Graduation from the Food Security Programme in Ethiopia: FAC Ethiopia Final Report

Stephen Devereux, Rachel Sabates-Wheeler, Mulugeta Tefera Taye, Ricardo Sabates and Feyera Sima

March 2014
# Contents

1. **Background** .......................................................................................................................... 3

2. **Methodology** ...................................................................................................................... 3

3. **Ethiopia’s graduation model** .................................................................................................. 3

4. **Pathways to graduation and resilience** .................................................................................. 5

   4.1 Understandings of graduation ................................................................................................. 5

   4.2 The graduation process ............................................................................................................. 6

   4.3 Graduation performance ......................................................................................................... 7

   4.4 Appeal process ......................................................................................................................... 8

   4.5 Views of PSNP beneficiaries on their future graduation .......................................................... 9

5. **Livelihood trajectories** .......................................................................................................... 9

   5.1 Livelihood strategies ................................................................................................................. 9

   5.2 Household assets and wellbeing .............................................................................................. 11

   5.3 Shocks and coping strategies .................................................................................................. 12

   5.4 Household asset building packages ....................................................................................... 14

6. **Graduation enablers and constraints** .................................................................................... 16

   6.1 Programme-specific enablers .................................................................................................. 16

   6.2 Programme-specific constraints ............................................................................................. 17

   6.3 Beneficiary-specific enablers .................................................................................................. 18

   6.4 Beneficiary-specific constraints ............................................................................................. 19

   6.5 Market-specific enablers ......................................................................................................... 20

   6.6 Market-specific constraints ..................................................................................................... 20

   6.7 Climate-specific enablers ........................................................................................................ 21

   6.8 Climate-specific constraints .................................................................................................... 22

7. **Recommendations for improving graduation outcomes** ........................................................ 22
1 Background

The Government of Ethiopia launched the Productive Safety Net Programme (PSNP) in 2005, as the flagship component of its larger Food Security Programme (FSP), which also included the Voluntary Resettlement Programme (VRP) and Other Food Security Programmes (OFSP). The PSNP itself has two sub-components. Public Works offers temporary employment on rural infrastructure projects to eligible food insecure households with labour capacity. Direct Support delivers unconditional cash or food transfers to eligible food insecure households without labour capacity.

The overarching objective of the FSP was to break Ethiopia’s chronic dependence on annual emergency appeals for humanitarian assistance, by providing structured support to food insecure households over an extended period. The initial expectation was that the numbers of PSNP participants would fall over time as households achieved food security and no longer needed programme support. In reality, the numbers increased due to several shocks that increased food insecurity in rural Ethiopia, such as food price spikes and rain failures. This highlights the challenge of ‘graduating’ households out of chronic food insecurity in a fragile agro-ecological context characterised by dependence on rain-fed agriculture but with highly variable rainfall.

In 2010 the second five-year cycle of the FSP was launched, still including the PSNP and VRP but with the Household Asset Building Programme (HABP) replacing OFSP and an additional new component – Complementary Community Investments (CCI). In this cycle the objective of ‘graduating’ households out of the programme was more explicit, and it was announced that the PSNP would close in 2014. The implication is that millions of rural Ethiopians are expected to move out of chronic food insecurity within five years, which gives more urgency to understanding how effectively graduation is actually being achieved at grassroots level. However, in the last 3 years Government and Development Partners have recognised that such an ambitious graduation objective is unrealistic and plans to set up a revamped post-PSNP are well underway.

This study aims to add to the understanding of how graduation is happening in Ethiopia through the Food Security Programme. The specific objectives of this study are:

- To explore how graduation is conceptualised and operationalised in Ethiopia’s Food Security Programme, from the perspective of both programme administrators and programme participants.
- To analyse the range of factors that ‘enable’ and ‘constrain’ graduation at different levels, from programme design and implementation to participants’ or beneficiaries’ characteristics, to contextual factors such as market access and climate variability.
- To draw lessons for good practice and recommendations for improved graduation outcomes, from suggestions made by programme administrators and participants.

2 Methodology

The findings presented in this report come from qualitative and quantitative fieldwork conducted in 8 communities of 4 woredas in 2 regional states – Oromia and Tigray – where the Productive Safety Net Programme (PSNP) is being implemented. Livelihoods and graduation processes were tracked over a period of 2½ years, from 2011 to 2013.

Research methods included:

- a review of secondary sources, especially Food Security Programme documents;
- a household questionnaire survey covering 300 households (75 from each woreda: 40 PSNP participants, 15 non-participants and 20 graduates). This survey was conducted twice with the same households over the survey period. The ‘baseline’ report has been published as a separate FAC working paper;
- key informant interviews (KII) with Food Security Task Forces (FSTF) at federal, regional, woreda and Kebele levels, and trader interviews at woreda/kebele level;
- focus group discussions with different groups of community members – females and males on upward livelihood trajectories, stagnating trajectories, and graduates;
- case studies of graduate households, current participants and non-participants.

3 Ethiopia’s graduation model

Graduation has become central to the Government of Ethiopia’s assessment of whether the Food Security Programme is succeeding in its objective of reducing chronic food insecurity in the country. In theory, all chronically food insecure households in Ethiopia should be registered on the PSNP, and those with labour capacity should exit from the programme (i.e. stop working on Public Works) when they have achieved a level of food security. In this sense, a crude indicator of the success of the PSNP could therefore be measured by the total number of households registered on the programme, which is expected to fall every year.

A household is considered ready to ‘graduate’ from the PSNP when it has achieved ‘food sufficiency’, which was defined in the ‘Graduation Guidance Note’ for the PSNP as follows:

- To draw lessons for good practice and recommendations for improved graduation outcomes, from suggestions made by programme administrators and participants.
“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.”

Though conceptually clear, this definition raises several questions at an operational level, including how to assess whether a household is ‘food sufficient’ over a 12-month period, and how to assess whether the household is resilient against modest shocks. These questions are important because Food Security Task Forces constituted at the local kebele level (KFSTF) are responsible for assessing the readiness of households to graduate, so clear guidelines are needed to implement graduation in practice.

An important distinction is also drawn between graduation from the PSNP, which is defined as the household achieving ‘food sufficiency’, and graduation from the Food Security Programme, which occurs when the household is assessed as ‘food secure’. However, the conceptual and operational distinction between food sufficiency and food security is not clear in programme documentation. In practice (and in this report), the policy focus has emphasised graduation from the PSNP.

An important recognition of the second cycle of the Food Security Programme is that the PSNP is not sufficient to graduate households on its own. Transfers made to households as unconditional Direct Support or as Public Works wages can protect consumption and assets but have little impact on income growth and asset accumulation without complementary support to livelihoods. Accordingly, the Food Security Programme aims to strengthen livelihoods with an integrated and linear approach, first stabilising household assets, then promoting asset accumulation and ensuring access to sufficient food all year round, which would result in graduation, first from the PSNP and later from the FSP. The intention is to combine the components so that participating households do not only consume the transfers they receive, but also create useful assets on Public Works and acquire productive assets through the HABP that will generate future streams of income.

Figure 1 illustrates the ‘graduation pathway’ out of the PSNP and the FSP, highlighting the various forms of support and assistance that should be provided to households at different levels of food insecurity.

The challenges of operationalising the definition of graduation in the Graduation Guidance Note led to the introduction of asset-based thresholds or ‘benchmarks’, which serve as proxies for ‘food sufficiency’ and ‘resilience’. Each region (e.g. Oromia, Tigray) is required to set a benchmark in Birr, which represents the local market value of a bundle of assets (such as livestock and farm tools) that are deemed to be adequate for a household to cover its food needs for at least 12 months and to buffer the household against modest shocks. The benchmark value could vary across and even between regions. For instance it could be adjusted by ‘livelihood zone’, given that different livelihoods (e.g. foodcrop farming, cash crop farming, pastoralism) require different sets of assets to be viable and sustainable.

The PSNP Programme Implementation Manual (PIM) for phase 2 elaborates on how these benchmarks should be applied to decide when households should graduate from the PSNP.
4.1 Understandings of graduation

The quantitative surveys found that virtually all PSNP participants have heard of graduation, but only slightly over two-thirds (70%) claimed to know what the graduation criteria are, with no significant differences between Oromia and Tigray, or between male- and female-headed households. Most participants stated that the graduation criteria applied in their kebeles are related to livestock ownership, annual food crop production and annual cash crop production. Smaller numbers mentioned household land size and land quality.

Almost all respondents interviewed during the 2nd and 3rd rounds of qualitative fieldwork have a good knowledge and understanding of graduation. Most PSNP participants and former participants (‘graduates’) associate graduation from the PSNP with increasing food production, acquiring assets, and achieving self-sufficiency or ‘self-dependence’ – the ability to meet basic needs on their own without external support.

