



Food Security Programme  
2010-2014

Ministry of Agriculture  
and Rural Development  
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## ACRONYMS

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ACSI	Amhara Credit and Saving Institute
AED	Agricultural Extension Directorate
AEMFI	Association of Ethiopian Microfinance Institutions
AGP	Agricultural Growth Programme
ARDO	Agriculture and Rural Development Office (woreda level)
AgTVET	Agricultural Technical Vocational Education and Training
BOARD	Bureau of Agriculture and Rural Development
BOFED	Bureau of Finance and Economic Development
BOTI	Bureau of Trade and Industry
CBE	Commercial Bank of Ethiopia
CCI	Complementary Community Investment
CFI	Chronically Food Insecure
CFSTF	Community Food Security Task Force
CIDA	Canadian International Development Agency
DA	Development Agent
DBE	Development Bank of Ethiopia
DECSI	Dedebit Credit and Saving Institute
DRMFSS	Disaster Risk Management and Food Security Sector
ESE	Ethiopian Seed Enterprise
ESMF	Environmental and Social Management Framework
FREAC	Farmer Research-Extension Advisory Council
FREG	Farmer Research-Extension Group
FSP	Food Security Programme
FSCD	Food Security Coordination Directorate
FSS	Food Security Strategy
FSTF	Food Security Task Force
FTC	Farmer Training Centre
GOE	Government of Ethiopia
HABP	Household Asset Building Programme
HH	Household
IGA	Income Generating Activity
IPMS	Improving Productivity and Market Successes
JICA	Japan International Cooperation Agency
KAC	Kebele Appeals Committee
KDC	Kebele Development Committee
KFSTF	Kebele Food Security Task Force
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
MLVP	Market-led Livelihoods for Vulnerable Populations
MOARD	Ministry of Agriculture and Rural Development
MOFED	Ministry of Finance and Economic Development
MOI	Ministry of Information
MOWR	Ministry of Water Resource
NBE	National Bank of Ethiopia
NGO	Non-Governmental Organisation
OCSSCO	Oromiya Credit and Saving Share Company
OFSP	Other Food Security Programmes
PASDEP	Plan for Accelerated and Sustained Development to End Poverty

## Final

PSNP	Productive Safety Net Programme
QSAE	Quality Standards Authority of Ethiopia
RCBP	Rural Capacity Building Project
RDPS	Rural Development Policy and Strategy
RED/FS	Rural Economic Development/Food Security
RFSCO	Regional Disaster Prevention & Food Security Coordination Office
RFSSC	Regional Food Security Steering Committee
RUFIP	Rural Financial Intermediation Programme
RUSACCO	Rural Savings and Credit Cooperative
SMS	Subject Matter Specialist
SNNPR	Southern Nations, Nationalities and Peoples Region
TC	Technical Committee
USAID	United States Agency for International Development
VSLA	Village Savings and Lending Association
WARDO	Woreda Agricultural and Rural Development Office
WDC	Woreda Development Committee
WFSTF	Woreda Food Security Task Force
WOFED	Woreda Office of Finance and Economic Development

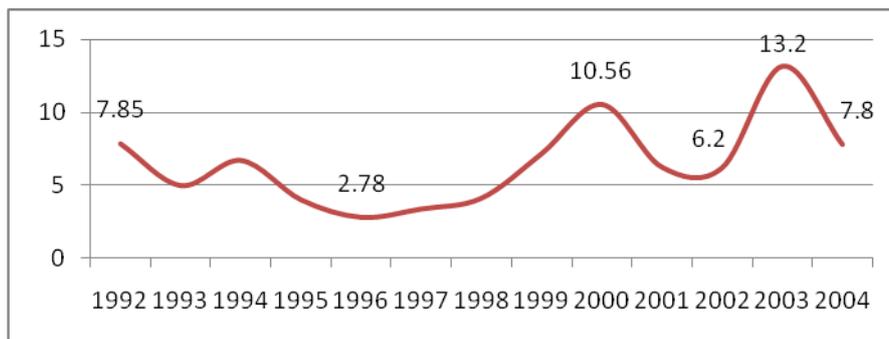
# 1 BACKGROUND

## 1.1 FOOD SECURITY IN ETHIOPIA

Significant parts of Ethiopia are characterized by persistent food insecurity. While droughts and other disasters (such as floods) are significant triggers, more important are the factors which create and/or increase vulnerability to these shocks and which have undermined livelihoods. These factors include land degradation, limited household assets, low levels of farm technology, lack of employment opportunities and population pressure. As a consequence, but also exacerbating the situation, levels of education are low and disease prevalence is high. Prior to 2005, the typical response to this persistent food insecurity was emergency relief resourced through an unpredictable annual appeals process.

Although relief was provided, often at great expense, it was rarely adequate or timely. As a consequence, households were forced to sell assets (further constraining their livelihood options); and to restrict consumption (with immediate impacts on increasing the risk of disease and longer term impacts on chronic malnutrition). In 2003, following significant rains shortages, more than 13 million people<sup>1</sup> required assistance and chronic malnutrition stood at approximately 52%<sup>2</sup>.

**Figure 1: Number of People in Need According to Emergency Appeals<sup>3</sup>**



Following many years of this approach, it was recognized that the majority of those receiving food aid were chronically food insecure, with households experiencing a food gap even in average or good rainfall years. If the ever-worsening cycle of destitution was to be broken, it would require a significant increase in and better use of the resources supporting those households facing both persistent and transitory food insecurity. Business as usual was not working.

In 2003 the Government launched a large scale consultation process called the New Coalition for Food Security. Key stakeholders interested in the development of Ethiopia were invited to share views and support the definition of new strategies to address increasing persistent food insecurity. The significant political commitment to this process was reflected in the

<sup>1</sup> Some sources put the figure as high as 15 million but to ensure consistency between all figures displayed in the following graph, only data from annual appeal documents have been included.

<sup>2</sup> DHS Survey 2000. By 2005, stunting had decreased to 47%.

<sup>3</sup> Where possible all needs assessments have been taken into account (*meher, belg* and pastoral).

participation of the Prime Minister and other high level decision-makers in the platform that delivered the New Coalition work<sup>4</sup>.

As a result of this process the government made significant changes to its existing Food Security Programme (FSP), scaling up its level of intervention and incorporating a large 'Productive Safety Net Programme' (PSNP). The FSP was designed to help chronically food insecure households reach a level of food security necessary for an active and healthy life. Three components were planned: resettlement, productive safety nets, and other food security interventions. Resettled households were expected to achieve food secure status solely as a result of that component's package of interventions. Safety net clients, however, would require the complementary other food security interventions in order for sustainable impact to be achieved.

## 1.2 PROGRESS TO DATE

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There have been significant achievements to date in the Government's efforts to provide critical support to food insecure populations. More than seven million people have received PSNP transfers enabling them to meet consumption needs, reducing the risks they faced and providing them with alternative options to selling productive assets. In addition, between 692,002 households (around 3.5 million people) received credit financed by the Government's Federal Food Security Budget Line between 2005 and 2007 (this was known as the 'Other Food Security Programme', OFSP) and a further 355,279 households received credit from the donor financed Food Security Project (between 2002 and 2007). Furthermore, around 205,000 households were supported to resettle to higher rainfall, more fertile areas.

There is also significant evidence that the programme is having an impact. The PSNP is smoothing consumption and protecting assets and a growing number of PSNP clients are having growing access to household building efforts. Where the two programmes are combined, particularly in areas where programmes were well implemented (indicated by a high level of transfers) household asset holdings have increased and crop production appears to have improved<sup>5</sup>.

Despite this there has only been limited progress towards graduation. As of October 2008, 56,895 households had graduated from the PSNP in three Regions. Graduation has been higher in the resettlement programme, with 145,529 households considered self-reliant and no longer receiving food support. Unfortunately, no full impact evaluation has been undertaken of the resettlement programme to date to assess incomes and assets of resettled households nor the extent to which resettlers have succeeded in bringing their full families from food insecure woredas (and therefore withdrawn them from the PSNP).

Further information on the progress and impact to date of the Food Security Programme can be found in the following four documents:

- Review of the Food Security Programme: Summary Report 2008
- Annex 1: Food Security Programme: Review Detailed Report for the Productive Safety Net Programme

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<sup>4</sup> Please see Government of Ethiopia. *New Coalition for Food Security Food Security Programme, Volume 1*. Addis Ababa, 2003.

<sup>5</sup> Gilligan et al. 2009 "An Impact Evaluation of Ethiopia's Productive Safety Nets Program" IFPRI

- Annex 2: Review of Other Food Security Programmes 2008
- Annex 3: Review of Resettlement Programme 2008

There has not been, to date, any review or evaluation on the capital investments community infrastructure development undertaken by the OFSP during the previous phase.

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## 1.3 POLICY ENVIRONMENT

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There are a number of policies relevant to the Food Security Programme both directly and indirectly. The PASDEP<sup>6</sup>, Rural Development Policy and Food Security Strategy clearly have direct relevance as does the Government's commitment to develop a National Plan for Social Protection<sup>7</sup>. The regulatory framework managing micro-finance is obviously critical to the proposed credit provision outlined in the document, while environmental protection safeguards are important to the public works and capital intensive community infrastructure elements of the programme. Government systems and an environment of transparency and accountability are also clearly critical to programme implementation. Policies relating to these areas are described briefly below:

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### 1.3.1 POLICIES RELATED TO POVERTY REDUCTION, RURAL DEVELOPMENT AND FOOD SECURITY

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#### 1.3.1.1 THE PLAN FOR ACCELERATED AND SUSTAINED DEVELOPMENT TO REDUCE POVERTY

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The first Poverty Reduction Strategy Paper (PRSP) known as Sustainable Development and Poverty Reduction (SDPRP) was implemented from 2002-2005. The broad thrusts of the SDPRP by and large remain under PASDEP - the second PRSP (2006-2010). Agriculture remains the key sector as it is a source of livelihood for 85% of the rural population; many of whom are poor. The government continues to give primacy to the welfare of the rural population. Agriculture continues to be a source for generating primary surplus to fuel the growth of other sectors of the economy.

The SDPRP laid the foundation for growth by investing in the enabling environment reforms, capacity building and decentralisation. While continuing to consolidate these processes, PASDEP has embarked on new strategic directions that can accelerate economic growth. It has eight pillars:

- A massive push to accelerate growth;
- Promoting geographically differentiated development strategy;
- Controlling population growth;
- Unleashing the potentials of Ethiopia's women;
- Strengthening the infrastructure backbone of the country;

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<sup>6</sup> The Plan for Accelerated Sustained Development to End Poverty is the current iteration of the Government of Ethiopia's Poverty Reduction Strategy Paper.

- Managing risk and volatility;
- Massive push to reach the MDGs, and
- Creating employment opportunities.

In response to the PASDEP a Joint Government-Donor Platform for Enhanced Support and Implementation of the Rural Economic Development and Food Security (RED/FS) Element of PASDEP was established. Three pillars of RED/FS were defined: (i) agricultural growth - both for high value crops and for transforming subsistence farming, (ii) attaining food security, and (iii) improving the natural resource base. It is expected that the Food Security Programme make up a significant part of the second pillar 'attaining food security'. However, the FSP should also make a significant contribution to the third pillar 'improving the natural resource base', through PSNP public works and a Complementary Community Investment component. The programme will also support the first pillar 'agricultural growth', particularly the sub-pillar focusing on transforming subsistence farming, through the FSP Household Asset Building component.

### 1.3.1.2 RURAL DEVELOPMENT POLICY AND STRATEGY

The Rural Development Policy and Strategy issued in 2002 remains a key instrument for developing a free market economy, in a way which would ensure rapid and sustainable development, extricate the nation from dependence on food aid, and make the poor the main clients of the fruits of economic growth.

The rural development policy states that rapid and sustainable economic development would be ensured through agriculture-led and rural-centred development. Trade and industry will grow faster in alliance with agriculture. Agriculture accelerates trade and industry development by supplying raw materials, creating opportunities for capital accumulation and enhancing domestic markets.

The directions for agriculture and rural centred development outlined in the policy are still valid:

- Extensive utilization of human labour – developing trained agricultural labour that is capable of using modern agricultural technologies and techniques.
- Proper use and management of land, water and other natural resources. The government is implementing a land certification process that guarantees access to land and encourages holders to conserve, rehabilitate and use the country's land resource rationally.
- Agro-ecology based development approach: This was a major departure from the long standing blanket one-size-fits-all technology recommendations. The policy recognized the importance of identifying problems and development potentials of different agro-ecological zones (AEZs) and developing packages compatible with different AEZs. Agricultural diversification and specialization should be employed depending on objective conditions.
- Integrated approach to development: To bring about meaningful impact in terms of rural development and economic growth, integration is envisaged within agriculture and between agriculture and other sectors such as education, health, potable water supply, road infrastructure, trade, industry, and rural financial institutions.
- Targeted interventions for drought-prone and food insecure areas: Areas that are characterized by erratic rainfall, soil degradation, low per capita availability of farmland, etc. are designated as drought-prone and food insecure. The size of drought-prone and food insecure areas are expanding alarmingly. Targeted interventions that would involve both

agricultural and non-agricultural Activities are required to improve access/entitlement to food.

- Encouraging the private sector: The policy acknowledges the role of the private sector in rural development. In particular, it plays a significant role in agricultural marketing, agro-processing, expanding commercial agriculture and industrialization. The government is committed to do its utmost to create an enabling environment in which private service providers are encouraged to be involved and private investment grows and flourishes.
- Agricultural Technical Vocational Education and Training: The Government's response to the challenges of agricultural transformation and rural development for poverty reduction rests on providing extensive technical, vocational education and training in agriculture (Agri-TVET). The agricultural TVET is important for implementing the short, medium and long term development strategy of the rural economy. The underlying rationale of the Agricultural TVET is thus to generate educated, environmentally conscious and entrepreneurial farmers that will enhance food security in a sustainable manner.
- Agricultural Development Led Industrialization: ADLI is seen as a long-term strategy to achieve faster growth and economic development by making use of technologies that are labour using, but land augmenting, such as fertilizer and improved seeds and other technologies. But the extremely small ratio of urbanization of the country threatens to make inadequacy of domestic demand a critical constraint. This implies that agriculture has to be made internationally competitive, and that part of its production has to be oriented towards exports.

#### 1.3.1.3 FOOD SECURITY STRATEGY

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The Federal Food Security Strategy rests on three pillars, which are: (1) Increase supply or availability of food; (2) Improve access/entitlement to food; (3) Strengthening emergency response capabilities. The detailed aspects of the strategy are highlighted as follows:

With regard to agricultural production in mixed farming systems, the aim is to enhance supply or availability of food through increasing domestic food production where soil moisture availability is relatively better. Subsistence farming has to be transformed into small-scale commercial agriculture. Household based integrated and market oriented extension packages would be employed.

In chronically food insecure areas, however, where there is severe moisture stress, soil degradation and farmland scarcity, it will be a difficult task to ensure household access to food only through own production. Accordingly a set of comprehensive asset building mechanisms should be in place to augment production-based entitlement.

Pastoral communities depend on livestock for their livelihood. Increases in livestock and human population, however, put pressure on rangeland, resulting in soil erosion and deforestation. Vulnerability of pastoral communities to livelihoods shocks is increasing. With regard to pastoral communities, the Food Security Strategy places emphasis on livestock development, strengthening livestock marketing, agro-pastoralism and voluntary sedentarisation.

As stipulated in the Food Security Strategy (FSS) the government will do everything in its capacity to promote micro and small-scale enterprises. The government will assist the growth of micro and small-scale enterprises through initiating industrial extension services, development of the necessary infrastructure, encouraging competitive marketing of inputs and Outputs and utilizing tax incentives for selected commodities to shift the consumption patterns.

One of the focuses of the FSS is to enhance food entitlements of the most vulnerable sections of society. Under entitlement there are three elements: supplementary employment income support schemes, targeted programs for the disadvantaged groups and nutrition intervention.

Improving the emergency response capabilities in the country is also a component of the FSS. A range of interventions were envisaged including: strengthening the early warning system; increasing the capacity of the Ethiopian Strategic Food Reserve (ESFRA), and improving the quality of relief distributions. MOARD, through the Disaster Management and Food Security Sector, is also in the process of revising the Disaster Prevention and Preparedness Policy. Continuous effort is also made to strengthen the early warning and response capacity of the Government, including through a new livelihood-based needs assessment methodology for which baselines have been prepared for the country as a whole (also see the PSNP document).

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### 1.3.2 SOCIAL PROTECTION POLICIES

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In October 2008, a concern has been raised on Social Policy Framework for Africa with a package of recommendations. The Government of Ethiopia already has in place many critical elements of a minimum package (the health waiver system and other interventions) but does not have these actions brought together under one umbrella policy or national plan.

This has been recognised by key actors, including the Ministry of Labour and Social Affairs. Initiatives are also under way in the context of an IGAD-promoted process looking at social protection, food security and cross-border issues, and the prospects for social protection to raise up on the policy agenda of the Government are strong. This is discussed in more detail in the PSNP document in relation to the Direct Support component.

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### 1.3.3 POLICIES CONCERNING FINANCIAL INSTITUTIONS

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In order to ensure a clear differentiation between hand-outs (or grants) and credit, the Government of Ethiopia introduced a number of laws, directives and supported the development of Micro-Finance Institutions (MFIs) in Ethiopia. Proclamation No. 40/1996, "A proclamation to provide for the licensing and supervision of the business of microfinance institutions" is the major law, which is used to regulate and supervise MFIs. The central bank or the National Bank of Ethiopia (NBE) is empowered to license, supervise and regulate the delivery of financial services to the rural and urban poor through microfinance institutions. Proclamation 40/1996 and the 19 directives of the NBE currently serve as the basis for prudential regulation affecting good governance. The proclamation and the directives served as the basis for the establishment of new MFIs and the transformation of the NGO credit programmes into formal deposit taking MFIs in Ethiopia.

Cooperative development in the country is directed by Proclamation 147/98, a law that has relatively addressed most of the critical issues for promoting member owned, need-based and sustainable cooperatives (AEMFI 2008). However, Proclamation 147/98 does not address all the issues of financial cooperatives. The existing cooperative law does not provide the necessary guidance to regulate financial cooperatives as part of the financial sector. There are current discussions about the need to introduce an additional law for financial cooperatives and to establish appropriate systems for regulation and supervision.

These policies and regulations are discussed in further detail in the HABP document.

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### 1.3.4 GOVERNANCE, DECENTRALIZATION, EMPOWERMENT, AND CAPACITY BUILDING

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Decentralization is an Outcome of the adoption of a Federal system of government in Ethiopia. With the devolution of power to the Regional governments, implementation of economic policies and development programs is shifting, to a large extent, from the Federal government to Regional governments, with the later deciding about priorities in implementing the national policies, in the context of Regional Strategic/Development Plans aligned with the PASDEP. In the four large Regions woreda governments have been given extensive mandates with regard to local development and the delivery of basic services in their jurisdiction, under the umbrella of the Regional constitution. In these Regions, since 2002/3 woredas have also been granted budgetary autonomy and receive a block grant from the Regions, meant to enable them to fulfil their mandate. While the Food Security Programme is a Federal programme it encompasses similar principles with regard to decentralized decision making, and it is critical that it closely complements the development efforts undertaken by the Regions and woredas with their own resources. In this phase of the FSP there is greater recognition of the importance of the commitment of the senior technical and political leadership at Regional and woreda level for the success of the programme and its integration with Regional/woreda priorities. The institutional arrangements (described in section 3.1 below) for managing, coordinating and implementing the FSP reflect this greater awareness. In turn, this will raise the importance for FSP partners to be well aware of and understand the policy context for decentralisation, and in particular, the Regional variations in the unfolding of the decentralisation policy.

Participatory planning is a cornerstone of the programme, community targeting and appeals procedures are key implementation procedures, and a strong focus on transparency and accountability helps to ensure that the programme remains responsive to the needs of its constituents

Capacity building is taken to comprise the development of human resources, building and strengthening of institutions, and establishment of effective working practices in combination. In rural areas, many of these Activities are brought together under the Rural Capacity Building Programme. The programme is to be implemented in relation to smallholder agriculture, the private sector, and public sector, including the judiciary. Training of farmers, supporting micro-financing institutions, and strengthening public and private sector organizations involved in the development of agriculture will be the main Activities concerning smallholder agriculture.

More recently, under the broader Public Sector Capacity Building Programme (PSCAP) of the Government, the civil service has been undergoing a Business Process Re-engineering (BPR). The Ministry of Agriculture and Rural Development (MoARD) has completed the BPR design process and began implementing its conclusions at the time of the design of the Food Security Programme. The new structures and work procedures entailed in the BPR are meant to improve efficiency of service delivery by (i) streamlining similar Activities under one process and (ii) establishing case teams for specific cases (iii) empowering process owners and case workers. The process is also expected to instil accountability and transparency among civil servants.

## 2 PROGRAMME STRATEGY AND SCOPE

### 2.1 GOAL AND OUTCOME

The long-term Goal<sup>8</sup> to which the Food Security Programme (2010-2014) expects to make a substantial contribution is:

“Food security for chronic and transitory food insecure households in rural Ethiopia achieved”.

Progress towards this Goal will be measured through assessments of the changing percentage of households who are food secure and the levels of malnutrition in children under two.

In making progress towards achieving this Goal, the Programme also expects to make contributions to the objectives of the Government’s Plan for Accelerated and Sustained Development to End Poverty and to play a role in achieving the Millennium Development Goals (particularly Goal 1: To eradicate extreme poverty and hunger). The Programme will also contribute to and link with the Government of Ethiopia’s Strategic Investment Framework (ESIF) for Sustainable Land Management (SLM), as well as the Agricultural Growth Framework emerging under the GOE and DAG sectoral working group on Rural Economic Development and Food Security.

The Outcome<sup>9</sup> that the overall Programme plans to achieve is

“Food security status for male and female members of food insecure households in CFI woredas improved”.

The following table compares the definitions of Food Security and Food Sufficiency and illustrates the need for both terms to be addressed to achieve the expected Outcome and hence unpacked in Outcome-level OVI:

**Table 1: Food Sufficiency and Food Security**

	<b>Food Sufficiency</b>	<b>Food Security</b>
<b>Definition</b>	A household can be deemed food sufficient when, “in the absence of receiving PSNP [or emergency] transfers it can meet its food needs for 12 months and is able to withstand modest shocks <sup>10</sup> ”	Food Security is defined as “access by all people at all times to sufficient food for an active and healthy life <sup>11</sup> ”

<sup>8</sup> Otherwise known as “Overall Objective”

<sup>9</sup> Also known as “Specific Objective” or “Purpose”

<sup>10</sup> Based on definition of PSNP graduation in the PSNP Graduation Guidance Note

<sup>11</sup> New Coalition for Food Security

	<b>Food Sufficiency</b>	<b>Food Security</b>
<b>Application</b>	At the point that a household becomes food sufficient, it no longer needs to receive transfers (except in the event of a major shock). However, further support in building household assets will be needed before households can be considered to have a significant degree of resilience and for them to have achieved a degree of sustainability in their access to food and income.	The use of the phrase 'Food Security' and its definition above imply a degree of resilience and suggest that food security is a relatively sustainable state. Some households will only graduate from the PSNP during the programme life (and will need continued support from the household asset building component); while other households will graduate completely from the programme.

In the above statements of the FSP Goal and Outcome, the Goal expands the concept of food security from just chronically food insecure woredas to all of rural Ethiopia. The Goal is also about achieving the state of food security, whilst the Outcome of the FSP includes an incremental enhancement of both food security as much as possible and food sufficiency otherwise (as described in the OVI).

In order to achieve the above Outcome and contribute to the Goal, the Food Security Programme includes four distinct components:

- Productive Safety Net Programme (PSNP), including a Risk Financing mechanism
- Household Asset Building Programme (HABP)
- Complementary Community Investment programme (CCI)
- Resettlement Programme

Each component of the Food Security Programme has its own Outcomes and these are presented in the table below. The FSP logframe is Annexed to this document.

**Table 2: FSP Component Outcome Statements**

<b>Programme</b>	<b>Outcome</b>
Productive Safety Net Programme	In chronically food insecure woredas <sup>12</sup> : a) Food consumption <sup>13</sup> assured and asset depletion prevented for food insecure households b) Markets stimulated and access to services and natural resources enhanced for PSNP and other households, and c) Natural environment rehabilitated and enhanced

<sup>12</sup> These are defined as PSNP woredas.

<sup>13</sup> Food consumption: Households have sufficient food for all 12 months, including the support of PSNP transfers.

<b>Programme</b>	<b>Outcome</b>
Household Asset Building Programme	Income sources diversified and productive assets increased for food insecure households in CFI woredas.
Complementary Community Investment Programme	Access to adequate enabling infrastructure by populations in food insecure woredas
Resettlement Programme	Access to adequate food, income and enabling infrastructure, services and natural environment secured for resettled households from PSNP woredas and triggering growth by serving as a nucleus for investors.

## 2.2 THE FSP VISION FOR GRADUATION

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Another way to look at the programme objective is to think in terms of graduation. The programme aims to put CFI households on a trajectory of asset stabilisation first, then asset accumulation. That is, a series of inputs from the programme and from other development interventions makes households become food sufficient first, then sustainably food secure. In this way they will graduate from the PSNP first, then from the FSP.

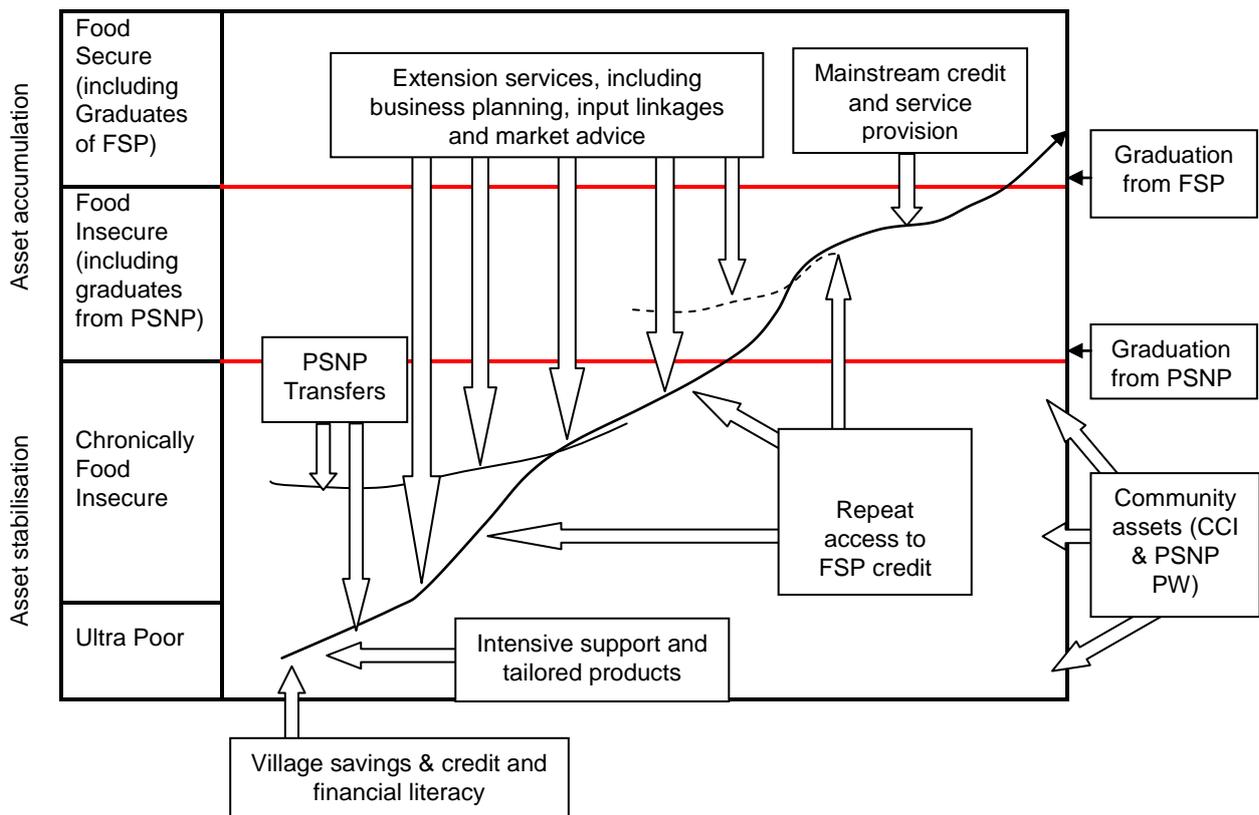
As noted earlier, progress toward graduation in the first phase of the programme has been slow. This reflects a number of critical issues described further below:

- There remains confusion regarding both the concept and the benchmarks for graduation. It is becoming increasingly apparent that the current agreed benchmarks are problematic and a new approach needs to be considered.
- The potential impact of one-off access to household asset building credit is limited, but scarcity of resources meant that only few households had access credit more than once. In addition, many PSNP clients have yet to receive any access to asset building support.
- The combined impacts of PSNP and household asset building are greater when interventions are well implemented and in particular, when PSNP transfers are timely and adequate, and when households have access to both types of inputs simultaneously. However, implementation has remained weak in a large number of woredas.
- Incentives to remain in the programme are high, while incentives to graduate are limited:
  - Households who participate in FSP have much greater access to services (and at lower cost) than non-participants.
  - The high risk environment of CFI woredas means that people want to have a wide range of income sources including those from potential dependable sources such as the PSNP.
  - Social pressure for households who have improved their food security status to graduate and thereby allow other (now relatively poorer) households to access programme support is reduced by the fact that people know that graduation will rather reduce the caseload.

- The PSNP budget has frequently made a sizeable contribution to the overall budget available to woredas, reducing the incentives for woreda staff to maintain pressure for graduation to be achieved.
- The level of poverty in food insecure woredas is very high, and the degree of food gap and asset poverty faced by some households very significant. As a consequence a lot of progress has to be made before it becomes visible through measures of graduation. Stabilising livelihoods and small increases in asset buildings may not be measurable as graduation, but are still significant achievements which need to be recorded. Furthermore there is significant variation in the wealth status of those within the programme, even though most do meet the eligibility criteria. Households within the programme had different asset holdings and different capabilities at the start of the programme and therefore require both different levels and different types of investments in order to achieve graduation benchmarks.

In response to these issues, in this new phase of the FSP the vision for achieving graduation is as described in the diagram below (Figure 2).

**Figure 2: Vision for graduation**



The critical steps envisaged in this vision for graduation are as follows:

- All chronically food insecure households will receive PSNP transfers. Under the HABP, they will also receive technical and business development support from DAs and woreda experts for the identification of potential new investment opportunities and the development of household business plans. They will then access credit from MFIs or RUSACCOs to enable them to make these investments. In addition, support will be provided to identify market outlets as well as potential value addition opportunities. In addition households will be encouraged to engage in regular savings either with village savings and credit groups or RUSACCOs.
- The most destitute households targeted by the PSNP (“ultra-poor” in the diagram; these may include female headed or labour poor households) are often unwilling and unable to take credit. In order to build their confidence as well as their creditworthiness, these households will receive not only extension and credit as described above, but also an additional effort to include them, including intensive support and tailored products. Following this kick-start, households should be in a position to access credit in similar ways to other chronically food insecure households for further undertakings in their business plan.
- As their assets and incomes increase, chronically food insecure households will no longer need support from the PSNP (and may even voluntarily withdraw from the programme). When this happens, i.e. when they graduate from PSNP, they will continue to access FSP support from extension staff and financial institutions so that they can further build assets in order to become sustainably food secure. During this period they might take larger loans and may begin to choose products that are not linked with the Food Security Programme, but rather are mainstream products provided by financial institutions, particularly MFIs.
- Eventually, households will no longer need the targeted support provided by the FSP. Meanwhile financial institutions will have increased their outreach as a result of the programme and should have an improved capital base (through savings and through capitalisation channels independent of the Food Security Programme). Newly food secure households that have graduated from the FSP, along with existing food secure households, will therefore continue to have access to mainstream credit and services.
- Throughout the households’ trajectories toward graduation, the FSP will also support the creation of an enabling environment through the construction of community assets by PSNP PW and CCI.

The programme will continue to have ambitious graduation targets. However, the assessment of the progress made towards graduation will not be limited to measuring the number of households achieving it. There will be an additional focus on measuring increases in assets and income below (and above) graduation thresholds – among others to ensure that early measures are taken when households show signs of possibly falling backward. Woredas will be assessed on their performance against these indicators. Existing graduation benchmarks will be reviewed early in the new programme phase to address concerns that current graduation benchmarks may not be realistic and that the overall system, which requires intensive data collection, may be too cumbersome.

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## 2.3 TARGET GROUP AND SCALE OF THE PROGRAMME

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The Food Security Programme targets food insecure populations in chronically food insecure woredas of Ethiopia (the 'programme woredas')<sup>14</sup>. Although there is overlap between the target groups of the four components of the programme there is also some variation in focus.

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### 2.3.1 TARGET GROUP

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The **Productive Safety Net Programme** focuses primarily on the **chronically** food insecure households that is, households that have a food gap of three months or more even during a normal year, within defined food insecure woredas (the 'programme woredas'). The target group includes the chronically food insecure families of those who have volunteered to take part in the resettlement programme and who have gone in advance of their families to resettlement sites to establish themselves prior to their families joining them. In case of shocks in the programme woredas, the PSNP will also cover the **transitorily** food insecure populations through PSNP contingency budgets and the Risk Financing component.

The **Household Asset Building Programme** targets both **chronically food insecure** and **food sufficient/transitorily**<sup>15</sup> food insecure households within defined food insecure woredas that is, households who have food gap of three months or more in either a normal or moderately bad year. The HAB programme provides the same services to households in the PSNP programme and those having graduated from the PSNP though not yet food secure. However, in case of capacity and/or resource constraints the first priority of the Household Asset Building Programme will be those within the PSNP and those who have recently graduated from the PSNP.

The **Resettlement Programme** targets **chronically** food insecure households with **adequate** adult able bodied **labour** who **voluntarily** put themselves forward for resettlement

The **Complementary Community Investment** component of the FSP is a programme of capital intensive community infrastructure development aimed at benefiting groups of food insecure populations living in selected chronically food insecure woredas. Investments will focus on pastoral, semi-pastoral and moisture-stressed highland areas. Regions will define woredas in need and best able to take advantage of such investments.

Within the above broad categories, the FSP will pay particular attention to the needs of the following specific categories in the CFI populations:

- **Women:** Both women headed households and women within male headed households will be specifically targeted by the programme. Women headed households are often among the poorer categories of FSP clients due to scarcity of labour shortage are likely to need specialist support. While women within male headed households may suffer less from labour scarcity, their needs can be overshadowed by the demands made by household heads, support will be

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<sup>14</sup> Woredas currently defined as chronically food insecure are those targeted by the PSNP up and until 2009. Their eligibility for the PSNP in 2005 was defined by the frequency with which they required food assistance in the ten years preceding the design of the PSNP (the ten years up to 2004).

<sup>15</sup> These are not strictly or necessarily transitory, but are households which are not chronically food insecure, are not food secure, and may or may not be subject to a shock at any particular time. In other terms used by the PSNP these would be households which are food sufficient but not food secure – they would have graduated from the PSNP but not yet from the FSP.

provided to both male and female household members on order that the needs of all family members might be better met.

- **Youth:** The rural youth represent a large and diverse category of people who face particular constraints as they seek to make a livelihood. The category includes young adults who have left school but remain living with their parents, and newly formed households who are landless and are likely to remain so for a while (and in some cases forever) in ever increasing numbers. Their lack of access to land has often limited their access to credit, and prevents them from following livelihood strategies common to other community members. They often have more formal education than their parents' generation and other aspirations. The specificity of the needs of female youth must also be recognised, and be paid attention to.
- **Pastoral Communities:** At present a pilot PSNP programme is underway in pastoral areas. The results of this pilot should be forthcoming in early 2010 and will inform scaling up of the programme in pastoral areas. Pastoral communities are expected to benefit significantly from the CCI component and there will be some variation in the support provided under the Household Asset Building component of the programme. These variations in programming will reflect the different livelihoods of pastoral people, and the opportunities and constraints they face. In particular greater emphasis will be on supporting pastoral risk management. An overview of pastoral-specific issues for the FSP as a whole as well as each of its components can be found in Section 2.7 below.

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### 2.3.2 SIZE OF THE PROGRAMME

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In 2002/3 15 million people were identified as needing assistance as a consequence of the 2002 drought. The 15 million figure is the upper boundary of the caseload of food insecure households eligible for the support of the Food Security Programme as outlined in the New Coalition for Food Security documents. Notably, it is an indication of the desirable coverage of the Household Asset Building programme in this phase of the FSP. Within this, the Productive Safety Net Programme to date has had a target caseload of 8.3 million people<sup>16</sup>.

These numbers indicate the upper boundaries of the caseloads for the broader FSP and for the PSNP, respectively. It is expected that over the course of the programme the caseloads should decrease, reflecting the success of the programme in assisting households to graduate. Within these limits, the experience of the past five years strongly suggests that the exact number of people that should make up the target group of the FSP must be regularly re-assessed, taking the following factors into account:

Graduation decreases the PSNP caseload first, then the size of the broader target group of the FSP, when households reach food security.

- However, the number of households having access to the services of the HAB must increase massively in this phase of the programme, for graduation to take place at scale.

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<sup>16</sup> Extrapolation from the 2004 Welfare Monitoring Survey (applying the % of the sampled population in the Region experiencing a food gap to the total population in the Region) indicates that around 8.78 million people in Amhara, Oromiya, SNNPR, Tigray, Dire Dawa, and Harari faced a food gap of four or more months (a figure comparable with the PSNP client figure for those Regions of 7.3 million, although there are some considerable Regional discrepancies). The same survey found that 34% of the rural population surveyed experience a one or more month food gap, this would be equivalent to a target group of 20-25 million people.

- The HAB programme must also accommodate the newly formed households.
- Furthermore, in this phase the programme will accommodate the caseload of the pastoral areas, in line with the commitment to scale up the pilot currently under way in those areas. This will prompt an initial increase both of the PSNP caseload and the target population of the broader FSP.
- A critical parameter is the amount of resources actually available for the FSP and for each of its components. This is a constraint within which prioritization will have to take place.

To address the challenge of accommodating these various factors, the size of the programme will be regularly re-assessed through the following formula:

$$\begin{aligned}
 &\text{Programme size (to be taken into account for programming purposes)} \\
 &= \text{previous size} \\
 &- \text{graduation (deferred for 1 year}^{17}\text{)} \\
 &+ \text{adjustment based on assessment}
 \end{aligned}$$

Presently, this graduation element of the formula above is specific to the PSNP, as the parameters for graduation from FSP have still to be clarified. Adjustments based on assessments refer to the process to determine the transitory needs to be covered by the PSNP and targeting for the HABP.

As noted above it is not expected that the programme size would continue to increase over time, once the effect of the scaling-up in pastoralist areas and of the desirable rapid expansion of the HABP coverage will have been incorporated. But the actual programme coverage will be based on an annual assessment of all the parameters outlined above, and will use the full amount of resources available as required, according to this assessment. Where resources are constrained, HABP will prioritise support to PSNP clients then graduates, and will cover other eligible households to the extent resources allow.

There is some evidence that a number of households and areas in the ‘programme woredas’, that had not been targeted in the first phase, have become chronically food insecure since the inception of the PSNP programme in 2005<sup>18</sup>. It is anticipated that the retargeting leading up to the 2010 PSNP programme year will address some of these issues. Households that are not chronically food insecure in PSNP woredas but in need of support will be covered by the PSNP Risk Financing component and, as resources allow, HABP.

In the same way, a number of woredas that are not ‘programme woredas’ today have had since 2005 a significant number of households receiving emergency relief three or four years out of the past five years and should therefore be considered as having become chronically food insecure according to the criterion used in the initial design of the PSNP. For this phase of the FSP, the geographic focus of the programme on chronically food insecure woredas will continue and the programme will not expand to new woredas in highland areas. Therefore, households requiring regular support that reside in non-chronically food insecure woredas will continue to be covered under the emergency response system.

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<sup>17</sup> As described in the PSNP component document, p16

<sup>18</sup> These are households, in CFI woredas, that have had to receive emergency relief three or four years out of the five years since 2005, and areas where a significant number of such households are settled.

## 2.4 COMPONENTS, OUTPUTS AND ACTIVITIES

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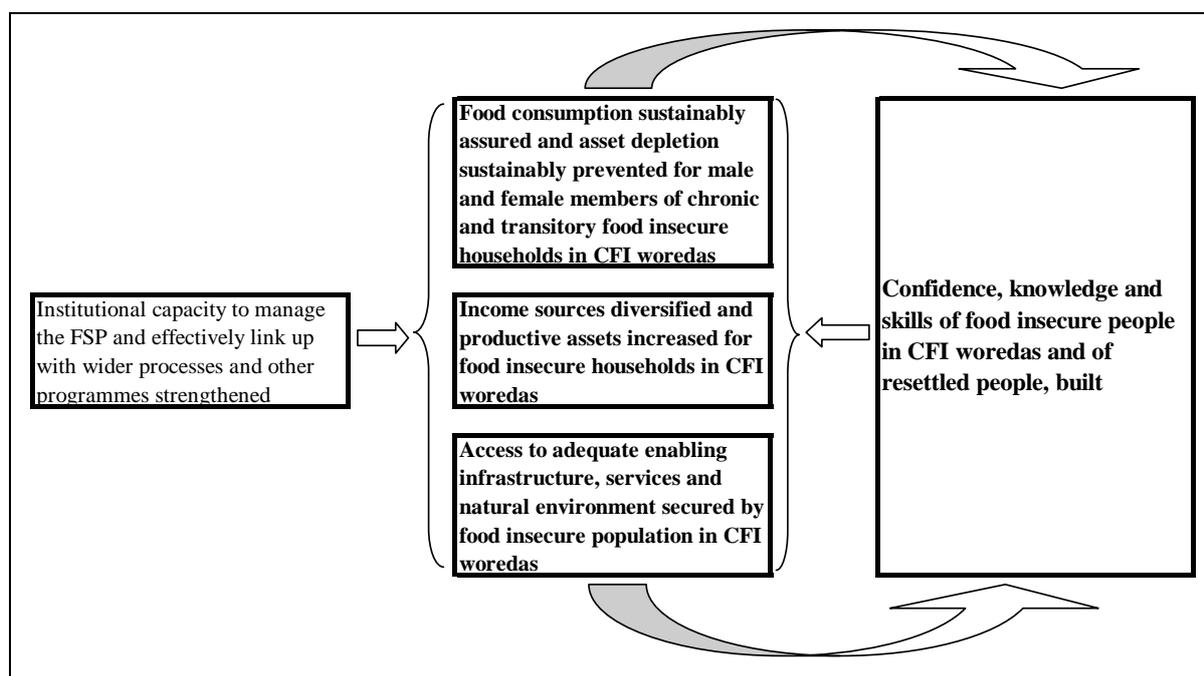
The Food Security Programme has six Outputs as follows:

1. Food consumption assured and asset depletion prevented for male and female members of chronic and transitory food insecure households in CFI woredas.
2. Income sources diversified and productive assets enhanced for food insecure households in CFI woredas.
3. Access to adequate enabling infrastructure, services and natural environment secured by food insecure population in CFI woredas.
4. Confidence, knowledge and skills of food insecure people in CFI woredas built.
5. Institutional capacity to manage the FSP and effectively link wider processes and other programmes achieved.
6. Access to adequate food, income and enabling infrastructure, services and natural environment secured for resettled households from PSNP woredas.

Achievement of these Outputs is dependent on the successful implementation of all four components mentioned above: the Productive Safety Net Programme, the Household Asset Building Programme, the Complementary Community Investment Programme and the Resettlement Programme. As such, one component will contribute to achieving more than one Output; and most Outputs require more than one component if they are to be realized. This is illustrated in Table 3 below (Annex 1 then shows the contribution of the various Outputs of each component programme). In the table, “X” indicates where components make a significant direct contribution to achieving the Output, while “x” indicates where the component only makes an indirect contribution to achieving the Output. For example, the PSNP contributes to Output 2, “Income sources diversified and assets enhanced...” indirectly as a result of protecting household assets, increasing confidence to take loans and make investments, and improving the enabling environment through public works.

It is useful to note that the FSP Outputs are not all of the same nature. Output 5 (institutional capacity) is required to enable successful implementation of the Activities planned in Outputs 1, 2, 3 and 4. Output 4 (CFI households’ confidence, skills and knowledge) is both a pre-requisite for the Activities under Outputs 1, 2 and 3 to be effective and a result of the approach with which Activities under Outputs 1, 2 and 3 are implemented. CFI households must develop a minimum level of confidence, skills and knowledge to be able to take advantage of the programme services. At the same time, their confidence, skills and knowledge will be further built as a result of them benefiting from the programme Activities. The diagram below (Figure 3) illustrates that, in line with the above, the link between the FSP Outputs is circular and Outputs mutually reinforce each other.

**Figure 3: Mutually reinforcing Outputs of the FSP**



The vision for graduation (in Figure 2 above) requires close complementarity among the FSP components. The architecture of the programme is conceived to ensure this (as shown in Table 3). Yet, complementarity at the conceptual level must be operationalised. That is, there needs to be systems and procedures in place so that, for instance, where irrigated horticulture is identified as a suitable opportunity for CFI households in a particular community because the potential for irrigation exists and access to market is reasonably adequate, all the required Activities to make this a reality are planned and implemented in a coordinated manner. This includes implementing the PW or CCI to construct the necessary infrastructure, providing advice and training on horticultural production, facilitating links with input providers (seeds, seedlings, treadle pumps, irrigation systems etc.), identifying market outlets, possibly facilitating the formation of groups to undertake value-adding processing activities etc. Moreover, all of these Activities need to be closely coordinated with FSP Activities aimed at developing other opportunities, and with the other development initiatives taking place in the area. The key to the necessary integration, at a practical level, of both plans and Activities among FSP components and of the FSP with other development activities, is the woreda plan. This is further developed in section 3.3 below.

**Table 3: Food Security Programme components and Outputs**

<b>Components and their Outcome Statements:</b>	<b>Output 1:</b> Food consumption assured and asset depletion prevented for male and female members of chronic and transitory food insecure households in CFI woredas	<b>Output 2:</b> Income sources diversified and productive assets increased for food insecure households in CFI woredas	<b>Output 3:</b> Access to adequate enabling infrastructure, services and natural environment secured by food insecure population in CFI woredas	<b>Output 4:</b> Confidence, knowledge and skills of food insecure people in CFI woredas built	<b>Output 5:</b> Institutional capacity to manage FSP and effectively link wider processes and other programmes strengthened	<b>Output 6:</b> Access to adequate food, income and enabling infrastructure, services and natural environment secured for resettled households from PSNP woredas
<b>Productive Safety Net Programme:</b> In CFI woredas: Food consumption assured and asset depletion prevented for food insecure households; Markets stimulated and access to services and natural resources enhanced for PSNP and other households; Natural environment rehabilitated and enhanced	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
<b>Household Asset Building:</b> