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# Household and economy-wide impacts of a public works programme in Ethiopia

For close to three decades, Ethiopia has been plagued by severe food shortages. Until the early 2000s, Ethiopia's response to food insecurity primarily involved providing emergency food aid. While the emergency aid helped save lives, it did not increase people's resilience or help avert food shortages. In 2005, the government launched the Productive Safety Net Programme (PSNP) to help chronically poor rural populations create assets and become food self-sufficient. A component of the country's Food Security Programme, the PSNP is reaching close to eight million people (10 per cent of the population) living in the *woredas*<sup>1</sup> that are chronically food insecure. This reach makes it one of the largest public works programmes in Africa.

The programme uses a combination of administrative and community-based approaches to identify beneficiary households. Historical administrative data is used to identify food-insecure *woredas*. Communities then play a crucial role in identifying food-insecure households and in updating the beneficiary list annually, based on locally identified criteria.

This brief draws on the findings from two impact evaluations that together assess PSNP holistically, exploring impacts both at the beneficiary household level and economy-wide impacts at the local and national level. The International Initiative for Impact Evaluation (3ie) supported researchers from the International Food Policy Research Institute, the Ethiopian Development Research Institute and Cornell University as part of its effort to build a body of evidence around social protection initiatives.

## The programme

Under PSNP, identified households are assigned to either receive direct support or participate in public works, depending upon whether there is an able-bodied adult in present in the household. Public works include soil and water conservation activities, rangeland management and developing community assets, such

as roads, water infrastructure, schools, healthcare centres and other construction projects.

The government introduced full household targeting later in the programme to increase the level of payments to each household. Every household member is entitled to five days of work per month for six months

in a year, yielding annual payment of ETB300 (approx. USD11)<sup>2</sup> per household member. Over 80 per cent of the programme beneficiaries participate in public works. Directly supported households are typically poorer than those participating in public works and receive much lower payments in comparison.

## Lessons for future research, programming and promoting evidence use

For a public works programme that invests in creating community assets and infrastructure, it is important to look at impacts at both the household and community levels for a more accurate cost–benefit analysis. The positive income spillovers that PSNP created in the Ethiopian economy far exceed the cost of the programme. At the national level, PSNP created more than ETB1.7 (approximately USD0.06) of benefits for each Ethiopian birr transferred to a participating household.

At the same time, it is important to note that increase in income and productivity may not necessarily translate into better health and education outcomes unless they

are specifically targeted by the programme. The government was surprised to see that one of its flagship programmes did not have an impact on nutrition. Officials requested researchers from the International Food Policy Research Institute to provide inputs into the design of the next phase of the programme in order to make it more responsive to nutritional outcomes for children in participating households. The researchers' ongoing collaboration with the government and the investment made in building a relationship of trust played a key role in stakeholders in the country being receptive to this evidence and taking corrective action.

## About the impact evaluations

This brief is based on the following evaluations:

- *The Productive Safety Net Programme in Ethiopia: impacts on children's schooling, labour and nutritional status*, 3ie Impact Evaluation Report 55, by Guush Berhane, John Hoddinott, Neha Kumar and Amy Margolies; and
- *General equilibrium impact assessment of the Productive Safety Net Program in Ethiopia*, 3ie Impact Evaluation Report 66, by Mateusz Filipowski, J Edward Taylor, Getachew Ahmed Abegaz, Tadele Ferede, Alemayehu Seyoum Taffesse and Xinshen Diao.

## Endnotes

<sup>1</sup> *Woredas* are the third-level administrative divisions of Ethiopia. They are further subdivided into a number of *kebele*, or neighbourhood associations, which are the smallest unit of local government in Ethiopia.

<sup>2</sup> Approximately USD1 = ETB27 in 2017.

## Main findings

### Household-level impacts

- **Schooling and child labour:** When PSNP payments were low, participation in the programme lowered grade attainments for both boys and girls. Child labour on the family farm also increased. However, an increase in PSNP payments led to increased grade attainment for girls and reduced farm labour for boys.
- **Child nutrition:** PSNP did not reduce either chronic undernutrition (height-for-age Z-scores, or stunting) or acute undernutrition (weight-for-height Z-scores, or wasting).

### Economy-wide impacts

- **Local:** A local income multiplier is the increase in income per Ethiopian birr transferred to a poor household. In five of the eight *kebeles* included in the study, the researchers found an increase in local income. In *kebele* Joro Geta, local income increased by ETB2.5 (approximately USD0.09) for each Ethiopian birr transferred to PSNP participants.
- **National:** The PSNP raised the national gross domestic product by 1 per cent by stimulating production (agricultural and non-agricultural) and demand both within and outside participating *kebeles*. Agriculture production increased by 1.33%, and total production by 0.76%.



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