4 Pathways to graduation and resilience

This section reviews evidence on how the graduation process from PSNP and the FSP is understood by programme participants and Food Security Task Forces, how graduation is implemented and experienced by graduates, how effectively graduation is implemented, the appeal process, and attitudes towards graduation by PSNP and HABP participants.
shoats and a dairy cow. So I will plan for graduation in the coming period.”

“I graduated from Safety Net by creating assets and by my own motivation”

“When an individual works and creates some assets and changes his living condition, he will be graduated from Safety Net. On one hand I am thinking that if I did not buy bulls and change myself, I will remain in the Safety Net and continue to get payments. But on the other hand, I am thankful for getting the credit, because I changed myself and graduated from the Safety Net.”

Several Woreda Food Security Task Forces (WFSTFs) acknowledge that there is widespread resistance to graduation, which they attribute to “dependency mindset”.

“The problem of graduation is that even if households have better assets, they do not like to graduate from Safety Net. This year to reduce the dependency mindset we are doing much on awareness raising to make the beneficiaries ready for graduation.”

Some respondents complained that they were forced to graduate prematurely – before they met the graduation criteria and before they had attained self-sufficiency in their livelihoods.

“Even if we achieved some improvements, it is not enough. We cannot say we are self-sufficient in livestock, food, seed and other assets.”

“I was told I was graduated at a meeting. I do not know anything more than this. I also opposed the decision but they [kebele administration] told me: “It’s up to you, if you are not willing to graduate.” Accordingly they graduated us by force and I accepted, thinking that I may eat what God will give me.”

In addition to understanding the graduation criteria, several PSNP participants explained that they know what to do to graduate themselves through working hard and diversifying their income sources.

“I have a plan to get additional credit. I want to get a loan for oxen fattening and plan to continue supporting my family with fattening profit.”

“I have plans to do additional work on honey production, and to buy a milk cow so that I can do more business to cover the support I was getting.”

According to WFSTFs, they understand graduation as a process of releasing households from external dependency, after they attain certain benchmarks that constitute exit criteria from the PSNP. WFSTFs also indicated the existence of ‘self graduates’ who prefer to discontinue receiving benefits from the programme. This occurs when Public Works participants assess the opportunity cost of working on public works projects as higher than the income they can earn from other livelihood activities, so they ‘graduate themselves’ before being nominated by KFSTFs.

The WFSTFs in our four study woredas stated that recently they have started to conduct socio-economic assessments in order to identify programme participants who are ready for graduation. During the first phase of PSNP there was pressure from the regions to graduate households early, even before they meet the official exit criteria.

“There was a push even to graduate households that have not reached the benchmark. This year graduation is conducted based on assessment of households’ livelihood status.”

4.2 The graduation process

All woredas are supposed to have a graduation plan to implement, including targets for how many PSNP households should be graduated each year. Some Food Security Task Forces reported that there have been changes over time in graduation planning and benchmarks in their woreda, while others stated that there have been no such changes. The most significant change in planning was the numbers of graduates anticipated for each year.

“There are changes in graduation planning, especially for this year. We planned for very high numbers of households to graduate because of credit facilities and the graduation benchmark for this year is better than other years. Unfortunately we faced problems of drought.”

Graduation benchmarks have also changed, due to the fact that the benchmarks developed for the 1st phase of PSNP were found to be inappropriate, given changing market conditions. Because of high inflation rates, the benchmarks for household asset values have been raised.

The Federal Guideline on Graduation was put into practice in 2008. Benchmark values were not only adjusted over time but also varied between regions. In Oromia, the benchmark value of assets was initially set at Birr 19,000 per household while in Tigray it was set at Birr 5,600 per person, which equates to higher than Oromia for households of 4 or more members. Within Oromia, in 2012 each woreda was allowed to set their benchmark between Birr 25,000 and 35,000, depending on local inflation rates and other factors. In Fedis and Zuway Dugda woredas the benchmark level was fixed at Birr 32,000 and 30,000 per household respectively.
Key informant interviews with Kebele Food Security Task Forces (KFSTFs) affirmed that they use existing benchmarks and criteria when screening candidate households for graduation.

“We have screened those households who have been improving their livelihood.”

“We reviewed the assets of the beneficiaries and their income. The benchmark is still the same and the criteria for graduation have not been changed.”

Household respondents confirmed the process for graduation. They further described the process as starting with the inventorying of the household’s assets like livestock, housing conditions (e.g. corrugated iron sheet roofing), ability of families to send children to school, whether a loan package was received, crop production, and other household income.

“They estimated all my resources – ox, goat, donkey and crop production – and decided to graduate me from Safety Net.”

Some households complained that the assessment of who should graduate was based only on an inventory of household assets (number of livestock owned, ownership of productive land, access to irrigation, etc.), without necessarily comparing the total value of household assets against the benchmark value. These PSNP graduates complained that this practice had resulted in ‘premature’ graduation.

Cases were reported where there was a lack of transparency in the graduation process, and no prior orientations to prepare households for graduation. In the quantitative survey, 73% of current beneficiaries reported that they were not told when they would graduate. Among those who were told, almost half (47%) were told they would graduate at the end of the current season, one-third (32%) were told they would graduate the next year and the rest (21%) were told they would graduate in two years time. The qualitative fieldwork found that some graduates were simply told during the meeting called by the kebele administration on graduation ceremony day.

“They [kebele administration] called us to a meeting and told us to graduate from Safety Net. They explained this was because we have assets and there are other needy households.”

“We were told about our graduation on the day we should graduate.”

Some PSNP graduates reported that this approach had improved over time, indicating some progress in implementation.

“We did graduation three times in our kebele. During the first two rounds households were told about their exit from PSNP on day of graduation ceremony. But during the third round we were told to prepare ourselves for one year before graduation.”

In all the sample woredas, according to KFSTFs interviewed, households are nominated for graduation based on annual socio-economic assessments conducted by the DAs. The socio-economic assessment includes registration of household assets and alternative sources of income such as salary and remittances, as well as annual agricultural production including cereals, vegetables, fruits, and honey and livestock products. The DAs obtain support and guidance from KFSTF and WFSTF (woreda experts) in undertaking such assessments. The outcome of the assessment is reviewed by the KFSTF and the list of households who are believed to fulfill the graduation criteria is presented to the general public (including PSNP beneficiaries) for final approval to graduate from the PSNP.

“We follow a standard procedure in identifying graduates. We have basic data on all PSNP beneficiaries and we record all the progress they achieved every year and we nominate households that fulfill the graduation benchmarks. We believe it is effective and transparent because after we screen the candidates based on objective data we present them to the general public and kebele council for final approval for their graduation.”

“We post the list of graduating households here at the kebele administration office compound for two weeks before final decision on graduation.”

### 4.3 Graduation performance

Woreda Food Security Task Forces (WFSTFs) are conscious of being assessed against their graduation performance, as though the number of PSNP households graduating every year is an objective indicator of the success of the PSNP in creating food secure and self-reliant households.

“We have graduated additionally more than 300 households recently, you can get the data. This is the progress we did regarding graduation after you came last time.”

“We have a plan to graduate significant number of households, about 25%, for this year. Those households who are expected to graduate are identified from each kebele and each village. The conducive condition that we expect to support graduation is that irrigation has been expanding and the use of agricultural inputs has been improving over time and this will improve productivity.”
In 2009 only one of four study woredas had a graduation plan based on socio-economic assessments, but by 2011 this had risen to three out of four and in 2013 all four woredas submitted graduation plans. In 2012 the three woredas with plans reported that they had met 75%, 92% and 98% of their graduation targets. In Tigray one WFSTF interviewed in 2012 believed their graduation plan is realistic and achievable, because they received good rains, they have provided irrigation to most farmers, they expect a positive impact from HABP and other credit services and access to credit is demand-driven. This WFSTF also believed they had learned from past experiences, they had been raising awareness about graduation and people’s mentality is changing such that their desire to graduate is increasing from year to year. However, the situation is quite different in Oromia, where one WFSTF expected an achievement of only 70-80% from their graduation plan due to recurrent droughts.

Several WFSTFs complained that many households were reluctant to graduate, which they attributed to “dependency mindset”. However, they pointed to evidence that graduates were better off and continuing to improve their livelihoods and asset ownership after being graduated as evidence of the success of this approach.

“The dependency of the people on external support like PSNP is decreasing and the irrigation coverage of our woreda is increasing. We are working hard to let every farming household have access to irrigation technology. Although the dependency feeling is not fully overcome in the society, I have seen some people who were PSNP beneficiaries in the past having up to 45 sheep and an Isuzu truck.”

One parameter that shows the progress of graduation and appropriateness of benchmarking is the extent that those who graduate do not return back to PSNP. Accordingly, the second round study found that all the WFSTFs interviewed asserted that there is no-one who returned back to PSNP after he/she graduated.

