Ethiopia Productive Safety Net Programme (PSNP): Prospects for graduation and sustainability beyond 2014

Safety Net Core Course, Washington D.C.
16 Dec 2010
Presentation Objectives

1) To assess the feasibility of large-scale graduation from the PSNP by 2014;

2) To recommend options for future social protection interventions after 2014
Country & Programme Context

Country
Population: 80 million
Per capita income: $990 (2010)
Official Poverty level: 39.4% (2006)
1990’s – between 5-14 million people needed food aid EVERY year..... Which led to PSNP

Programme
The PSNP and HABP target 7.57 million chronically food insecure rural citizens (approximately 10 percent of the total population), residing in 290 of 710 woredas nationwide in eight of the ten Regions
Not only significant differences in wealth categories, massive diversity in ways of making livelihoods across the country.
Poverty levels in Ethiopia – national poverty line, $1/day and $2/day
Poverty analysis

- Poverty level = 39%
- Poverty gap = 8.3%
- Population = 80,000,000
- Numbers of people below the poverty line = 31,200,000
- National Poverty line = ETB 1,075 (US$ 67) per annum
- Budget needed to cover gap = 8.3% * US$ 67 * 31,200,000 = US$173,503,200
PSNP profile

- PSNP is a safety net designed to address chronic food insecurity through:
  - unconditional transfers (to those unable to work) – approx 15% of clients
  - conditional transfers (to those able to provide labour to community asset building) – 85% of clients

- PSNP has:
  - protective function through cash and/or food
  - productive functions through asset building (public works) components

- It is a government programme supported through multi-donor financing;

- Targeting:
  - chronically food insecure areas (geographic); and
  - chronically food insecure households (administrative and community based targeting);

Cost of the PSNP as a percentage of GDP = 1.2%
Income gap for 3 lowest deciles ($1/day)

Contribution of PSNP in filling gaps in lowest 3 deciles between income and $1/day

PSNP transfers fill between 25-35% of food gap for clients
Moving towards Graduation from the PSNP

In the context of Ethiopia, graduation from PSNP occurs when “in the absence of receiving PSNP [or emergency] transfers it can meets its food needs for 12 months and is able to withstand modest shocks”

As of 2010, around 500,000 individuals had graduated from the PSNP

The range of projected graduates from the PSNP varies between 50-80% between 2010 and 2014
Graduation pathways (through the PSNP and HABP)
Experiences with Graduation in practice

- **Opportunities:**
  - HABP/PSNP complementarity
  - Graduates stay one additional year
  - When substantial credit was taken ($700) this resulted in net changes of income between ETB 8,500 and 28,000 and a return on investments of between 2.13 and 5.63 over 3-5 years. This is the type of investment necessary for sustainable graduation at scale.
Experiences with Graduation in practice

**Challenges:**

- Credit packages vary but ‘standard’ credit amount is 2,500 ETB – sufficient?
- Shocks affect growth and can result in a slide back into destitution
- Low repayment rates - with a high of only 72%
- Population pressures
## Will graduation at scale from PSNP in five years be possible?

<table>
<thead>
<tr>
<th>Pre-requisite for Graduation</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>An evidence base for graduation</td>
<td>Government &amp; DPs to implement, monitor and verify graduation cycle</td>
</tr>
<tr>
<td>Adequacy &amp; availability of resources for HABP</td>
<td>Ensure federal and regional budgets and development plans are appropriate and adequate to meet graduation targets</td>
</tr>
<tr>
<td>Develop national social protection strategy</td>
<td>Accelerate the development of the national social protection strategy</td>
</tr>
<tr>
<td>Link with other complementary Government initiatives</td>
<td>Ensure the PSNP is integrated into new Government vision for DRM</td>
</tr>
<tr>
<td>Adequate implementation capacity of Government</td>
<td>Establish institutional mechanism and capacity to continue to deliver programmes effectively</td>
</tr>
</tbody>
</table>

**PSNP**
Productive Safety Net Programme

**HABP**
Household Asset Building Programme
Scenarios for the PSNP after 2014

A  With 80% graduation

Caseload ‘balance’ of 20%
Options for this client base:
1) Unconditional cash transfers continued (likely to be existing unconditional client base);
2) Development of national social protection system to make it universal

B  With 50% graduation

Caseload ‘balance’ of 50% - most likely to be:
• Unconditional transfer clients (20%)
• Balance of conditional transfer clients (30%).

Options for the caseload includes:
1) Continuation of existing PSNP;
2) New CCT approach;
3) Scalable safety net – to account for transitory food insecure (i.e. humanitarian needs)
Short term action points

- Clarify and reach consensus on graduation targets and process
- Set a strategy to ensure budget for HABP is available after 2012
- Strengthen the existing National Social Protection Platform
Thank you!