

Title: Ethiopia Productive Safety Net Programme phase 4 (PSNP 4)

## **Background**

The Ethiopian climate is complex, with a high degree of inter-annual and spatial variability in rainfall and temperatures. The uncertainty around weather patterns is increasing with climate change in the Horn of Africa: the short, belg rains are failing regularly, and models suggest that (albeit with significant spatial variations) soil moisture is likely to decline as temperatures rise and precipitation is set to fall in shorter, more intense events with lower infiltration (and increased risk of soil erosion). This has significant implications for economic development and living standards in Ethiopia. The economy has grown rapidly over the last decade, but from an extremely low base, and remains highly dependent on and vulnerable to the weather: 80% of the population of 100 million are rural, and the vast majority make their living through rain fed agriculture (as marginal smallholder farmers in the highlands or pastoralist or agro-pastoralist herders in the lowlands). Only 5% of the cultivated area is irrigated. Ethiopia has a long history of large-scale famines triggered or exacerbated by an extreme drought, most notably in 1973-4 and 1984-5. Over the last decade the Ethiopian Government has adopted a number of innovative and effective mechanisms to increase household, community and national resilience to climate shocks and stress; and to commit to a green, low carbon development path, making use of the country's significant renewable energy resources to power industrialisation and urbanisation. The fourth, 2015-2020 phase of the rural Productive Safety Net Programme (PSNP 4) is one major component of the Government's strategy to address climate vulnerability, and contributes to both the adaptation and mitigation goals.

## **Theme**

**Adaptation.** PSNP 4 is part of the Ethiopian Government's response to the increasingly unpredictable weather patterns in the Horn of Africa, which is likely to make traditional low-input crop- and livestock-based livelihoods increasingly vulnerable to long-term shifts in rainfall and temperature (stress) and an increased incidence of extreme events such as drought and floods (shocks). 'Adaptation' involves changing the way in which households, communities and different levels of Government do things in order to prepare for the potential impacts of climate change - both in terms of preparing for and protecting against negative impact but also anticipating and being able to exploit new opportunities, if for example new conditions allow for growing different crops.

**Mitigation.** Although not originally conceived as such, there is strong evidence that PSNP has contributed to climate change mitigation: that is, to off-setting the rising level of atmospheric carbon dioxide that is contributing to global warming. The majority of the 45,000 public works projects completed each year through PSNP public works labour focus on soil and water conservation, using terracing, tree-planting and gully control measures to arrest and reverse the effects of rapid runoff and soil erosion on deforested

and over-grazed hillsides. Rehabilitated slopes are then 'enclosed' so that grazing is prohibited and cutting of wood controlled. Detailed scientific studies show that over three to five years these enclosed areas sequester large quantities of carbon in both the soil and biomass.

### **Local Context**

PSNP 4 is a country-level programme, but with spill-over benefits in terms of the contribution to climate change mitigation through carbon sequestration.

### **What is being done**

The PSNP 4 will cost £2.216bn, funded by the Government of Ethiopia (14%) and nine donors. DFID will contribute £276m (11% of the total), of which £176.2m (64%) will be financed from the ICF. DFID funding is front-loaded: ICF spend will be £49.1m in 15/16, then around £31m in each subsequent year.

The new five-year (July 2015-June 2020) phase of PSNP builds on findings from PSNP 3 regarding the contribution to date of the PSNP to climate change mitigation and adaptation, and recommendations (developed through the DFID-funded Climate Smart Initiative, CSI) for how to further amplify these contributions through modifications to the transfer, public works and livelihoods components of the PSNP. Both the core multi-year transfers (to chronically food insecure households) and the annual contingency budget (for response to transitory food insecurity due to drought) help households smooth consumption and avoid distress asset sales in the face of changing climatic variability; while public works such as terracing and other watershed rehabilitation reduce erosion, improve infiltration, replenish water tables and enable the introduction of small-scale irrigation, boosting household and community resilience to low or unusually-timed rains. This phase significantly increases the scale of coverage: eight million people – the core caseload of chronically food insecure households – will receive multi-annual transfers, while each year another two million will be identified as in short-term (seasonal) food insecurity due to shocks, and will receive transfers for one year from a pre-positioned contingency budget line. In practice this year, as a result of the impact of the El Nino driven drought, the contingency budget line has been used to provide additional rounds of transfers to the core caseload of 8 million beneficiaries.

PSNP 4 also introduces a number of innovations in the planning of public works, the provision of livelihood support, gender provisions, and investments in programme management tools and links to broader national policy systems for social protection and disaster risk management.

### **Expected Results**

PSNP 4 is expected to deliver continued declines in hunger and poverty for the poorest, most climate-dependent rural Ethiopians by protecting them from weather-induced production shocks and improving their ability to deal with shocks that do occur (an

average decline in months of food stress by half a month for 10 million people). Soil and water conservation activities through PSNP public works will build resilience by protecting watersheds from the impact of drought and connecting remote communities to markets, services and economic opportunities (more months of streamflow, increased area covered by small-scale irrigation, increased agricultural yields, thousands of kilometers of rural roads built or improved); while the delivery of predictable transfers will allow households to avoid hunger and distress asset sales during bad years and allow them to accumulate productive assets and work their way out of poverty during good years (reduced distress asset sales, increased average holdings). The livelihood component will help beneficiaries to diversify out of climate-dependent activities (increase in off-farm and wage labour incomes, increased total income). Finally, the rehabilitation and protection of watersheds through public works is expected to result in significant carbon capture through sequestration in soils and biomass in enclosed areas.

### **Links to Further Info**

- [Leaving no-one behind: Ethiopia's Productive Safety Net and Household Asset-Building Programmes.](#)
- [Coping with change: How Ethiopia's PSNP and HABP are building resilience to climate change.](#)
- [Scene of famine in Ethiopia 'transformed'](#) (BBC News at Ten, 13th July 2015)
- [Designing and implementing a rural safety net in a low income setting : lessons learned from Ethiopia's Productive Safety Net Program 2005-2009](#)