4.4 Appeal process

There is a PSNP complaint mechanism at kebele level called the appeal hearing committee, which is formed by PSNP beneficiaries themselves and is supposed to be free from kebele interference. When household beneficiaries have a grievance they can lodge their complaint with the local kebele appeal hearing committee through their KFSTF and kebele leaders. In the quantitative survey, 15% of current participants who were told they would be graduated appealed this decision. The most common reason was that they expected no change in the decision, and one quarter (24%) said they had no reason to appeal.

“I did not appeal. I feared that if I appeal I may commit something wrong.”

“I did not appeal. Because it is the officials that graduated us, it is those who had been supporting us that said you have reached for graduation, so who can we appeal to?”

“No, I did not appeal. I was told that I would be graduated and I realised I have no other chance. I have not fulfilled the graduation criteria and I should not be graduated.”

Several people who lodged complaints against being graduated had their appeals rejected.

“Yes we appealed to DAs and kebele administration. They told us you will be considered if another support will come. We simply left it, believing that God’s support is better.”

Many households are disillusioned about the appeal system, believing that it is not impartial and does not work well, because there are very few successful appeals.

“All the decisions of the KFSTF committee were the same as the decisions of the appeal hearing committee.”

Of course, this does not necessarily mean that the system is not working. It is possible that the appeals that were dismissed were not valid and the initial KFSTF decisions were correct.

There are some cases of successful appeals, though the number appears to be small.

“I am among those who appealed. I appealed as I was not ready for graduation, accordingly the kebele task force that hears appeals has heard my appeal and returned me to the Safety Net and as a result I am getting Safety Net still now.”

“I personally have returned back after appealing because I didn’t fulfil the graduation criteria and I was one of the ultra poor in the kebele.”

There are reports of households being re-registered on the PSNP, not necessarily implying that they were graduated prematurely, but because they experienced livelihood shocks that caused them to become eligible again.

“Yes, there are households who returned to PSNP for the reason that they faced economic tragedy after their graduation.”
4.5 Views of PSNP beneficiaries on their future graduation

There is some ambiguity about the attitude of PSNP participants towards graduation. Are they enthusiastic and determined to graduate, or are they doing everything they can to remain eligible for as long as possible? Has the PSNP created ‘self-reliance’ or has it created a ‘dependency’ mindset?

Some graduates expressed a very positive attitude, agreeing that they were graduated because they had fulfilled the benchmarks.

“I was very happy being graduated from Safety Net.”

“I graduated from the Safety Net because I had created sufficient assets, so it was fair and timely.”

Interestingly, one graduate admitted that he had not felt ready to graduate, but realised later that he was ready after all.

“If you take me as an example I was complaining when I was graduated a year ago, but now my income is increasing because I am able to produce some cash crops.”

A more common attitude is that participants state they are willing to graduate in principle, but they do not feel ready and want more time and additional support before leaving the programme. In the quantitative survey, only one-third (36%) of current participants stated that they are ready to graduate. There was a significant gender difference: 42% of male-headed, but only 19% of female-headed households, felt ready to graduate. When asked why they did not feel ready to graduate, the other two-thirds gave three main reasons: they needed more time (a) to become self-sufficient in food production, (b) to earn enough cash income to be self-sufficient, and/or (c) to create more assets and become self-sufficient.

On the other hand, only one-third of current participants (34%) have no confidence that will ever be ready to graduate. Two-thirds (66%) believe they will be ready to graduate at some point in the future.

Several graduates expressed the view that they had been graduated prematurely.

“They graduated me, saying: ‘You are reached for graduation, you bought oxen and improved’. I said: ‘No, I need additional assets’. But they said: ‘You have now created assets. You can even support others rather than taking more support’.”

This view is not shared by many woreda and kebele FSTFs, who interpret the reluctance of participants to graduate as evidence of a ‘dependency mindset’. Some key informants argued that the process of graduation should be speeded up, to break this mindset. They also argue that the physical assets created by Public Works are supporting graduation, so the assessment should not be based only on assets owned by the individual households.

An interesting perspective came from one focus group discussion with community leaders, who shared their observation that PSNP participants are taking strategic actions (such as selling their land) to avoid graduating, whereas non-participants display no such signs of ‘dependency’ behaviour.

“When we compare PSNP beneficiary and non-beneficiary households there is a change for non-beneficiaries because beneficiaries are highly dependent on help – they are expecting help – and they always have fear, they don’t want to work hard on their farms, they are selling and renting their land instead of working on it, they don’t want to graduate from PSNP, whereas non-beneficiaries don’t expect anything from the government so they are working day and night on their land.”

In terms of whether graduation that has already occurred is sustainable, an encouraging finding from the quantitative survey is that most graduates (81%) expressed their confidence that they will not return to the PSNP ever again. Only a minority (19%) had “no confidence at all” that they will never require PSNP support again in the future.

5 Livelihood trajectories

This section discusses the livelihood strategies practised by the study communities, the impact of shocks and household strategies for coping with shocks, and the Household Asset Building packages delivered by the Food Security Programme.

5.1 Livelihood strategies

The livelihood base of PSNP beneficiaries and non-beneficiaries in the study woredas is dominated by agriculture (both crop farming and livestock production), daily labour, and keeping bees for honey. There is little visible variation in the sources of livelihood, either within or between Oromia and Tigray. Within farming, households produce cereals, vegetables and other crops, both for sale in local markets as well as for consumption needs at home. Within livestock production households do rearing, fattening, milk production, and other livestock-related activities. During the off season (non-farming) months, adults in rural areas engage in daily labour if they can find employment.

According to community leaders, there has been little change in livelihood patterns in their respective areas over the past five years, only some shifts in terms of which crops are cultivated and how they are produced. For instance, the HABP has increased production of honey by distributing hundreds of beehives, and vegetable production has been promoted using motor pumps.
acquired through HABP loan packages. Farmers report that they are producing more for the market than before, especially vegetables like onion and tomato, as well as other cash crops. Another shift induced by the PSNP/HABP is a reduction in the amount of seasonal migration, since more livelihood opportunities are available in home communities.

“We use motor pumps and water-wells, we received training, encouragement and credit from the government – these are the causes of changes. It is due to the positive role of the government credit access.”

Other changes that have improved livelihoods in specific areas include the introduction of improved cattle breeds that have raised milk production, complementing rain-fed agriculture with irrigated agriculture, applying fertilisers, receiving extension advice and improved varieties to increase crop production, and diversifying to edible cash crops such as peanuts and haricot beans.

“By using the above positive changes we improved our food security, our clothing, and in general our way of life has improved.”

Comparing PSNP participants and non-participants, participants are generally considered to be poorer (as would be expected), but they have the advantage of two streams of income.

“Livelihood differences between beneficiary and non-beneficiary households are that the income of beneficiaries is hand to mouth, but non-beneficiaries work hard and get better income, but beneficiaries have limited income.”

The majority of current PSNP participants (61%) and PSNP graduates (53%) interviewed stated that their livelihoods are improving, around one in five (17-21%) reported no change since they joined the PSNP, but a significant minority of current participants (18%) and graduates (30%) perceive their livelihoods as declining over time (Figure 2). Interestingly, these figures are more negative for graduates, suggesting that their livelihoods fall back to some extent after they lose the support they received from the PSNP.

When asked what factors are responsible for livelihoods improving over time, the two main reasons given in the quantitative survey are improved access to extension services (35%) and improved access to inputs (32%). Other factors include better market prices for products (17%) and diversification of household income sources (17%). All of these positive factors are associated with participation in the Food Security Programme.

When asked what factors are responsible for livelihoods declining over time, significant differences were recorded between the two survey regions. In Tigray, the top three factors mentioned were high living costs (49%), high input prices (36%) and crop disease (13%). In Oromia, the top three factors were livestock disease (51%), high living costs (26%) and drought (10%).

Several programme-related factors were mentioned by current PSNP participants as supporting their potential for graduation. These factors included (1) credit from HABP (31%), (2) extension support from DAs (20%), (3)
skills training (18%), (4) access to irrigation (15%), and (5) access to good markets (9%).

5.2 Household assets and wellbeing

One indicator and determinant of changes in livelihoods and wellbeing over time is changes in ownership of productive assets. The household survey collected data from households on their ownership of various assets, including livestock (oxen, bulls, cows, goats), productive assets (plough, axe, hoe), household goods (kerosene stove, chair, sofa) and consumer durables (mobile phone, radio, television). By comparing asset ownership one year apart and using the market replacement costs in 2012, the total value of each category of assets could be calculated over time and across households by their PSNP status.

Table 1 reveals that current PSNP participants showed only marginal gains in the value of their asset holdings over the year. Graduates, on the other hand, enjoyed significant gains, especially in productive assets (31%), consumer durables (29%) and, to a lesser extent, livestock (10%). Non-participants reported substantial gains in terms of consumer durables (40%), but a decline in their livestock ownership (-7%).

An especially important asset for farming households is land. Figure 3 shows the average land size per household used for farming (either owned, rented in or sharecropped) as well as irrigated land, by PSNP status. There is evidence of a decrease in average farmland between the first round survey in 2011 (W1) and the second round in 2012 (W2), which is not easy to explain. More significant, however, is the comparison across PSNP status: graduates have significantly more farmland than current PSNP participants, which suggests that households manage to increase their access to land for farming as a result of their participation in the PSNP, and that this positive impact is sustained for some time after they are graduated. In fact, their average farmland (1.18 hectares) was the same as that of non-participants in the first round survey, and significantly higher than non-participants in the second round – although non-participants appear to have upgraded some land with irrigation. On the other hand, access to irrigated land remains very low for both current participants and graduates, which is important as access to irrigation was identified as a critical factor for raising and stabilising crop production.

As an indicator of wellbeing, survey respondents were asked in both 2011 and 2012 if their household had suffered any food shortage within the preceding 12 months. Over the two years, food security improved (they had food shortage in 2010/11 but not in 2011/12) for 25% of current participants, for 21% of graduates and for 14% of non-participants. This suggests that participation in the PSNP is beneficial for household food security. However, the overall situation is more complex: 25% of current participants were food insecure in both years, and 18% reported a deterioration in their food security status (food shortage in 2011/12 after none in 2010/11). Only 31% of current participants were food secure in both years, but this percentage was lower than graduates who were food secure (41%) and non-participants who were food secure (45%) (Figure 4).

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Livestock</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current beneficiaries</td>
<td>2,852.65</td>
<td>2,785.47</td>
<td>57.18</td>
</tr>
<tr>
<td>Graduates</td>
<td>4,652.31</td>
<td>4,242.18</td>
<td>410.13</td>
</tr>
<tr>
<td>Non-beneficiaries</td>
<td>4,095.20</td>
<td>4,397.16</td>
<td>-301.96</td>
</tr>
<tr>
<td><strong>Productive Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current beneficiaries</td>
<td>376.33</td>
<td>331.22</td>
<td>45.11</td>
</tr>
<tr>
<td>Graduates</td>
<td>834.07</td>
<td>635.51</td>
<td>198.55</td>
</tr>
<tr>
<td>Non-beneficiaries</td>
<td>403.06</td>
<td>342.87</td>
<td>60.18</td>
</tr>
<tr>
<td><strong>Household Goods</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current beneficiaries</td>
<td>284.48</td>
<td>239.66</td>
<td>44.81</td>
</tr>
<tr>
<td>Graduates</td>
<td>401.61</td>
<td>370.38</td>
<td>31.24</td>
</tr>
<tr>
<td>Non-beneficiaries</td>
<td>845.95</td>
<td>770.63</td>
<td>75.30</td>
</tr>
<tr>
<td><strong>Consumer Durables</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current beneficiaries</td>
<td>549.17</td>
<td>458.21</td>
<td>90.96</td>
</tr>
<tr>
<td>Graduates</td>
<td>816.35</td>
<td>632.91</td>
<td>183.43</td>
</tr>
<tr>
<td>Non-beneficiaries</td>
<td>985.62</td>
<td>706.23</td>
<td>279.39</td>
</tr>
</tbody>
</table>

Overall, current participants are worst off in terms of food security, while graduates are better off but not as well off as non-participants (implying that the programme is well targeted). Another food security indicator confirming this is the proportion of households that had to consume less preferred food during the most food insecure month of the previous year: 50% of current participants, 42% of graduates, and 28% of non-participants.

5.3 Shocks and coping strategies

Community leaders and other respondents confirmed that rural communities in the study woredas have experienced various shocks in the previous five years. These shocks include erratic weather (drought, floods, waterlogged fields, hailstorms, frost and ice), infestation of weed (*Striga hermotica*), shortage of water, crop disease and pests (rust, army worm), shortage of fodder,
animal disease (foot and mouth) and high prices of food. In the quantitative survey households were asked what shocks they had experienced in the previous 12 months. The most common shock was drought, followed by high food prices, then flood, loss of crops and livestock, and serious illness in the family (Table 2).

These shocks affected local households by reducing their income, depleting their asset base, killing their livestock, destroying their crops, causing family members to go hungry, fall ill or even die, and leaving them food insecure and more vulnerable to future droughts and other shocks. In the quantitative survey, loss of productive assets emerged as the most significant impact of shocks (Table 3), which is significant for graduation outcomes, because asset accumulation and asset-based thresholds are central to the operationalisation of graduation in Ethiopia’s Food Security Programme.

“Two years before there was drought and hail. Households were forced to sell their livestock at depleted prices to buy other food stuffs. Some households engaged in charcoal production by deforesting forests to fulfil their means of existence.”

“Many times pests such as army worm damaged our crops and we used insecticides to protect our crop from the pests. Foot and mouth disease is another problem that affects livestock and shoats. This disease is communicable and has also affected the health of people.”

Households considered most vulnerable to shocks included the poor who have no means of coping (i.e. those who have no assets to sell), older-headed and child-headed households. As for individuals, children, women (especially pregnant and lactating), and older persons were identified as the primary victims of livelihood shocks that occur. During episodes of food shortage, mothers and children are affected by malnutrition as their consumption is not given priority within households. In addition, children especially daughters, are forced to work or get involved in activities that challenge their physical capacity, such as fuelwood collection.

“The people that are affected most by shocks are women and children because they have no access to food, especially women who are breast-feeding their children. Within households, women give priority in food provision for their husbands because they believe that children can only be born if the husband is alive. Pregnant women collect and sell firewood to feed their family especially their husbands.”

Households adopt a range of coping strategies in response to livelihood shocks, including:

- collecting fuelwood, preparing charcoal and fibre rope
- making farm tools to sell in nearby markets
- borrowing money to buy food stuffs
- using insecticides to prevent pests
- selling assets, including livestock
- mortgaging standing crops at cheap prices before harvesting
- getting support from the government, including PSNP and risk financing.

In the quantitative survey households were asked which specific strategies they had adopted in response to their most recent episode of food shortage. Again, consumption adjustments were the most common (which resonates with evidence from the literature, that easily reversible strategies with no long-term consequences are adopted first in the sequence), followed by sales of livestock to smooth consumption. Very few households adopted other strategies such as borrowing, asking relatives and friends for help, or renting out their land to raise money for food (Table 4). Households still participating in the Food Security Programme reported being better able to withstand shocks, because they can use their PSNP transfers or the income generated from their HABP assets as a means of coping.

Some graduate households also draw on savings they accumulated while on the programme. Savings are an important buffer against livelihood shocks. In both rounds of our quantitative survey, around one-third of current participants and one-third of graduate households reported that they managed to save some money during the 12 months preceding the interview. Graduates did manage to save more than twice as much cash as current PSNP participants, but their level of savings dropped by 15% between survey rounds (Table 5), possibly reflecting their need to ‘dis-save’ because no longer receiving transfers from the PSNP represents an
income shock in itself. Interestingly, the amount of cash saved by non-beneficiaries surveyed doubled between rounds 1 and 2, suggesting that this was not a difficult year in terms of covariate shocks that would decimate household savings.

Some graduates reported that they have been able to strengthen their social networks and build their social capital thanks to the PSNP, and they can draw on their social capital when needed to manage livelihood shocks.

"Social networks, especially the [Islamic] Sedeka, and borrowing goods and cash from relatives are our techniques of survival." 53

Despite acknowledging the important positive role played by the PSNP in stabilising their consumption during periods of crisis, many respondents pointed out that the transfers were inadequate to fully smooth their consumption, especially after they lost their few assets.

"There is no way that we could recover from shocks after we sold our assets. However, we did not have that many assets that we could use to cope with shocks anyway." 54

5.4 Household Asset Building Packages

The packages provided under the HABP include: poultry farming, sheep and goat rearing, oxen fattening, dairy (milking cow), honey production from modern and traditional beehives. Of these packages, sheep and goat rearing, poultry production, and honey bee production were considered to be most effective. Sheep and goat rearing and poultry production were generally more successful for female-headed households, while oxen fattening and honey production were more successful in male-headed households. However, some male-headed households conceded that dairy production and oxen rearing were not effective for them because of their limited access to rangelands for grazing. Credit for crop production (especially cash crops) was also very popular and effective, especially where irrigation was introduced to household farming systems.

The amount of credit provided by the HABP varies depending on the nature of the livelihood packages. On average, the highest credit was given for small-scale irrigation (averaging £175 at £1 =30 Birr), followed by fruit and vegetable production, oxen fattening and dairy, then improved seeds, then beehives for honey production. The smallest loans (worth around £8) were for poultry production (Table 6).

The amount borrowed ranges from a few hundred Birr to several thousand Birr, depending partly on the recipient's experience of taking credit. For first time borrowers the amount is less but it continues to grow provided he or she repays the previous loan.

"When I first came from Eritrea I had nothing, then I started to create assets. I repeatedly took MARET project credit: first 1,200 then 2,000, then 3,000. I bought livestock – a cow and sheep – with the credit and finally I was able to buy improved variety of dairy cow." 55

| Table 3: Impacts of shocks faced in the past 12 months (% of households) |
|-----------------------------|-----|
| Loss of productive assets  | 40  |
| Loss of household income    | 19  |
| Reduction in household consumption | 17  |
| Asset & income loss         | 9   |
| Asset loss & reduced consumption | 5   |
| Income loss & reduced consumption | 4   |
| Asset & income loss & reduced consumption | 3   |

| Table 4: Coping strategies in response to food shortage (% of households) |
|-----------------------------|-----|
| Ate less food (smaller portions) | 40  |
| Reduced the number of meals per day | 19  |
| Sold livestock to buy food   | 19  |
| Borrowed food or cash to purchase food | 4   |
| Relied on help from relatives and friends | 3   |
| Sold other assets to buy food | 3   |
| Rented out land to buy food   | 2   |
| Reduced spending on non-food items | 2   |
“I have taken a water pump loan of 4,000 Birr four years ago, and I took another loan of a beehive of 1,100 birr five years ago, in kind. I have repaid the two loans. One year ago I took a loan for an improved beehive in cash. I also received a drip irrigation package for 900 Birr.”

Most respondents who took a livelihood package stated that they developed a formal business plan, usually supported by a Development Agent and family members. For the rest, even if they do not have a formal written business plan, they said that they had a clear objective when taking the credit, and that they invested it in the purpose they intended.

“Yes I have prepared a business plan. It was my relative who prepared the written business plan for me. The DA also supported me in preparing the loan application.”

Most recipients of credit packages stated that the loan was enough to run and expand their businesses, but some asserted that the loan they obtained was not enough.

“The credit provided was not sufficient. I need much more money to work with and pay back to the government after getting better benefit.”

“Most loan recipients reported that they had either repaid their loans already or would do so comfortably before the due date, using profits earned from their use of the loan.

“Yes I have prepared a business plan. It was my relative who prepared the written business plan for me. The DA also supported me in preparing the loan application.”

Respondents explained how they benefited in various ways from acquiring assets through credit packages, for example by buying and rearing livestock to sell their offspring, or by getting a beehive and selling honey, or by increasing crop production by acquiring water pumps to facilitate irrigation activities.

“The credit has given much benefit for me. I farmed my land with the bull and sold it for 5,700 Birr. I will buy two more bulls and farm my land with them in the next farming season and will fatten and sell them.”

Table 5: Savings behaviour of survey households, by PSNP status

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Graduate</th>
<th>Non-Beneficiaries</th>
<th>Statistic</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Round 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of respondents who saved money</td>
<td>56</td>
<td>30</td>
<td>25</td>
<td>Cramer’s V</td>
<td>no</td>
</tr>
<tr>
<td>Proportion who saved</td>
<td>36%</td>
<td>39%</td>
<td>42%</td>
<td>t-test</td>
<td>yes</td>
</tr>
<tr>
<td>Average amount saved</td>
<td>1,653</td>
<td>3,682</td>
<td>4,584</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Round 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of respondents who saved money</td>
<td>56</td>
<td>30</td>
<td>25</td>
<td>Cramer’s V</td>
<td>no</td>
</tr>
<tr>
<td>Proportion who saved</td>
<td>36%</td>
<td>39%</td>
<td>42%</td>
<td>t-test</td>
<td>yes</td>
</tr>
<tr>
<td>Average amount saved</td>
<td>1,653</td>
<td>3,682</td>
<td>4,584</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference average savings</td>
<td>3</td>
<td>-649</td>
<td>2,310</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6: Average credit provided by HABP livelihood packages

<table>
<thead>
<tr>
<th>Rank</th>
<th>Package</th>
<th>Birr</th>
<th>Rank</th>
<th>Package</th>
<th>Birr</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Small scale irrigation</td>
<td>5,300</td>
<td>8</td>
<td>Improved seeds</td>
<td>2,566</td>
</tr>
<tr>
<td>2</td>
<td>Irrigation kits</td>
<td>3,450</td>
<td>9</td>
<td>Beehives</td>
<td>2,467</td>
</tr>
<tr>
<td>3</td>
<td>Fruit production</td>
<td>3,000</td>
<td>10</td>
<td>Sheep / goat rearing</td>
<td>1,831</td>
</tr>
<tr>
<td>4</td>
<td>Fertilizer</td>
<td>2,722</td>
<td>11</td>
<td>Seed multiplication</td>
<td>1,563</td>
</tr>
<tr>
<td>5</td>
<td>Oxen fattening</td>
<td>2,600</td>
<td>12</td>
<td>Sheep / goat fattening</td>
<td>900</td>
</tr>
<tr>
<td>6</td>
<td>Vegetable production</td>
<td>2,600</td>
<td>13</td>
<td>Poultry production</td>
<td>250</td>
</tr>
<tr>
<td>7</td>
<td>Dairy</td>
<td>2,573</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
later. I will repay the loan from the sale of one bull. The goat has also given birth to two baby goats. I will sell the male and rear the female for breeding. These are all my benefits from the credit.\(^{62}\)

“After utilising the water pump loan, I bought 2 oxen, cows, goats and a donkey. With the oxen I plough my land, I get milk from the cows and I use my donkey for transporting my products to town. In future, I have a plan to increase my vegetable production to get better benefit. I will buy another big water pump and rent land and hire additional labour to increase the production of vegetables. I want to get improved seed of chickpea, maize and onion as well as tomatoes to get better yields.”\(^{63}\)

Not all households had positive experiences from their loan packages. Sometimes they lost more than they gained, due to unforeseen shocks that left them without assets and a debt to repay.

“No it doesn’t help us, especially those of us who take loans for poultry. Because there was a chicken disease my production was bankrupted and my asset level is decreasing because I have to sell my assets to repay the credit.”\(^{64}\)

Some HABP clients complained that they did not get the package they applied for. In Tigray, for instance, beehives were often distributed to households that had requested livestock, but respondents reported that honey production is incompatible with the local geography.

“Another problem we face is package substitution. For example, if we need oxen or milking cows or some other package loans, we will be obliged to take a modern honey beehive, because this is the most easily substitutable package when other packages are not available.”\(^{65}\)

6 Graduation enablers and constraints

The perspectives of various groups of respondents in our Tigray and Oromia sample woredas and kebeles were sought on the factors that enable or constrain graduation, first from the Productive Safety Net Programme (PSNP) and second from the Food Security Programme (FSP). Respondents are divided into two broad categories for this purpose: woreda and kebele perspectives (including WFSTFs and KFSTFs), and community perspectives (including Public Works participants and PSNP graduates, both male and female). In this section these perspectives are analysed using the ‘enablers and constraints’ framework.\(^{67}\) This framework identifies factors that operate at five levels: programme, beneficiary, market, location and climate. In this analysis, ‘location-specific’ factors are not treated separately since these overlap almost entirely with market-specific and climate-specific enablers and constraints.

6.1 Programme-specific enablers

According to key informants from the Woreda and Kebele Food Security Task Forces, several programme-specific enabling factors have played a pivotal role in facilitating graduation of beneficiaries from the PSNP. Specific factors mentioned include the following:

- increased size of loan packages provided through the Household Asset Building Programme (HABP) revolving fund,
- increased wage rate on Public Works,
- more timely release of payments compared to before,
- the application of full family targeting,
- timely release of risk financing to address shocks,
- launching of irrigation activities,
- adequate benchmarks for graduation (e.g. 30,000 Birr/household in Fedis, Oromia),
- enhanced commitment from government in encouraging communities to graduate.
Another key informant pointed out that special support has been given to women. "The government also has given attention for women to improve."68

At the community level the programme-specific enabling factors that respondents felt are facilitating graduation from the PSNP include enough credit, better access to credit, payment in food rather than cash, adequate benchmarks for graduation, good targeting, and training provided by the woreda. Women were more inclined to mention the availability of credit, while men highlighted both the increased wage rate and access to credit services.

"The wage rate is adequate for filling the food gap. The credit provided was also adequate and helpful for graduation."69

"We think that the graduation benchmark is appropriate and we will graduate if the government demands us to graduate. We thank the government for the support so far. The wage rate we get for Public Works is also sufficient."70

"The woreda is continuously providing training to the PSNP beneficiaries."71

"There has been awareness creation by DAs on how to fatten animals; how to feed and get better price."72

"Credit is available for those who are in need of starting new activities in agriculture and business."73

Another positive feature that emerged strongly from the quantitative data is the importance of regular contact with Development Agents (DAs) on programme-related matters. Over 80% of respondents – current participants, graduates, even non-participants – reported that they have contact with a DA at least once a month. The main reasons for these interactions are: to get farm inputs (especially fertiliser), to get loans or to repay loans, for orientation on Public Works and natural resource management, to receive formal skills training, often linked to the HABP packages, and to receive ongoing support related to the HABP packages.

Non-participants pointed out that they have also benefited from the training and advice on how to use inputs like fertiliser and how to fatten livestock, either by attending the training sessions or by learning from their neighbours. Non-participants also noted that the entire community has benefited from infrastructure constructed by public works projects, such as feeder roads and soil and water conservation activities. They concluded that the FSP has contributed to positive changes in livelihoods throughout the community, wherever the programme is implemented.

6.2 Programme-specific constraints

Many of the factors that were highlighted as programme-specific enablers of graduation were also mentioned by others as constraints. For example, even though the Public Works wage rate has been raised, it remains inadequate in the view of many, who argue that it is certainly not enough to finance pathways to graduation.

"Improving the wage rate from 10 to 15 Birr is not significant nowadays when market prices have been soaring. The wage rate is still far less than the market wage rate."74

"We are poor people with no assets. It was not possible for us to improve ourselves with the PSNP transfers paid. The cash payment was too small compared to the price of food stuffs at the market."75

"The transfer is not supporting graduation. It is too little. But every family member gets the transfer. The transfer is given only to support the food gap."76

Although some respondents commended the PSNP for improving the timeliness of Public Works payments, other kebeles complained about payments still being very delayed, and explained in some detail why this presents serious constraints to graduation.

"One thing that affects graduation is that Safety Net payment does not come on time, we expect it to start in January, but it comes at the end around June. During this time the beneficiary borrows money from individuals. Even during this time the price of cereals in the market becomes extremely high; if you take maize the price is around 200 Birr from September to December, but around June it is from 500-600. For those who want to buy and fatten livestock, during this time it becomes expensive as they are demanded for farming activities."77

The payment modality was also identified as a programme-specific enabler or constraint. While some respondents argued that receiving PSNP payment in food is an enabler, those who receive payment in cash identify this as a constraint.

"The PSNP payment needs to be either in food or the rate of payment must increase if the payment will be in cash, considering the price of food stuffs and goods at market."78

"The type of cash payment in PSNP has not addressed the interests of the beneficiaries. They prefer food payment to cash payment."79
Although the graduation benchmark was raised in most study communities, it was not raised everywhere and, if it was raised, not necessarily by enough according to some respondents, who argued that owning a single cow and a few shoats (sheep and goats) would not enable a household to be self sufficient. Conversely, a key informant from a Kebele FSTF in Oromia noted that the benchmark is high, so that no local households can realistically ever reach it.

“The new benchmark did not reach us from the woreda. We cannot work with the previous benchmark, since it was calculated based on the then market conditions.”

“They do not have sufficient assets to reach the benchmark unless they are simply excluded from the programme. The criteria are that those who have 20,000 Birr will be graduated. Let alone to have 20,000 Birr they do not have even 2,000.”

Regarding credit provision, some communities did not have access to HABP loan packages, while some respondents complained that the amount of credit offered was too small and insufficient to generate sustainable livelihoods (especially because input and asset prices are high and rising continuously), that some assets provided (e.g. water pumps) are poor quality, that inputs (e.g. improved seeds) often arrive too late, and that the interest rate is too high. The livelihood activities supported by the HABP packages were also criticised for not being sufficiently diversified, and not accessible to everyone who needs it. Probably related to these issues, loan repayment rates are generally low in both Oromia and Tigray.

“The woreda has informed us there is HABP credit for the community and they ordered us to prepare a business plan. Accordingly we did a business plan for selected beneficiaries and submitted it to the woreda last year, but there is no response so far. Other kebeles have received World Bank credit, but our kebele has got nothing.”

“The credit provision to safety net beneficiaries is not sufficient to get good benefit from the credit given the current market conditions.”

“Though credit is available the interest rate is as high as 18% and this is too expensive to take more loans.”

“The credit is arranged with Dedebit Micro-finance Institution. The credit is released timely, though the interest rate is very high. A total of 17 million Birr credit was provided to the woreda farmers. Out of this, 11 million Birr was paid back.”

The livelihood activities sponsored by the HABP credit packages often had associated risks, which compromised the returns they were expected to generate and sometimes made it impossible to repay the loan. Specifically, livestock-related activities were affected by foot and mouth and other animal diseases, while crop farming was affected by pests such as army worm or hail damage during storms.

“The challenges for obtaining optimum benefits were army worm, which was treated by insecticide free of charge. There was also a livestock disease and medication was given by Woreda Agriculture.”

“There is foot and mouth disease in our kebele and I lost two oxen and nine shoats.”

6.3 Beneficiary-specific enablers

The characteristics of programme participants determine how well they can take advantage of livelihood opportunities. Relevant characteristics include household size and composition (especially adult labour capacity), education levels, and household assets. A landless elderly widow, for instance, will be less able to take advantage of agricultural input packages than a farming household with two or three working-age adults and a hectare of good farmland.

“Generally, it benefits all, but more specifically households with adequate labour and youngsters to work.”

Many respondents highlighted the importance of a positive attitude towards graduation. Some graduates reported that the training and credit they had received to run their business activities helped motivate them to improve themselves and graduate off the Food Security Programme.

“I have the motivation to graduate from Safety Net. We have the knowledge and awareness to do various business activities.”

Some female-headed households explained that they prefer to do their own businesses and to work on their own land, rather than “digging the land” on public works projects.

“We are digging the land, but not because we want to do that. Especially we females are affected more. If we can create assets and work on our own land we do not want the Safety Net. We can engage in breeding and fattening livestock if we get credit.”

According to key informants from Food Security Task Forces, the work habits of PSNP participants are changing, partly because they are acquiring business skills and opportunities to diversify and expand their livelihoods, and partly because participants calculate the opportunity cost of staying on the PSNP as high relative to the income they could earn by acquiring assets from the HABP and pursuing their own micro-enterprises. One WFSTF member gave a powerful anecdotal example.
“One day I asked an individual who graduated last year whether he wants to go back to Safety Net and he said ‘Do I want to go back to poverty? I never want to go back to it!’”

However, not all participants benefit equally – those who do best are those who follow the trainings and demonstrations most attentively, and those who develop a savings culture. Some non-participants made the point that many PSNP participants have acquired assets, including farming tools, they get training and follow-up support, but they don’t always use the training or follow the advice correctly. Older men and households with limited access to irrigation showed little progress in their livelihood.

“Households who accept the new technologies with a better plan have produced more agricultural production and changed their way of life. All households did not benefit equally. The households who plan seriously, follow up and work based on their plan achieve more. Previously, men and women did not benefit equally, but now things have improved.”

Key informants from the WFSTF’s asserted that they are sensitive to gender. Women are given priority in terms of receiving support in preparing business plans, advice, access to credit and livelihood packages from OFSP and later HABP.

“As for our woreda, we are planning that 50% of beneficiaries will be women. We are trying to register women in the Food Security Programme in order to create property ownership among them. The women are given special consideration in Public Works. Women have benefited from the credit and they get training first on how to use the credit. Improved cows were given primarily to women. We have realised that women have better management for dairy. Regarding poultry, 38,000 one-day chickens were provided primarily to women and one woman takes 5 chickens. Also, 34 ponds have been arranged by the community and were given to women to use them commonly.”

Efforts to apply a 50% quota for women were not always successful, either because men dominated the applications for Public Works placements or asset-building packages, or because women face time constraints leaving them unable to perform public works, or because women were unwilling to get into debt.

“The number of women is less than men in the PSNP programme. We are giving focus for women to increase their number and now we have reached 40% of beneficiaries and our plan is to register 50% of beneficiaries as women. We also reviewed the plan of the credit request. Women are afraid of credit, assuming that they may not be able to pay back their loan.”

Despite the special attention and support given to women, female-headed households appear to be less likely to graduate, possibly because they lack key productive assets, including labour capacity. In our household survey, 25% of current beneficiaries, but only 13% of graduates, were female-headed households.

### 6.4 Beneficiary-specific constraints

Several beneficiary-specific factors were mentioned that could constrain graduation from the PSNP and FSP. These include: limited business know-how and lack of confidence, a meagre initial asset base at household level, misuse of resources acquired from the HABP, ‘dependency syndrome’ and a lack of motivation to graduate by programme participants. Some key informants complained that participants want to receive benefits indefinitely.

“Now it is about seven years since the Safety Net programme started. It is those who first entered the programme that are still on the programme. They have no motivation to work and change themselves. They are only expecting Safety Net payments.”

“The problem of graduation is that even if households have better assets, they do not like to graduate from Safety Net. This year to reduce the dependency mindset we are doing much on awareness raising to make the beneficiaries ready for graduation.”

“The community has deep-rooted dependency mindset; they do not want to graduate despite having better assets and livestock. We graduate those who have a better understanding and attitude for graduation. We use a quota system in graduating households each year, by evaluating their assets in a participatory manner.”

Key informants related the problem of lack of household assets to the targeting procedure, which was conducted in most communities by using wealth ranking to identify the ultra-poor who have few tangible assets. This problem was especially acute for female-headed households, since they tend to lack adult labour and often have high dependency ratios. Participants themselves revealed how their lack of assets undermined their ability to graduate.

“We are not improving because we have no cultivable land and this lets us not to be self-reliant.”

“If you take me as an example I know that I have to leave farming my land at least for a season in order to increase its productivity but I had no option and I ploughed it from season to season and its productivity is declining over time.”
6.5 Market-specific enablers

For FSP participants who take credit packages, access to local markets for inputs and outputs is crucial for the conversion of livelihood opportunities into sustainable graduation. The presence of markets in the local area for farmers’ products – especially crops and livestock – together with good prices for these products, were identified by kebele food security task forces as the main market-specific enabling factors that are instrumental for successful graduation of beneficiaries from PSNP.

“We have no problem of markets. We can easily sell our products and easily buy food crops from Amhara Region. We can get fertiliser and improved seed on credit. The woreda has created this market linkage.”

Rising market prices were highlighted as an opportunity to generate enhanced income for anyone with something to sell.

“Even if it is seasonal, the livestock market is good for those who sell animals by fattening. You can now sell a fattened bull up to 11,000 Birr here at the local market. There is no market problem to sell your products.”

However, it was also pointed out that rising commodity prices could be either an enabler or a constraint – or an enabler for some households (those who are net producers and sellers of agricultural produce) but a constraint for others (those who are net consumers and buyers of agricultural produce).

One market-specific enabler that was mentioned was “access to timely market information, like through the mobile phone” [TG-S-MHH-PW], especially about current market prices. This requires access to mobile phones, which is improving steadily. One PSNP graduate even reported proactively inviting traders to come and buy his produce.

“We have contacted other traders who mostly come to our kebele and collect our products.”

Some graduates recognised the support provided by Development Agents (DAs) to PSNP participants in fattening livestock, and the proliferation of cooperatives and unions, as market enabling factors that helped them to get good prices for their products.

“There is also support and advice from DAs on marketing.”

6.6 Market-specific constraints

Weak and fragmented rural markets – for commodities (especially agricultural inputs and produce), finance (credit, savings and insurance) and labour (employment) – constitute a major constraint to rural development, not only in Ethiopia but across the world. Markets are especially important for graduation, and for the Food Security Programme graduation model, since HABP livelihood packages can only be converted into streams of income if people can buy the inputs and assets they need and sell their products for good prices. But markets in the Ethiopian highlands are typically small and located far from farming communities with no public transport linkages, leading to high transactions costs for FSP participants trying to access sellers of inputs and buyers for their products.

Rising prices of inputs (especially for agriculture and assets (especially livestock)) were mentioned as a constraining factor that prevented poor households from improving their livelihoods and building their assets.

“Market prices from both sides – what they sell and what they buy – are expensive. They complain about the fertilizer price; the other is the price of fuel for motor pumps which has been soaring. But the price of their product does not go up as fast, so their profit margin has been declining. They also fear that they might produce too much and the market price goes down.”

“Prices of livestock have been soaring recently. It is this year that we heard of an ox that costs 10,000 Birr. In earlier times it cost 500 to 600 Birr. We do not think we can afford this much price.”

Even though output prices have been rising, prices of consumer goods have apparently been rising faster, leaving farming families worse off than before. Several respondents pointed out that higher prices for sellers also means higher prices for buyers, so these market effects cancel each other out.

“The market condition is that we sell our products like maize at higher price and in turn we also buy clothes for our children at very expensive prices. Overall the market condition has a negative impact on our life. We cannot even buy a goat nowadays.”

“The market price is balanced for what you buy and sell. They sell at higher price and also buy at higher price. If they sell cereals at higher price to buy livestock, they also buy the livestock at higher price.”

“The prices of consumer goods and manufactured items have been scaling up over time. This can be considered as a constraint to graduation.”
Weak markets are also susceptible to high prices and high rates of inflation. Some PSNP participants argued that the market prices of food stuffs and other goods have become unaffordable for poor households like themselves.

"Why are prices increasing every week in the market? I wonder if it will stop one day. Prices are high for food, for clothes and for fuel. How can we survive in the future? What we buy today increases twice after a week. There is nothing that stays the same price for a month."\textsuperscript{10}

Seasonality is another sign of fragmented or weakly integrated markets. Smallholder farmers sell their produce at cheap prices around harvest time, when market supplies are high and demand is low, and buy food at expensive prices later in the year, when on-farm granaries are depleted so market supplies are low but demand is high. Traders explain the cycle:

"It is seasonal. Prices of staple foods in the woreda increases during the rainy season and decreases in the dry season."\textsuperscript{11}

"In summer time the price of staple foods increases because there is no production, but in winter season the price of staple food decreases because it is a production season and each producer has products based on the size of his arable land."\textsuperscript{12}

Because of poverty and limited demand in rural areas, there is a danger that stimulating the production of certain agricultural or non-agricultural products could cause an over-supply in local markets, which would collapse their prices. This is especially problematic for perishable produce such as tomatoes and vegetables, which quickly become worthless if they are not sold or consumed within a few days of being harvested.

"There is shortage of market for irrigated production, for example potato, because of mass production by many farmers at the same time."\textsuperscript{13}

"Last year this community produced onions in bulk and the price for a kilogram of onions went down to 1.50 Birr. Then they had to buy onion seed for 7 Birr a kilogram. There is no means to preserve the onions until the price improves."\textsuperscript{14}

Another example comes from one kebele where HABP packages that transferred dairy cows to small farmers resulted in the production of large surpluses of milk. This production far exceeded local demand, but due to lack of access to feeder roads farmers were not able to transport the milk to larger woreda markets.

The expectation that public works employment will provide people with experience and skills that they can use to ‘graduate’ into private sector employment is also undermined by the weakness of rural labour markets. Respondents complained about the unavailability of opportunities for casual employment in the local surroundings.

"There is extensive labour but no labour employment."\textsuperscript{15}

"He has no opportunity for selling his labour."\textsuperscript{16}

6.7 Climate-specific enablers

The types of Public Works projects undertaken, and the livelihood packages provided under the Household Asset Building Programme, are helping to mitigate or reduce the climate risks associated with living in the highly variable agro-ecologies of the Ethiopian highlands, where most livelihoods are directly or indirectly dependent on rain-fed agriculture. For instance, soil and water conservation measures have helped communities to build dams, ponds and canals, to increase the availability of water during the dry season so farmers can practice dry season irrigation activities. Weather shocks are mitigated with risk finance and food aid.

"The availability of risk finance credit helped to minimise the adverse impact of drought."\textsuperscript{17}

"There was food aid to address the hail storm."\textsuperscript{18}

"We were facing recurrent drought but now we are able to be efficient in our water management."\textsuperscript{19}

"Crop rotation is recently practiced and newly trained as well as introducing new technology like improved seeds and fertiliser."\textsuperscript{20}

Access to irrigation is improving across most woredas and kebeles, which is recognised as an enabling factor for graduation. These include both small- and large-scale irrigation activities, like check dams, spring development, pond construction and distribution of water pumps through the HABP. PSNP public works have created access to dry season irrigation activities to grow marketable vegetables and fodder for livestock. Natural resources, already scarce and over-stressed in many rural communities, are being rehabilitated and better conserved and even made more productive through public works activities such as soil bunding and terracing of hillsides.

"Rain shortage is compensated with the development of irrigation and as a result of promotion of water pumps and new dam construction. The carrying capacity of land and population growth are addressed by family planning services provided at kebele level."\textsuperscript{21}

"We get water for irrigation from the dam and we plant different vegetables than before. The areas around the dam have been changed into green land and created good feeds for animals. The conservation activities of the community started to protect the land of this kebele."\textsuperscript{22}
“Good community work was done to protect the soil from erosion and make the situation fertile for growing plants. There are dams for irrigation and strong beneficiaries can produce better yields.”

One farmer testified to the importance of getting access to irrigation through a water-pump that he acquired thanks to a HABP package.

“After I took the loan of the water pump in 2010, my income increased immediately. It made a great difference. I produced a good amount of crop and earned income from selling produce. I now have assets like oxen, cows and a better house. So I have made a great difference from what I was before. My improved income is the result of using irrigation. At the beginning, people who have oxen helped me for graduation.”

6.8 Climate-specific constraints

The harsh climate and physical environment in Oromia and Tigray present challenges to rural livelihoods and to prospects for graduation. Respondents listed several climate-related constraints: recurrent drought and erratic rainfall, degraded arable land, wind erosion, hailstorms, deforestation and declining availability of forest products, falling farmland size per household, and rising landless population. These constraints can be summarised as: climate change which is making agriculture more unpredictable, combined with steadily rising population pressure on the limited and fragile natural resource base.

“Shortage of rainfall, drought, lack of water to drink and increasing population have led to land degradation and deforestation and affected land holding: it decreased from 2 ha and 3 ha to 0.5 ha.”

“The hailstorm last July damaged potatoes, maize, tomatoes, figs and overall crop production decreased a lot. The climate has changed and crop production is very low. It has decreased every year. The population is increasing and there is no land for the new age-group, the youth.”

“The rainfall pattern is our problem. We grow different crops but the rain stops in the middle and our crops are damaged. We cannot replant because we have no moisture afterwards. The hailstorm is another constrainer. It destroys the small amount of crop we have that has already been affected by rain shortage. Sometimes we have no harvest in our plots of land for a year.”

Lack of irrigation was identified as a serious constraint in several communities, and by households within communities who either lack irrigable land or who are located too far from irrigation points to make use of them.

“T’want to use irrigation but my land is very far from the irrigation dam. Our land is not productive and we don’t get much yield from the land.”

Another farmer mentioned several climate-related factors that act as constraints to his agricultural production.

“Lack of knowledge on soil conservation and environment, losing soil fertility, shortage of water, and poor technology – inappropriate water pump.”

7 Recommendations for improving graduation outcomes

Key informants from Woreda and Kebele FSTFs offered the following recommendations in relation to the HABP, in order to facilitate more graduation from PSNP.

- The amount of credit allocated to each woreda should be increased, to expand the number of clients and graduate more households.
- Loan disbursement and repayment procedures are very slow, which undermines the effectiveness of the credit as a revolving loan fund. Solutions should be found to speed up the process so that more clients can benefit.
- Asset packages should focus on providing new technologies for farmers to increase their agricultural productivity.
- The trainings delivered should be enhanced both in quantity as well as quality, with support from technical professionals.
- Regions should communicate the graduation benchmarks as widely and clearly as possible. There is no official document and some woredas received no information.
- The existing benchmarks for graduation were set some years ago. However with high inflation the purchasing power of the Birr is eroded and the benchmarks have become inappropriate. They need to be updated every year.
- “PSNP beneficiaries have complained about the high interest rate for the loan. They tell us: ‘We get loans, we work and the interest of the loan consumes what we earn. So what is the use of getting the loan?’ So we suggest that the interest rate should be reduced”.
- There should be strict follow-up for the credit provided, to assess how the clients are really working on the package they took the credit for.
• Credit repayment activities should be done by another body. “If the DAs are involved in credit repayment, they may lose acceptance from the community.”

• The previous supply-driven credit has created a burden on the current HABP which is demand driven, so the previous debts should be written off by the government and farmers should be encouraged to take the current demand-driven credit.

• The demand of the community should be assessed and packages should be provided based on their demand – the type of package they want.

Programme participants, including households that have graduated off the programme, generally agreed but added some ideas and suggestions of their own.

• Many participants asked for larger loans. “We should be able to get the amounts of money that we need because unless we get the money we need; we cannot get out of poverty at the pace we want.”

• Participants also asked for loan interest rates to be lowered to “affordable” levels: “if possible towards 9%.”

• Repeated rounds of credit should be disbursed, to allow loan recipients to undertake profitable businesses on a continuous basis. Alternatively, credit should be provided with longer repayment periods.

• The practice of ‘package substitution’ should be discontinued. Participants should either get the package they request or, if it is not available, nothing at all.

• Market linkages should be created to help the poor obtain the required inputs and sell their products.

It could be added to this last point that a value chain analysis is necessary before promoting certain livelihood activities, to ensure that a viable market exists for any agricultural and non-agricultural products that FSP participants are supported to produce for sale.

Programme participants generally agreed that the graduation benchmarks are too low. The consensus was that a minimum of a pair of oxen is necessary before a farming household can graduate. One farmer also remarked that depending only on agriculture is not reliable for sustainable food security, so diversification of activities to increase cash income would be essential. This is in line with the thinking behind the introduction of the HABP, that rural incomes in Ethiopia should be diversified to spread risk.

End Notes
4 TG_SEmba_Graduated_MHH_Struggling_Feyera
5 Feyera OR_Riski PW Improving MHH_Aynalem
6 Graduate FHH improving Aferom_Aynalem
7 TG_Sa/Tsa/Emba_MHH_Improving_FGD
8 Tsa/Emba_FGD_MHH_Decaying
9 TG_Sa_Tsa_Pe_MHH_Staggering_Aynalem
10 TG_Sa_Tsa_Pe_MHH_Staggering_Aynalem
11 TG_AF_Graduate_MHH_Struggling_Elsa
12 OR_ZD_Graduate_MHH_Stagnating_Feyera
13 TG_STSEmba_WFSTF_KII_Feyera
14 OR_ZD_Graduated_FGD
15 OR_Fedis_Graduate_FHH_Struggling_Feyera
16 OR_Riski_MHH_PW_Beneficiary_Struggling_Aynalem
17 TG_AH_PW_Benef_MHH_Improving_Elsa
18 TG_AF_WFSTF
19 WFSTF interview for short follow_Aynalem
20 OR_ZD_WFSTF_Feyera
21 OR_FD_Riski_KFSTF_Feyera
22 Ahferom Woreda KFSTF interview_Aynalem
23 OR_Fedis_Graduate_MHH_Improving_Feyera
24 OR_Fedis_Graduate_MHH_Improving_Feyera
25 TG_AF_Graduated_FGD
26 TG_SaTsa_Emba_Graduated_FGD
27 TG_AF_KFST
28 OR_FD_Riski_KFSTF
29 TG_STSEmba_WFSTF_KII_Feyera
30 OR_ZD_WFSTF_Feyera
31 TG_Sa/Tsa/Emba_WFSTF_KII
32 OR_Fedis_Graduate_MHH_Improving_Feyera
33 Oromia_ZDuda_Graduated_MHH_better_performing_Feyera
34 OR_ZD_Graduated_MHH_Stagnating_Aynalem
35 OR_ZD_Graduate_MHH_Stagnating_Feyera
36 TG_AF_FGD_FHH declines_Negash
Livestock included oxen, bulls, cows, heifers, calves, sheep, goats, donkeys, mules, horses, male and female camels, and poultry. Productive assets included plough, sickle, pick axe, axe, hoe, spade, traditional beehive, modern beehive, hand water pump, diesel water pump, stone grain mill and diesel grain mill. Household goods included wood stove, kerosene stove, sofa, wood bed, modern chair, modern table, metal bed, wheelbarrow, and animal cart. Finally, consumer durable goods included mobile phone, radio, television, jewellery, bicycle and wristwatch.

OR_ZD_MShenen_PWBenef_FHH_Struggling_Feyera
OR_ZD_MShenen_PW_MHH_Improving
OR_ZD_MShenen_KFSTF_Feyera
TG_SSTMba_KFSTF_KII_Feyera
5 Graduate FHH Stagnating Libanos Afherom Aynalem
TG_Traders_Sae Saeda Emba Aynalem
OR_FD_Traders Group interview Aynalem
WFSTF Aferom Aynalem
OR_FD_WFSTF_KII_Feyera
OR_ZD_PW Beneficiary MHH Stagnating Aynalem
OR_Riski PW Improving MHH Aynalem
OR-R-MHH-PW

GraduateImprovingTsegayeMHHAferom_Aynalem
TG_AF_Graduated_FGD_Negash
OR_ZD_PW Beneficiary MHH Stagnating Aynalem
TG_AH_PW FHH improving Aynalem
TG_AH_PW FHH improving Aynalem
TG_Sa Tsa Emba_PW Improving MHH Aynalem
GraduateImprovingTsegayeMHHAferom_Aynalem
OR_Riski MHH PW Beneficiary struggling Aynalem
TG_Sa Tsa Emba_PW FHH Struggling Aynalem
Graduate FHH Stagnating Libanos Kebele Afherom Woreda Aynalem
4 Graduate FHH improving Aferom Aynalem
OR_ZD_PW Beneficiary MHH Stagnating Aynalem
TG_AF_FGD with FEMALE improving Negash