- Resource availability from donors
Lessons Learned: Program Structure

- Relationship between donors and government
- Clear guidelines
Conclusion: 
PSNP Successes

1. Works with other, complementary programs

1. Refines targeting practices to be most effective

1. Builds capacity and establishes best practices at all levels of government

1. Considers issues related to the question of cash vs. food

1. Has a quality program structure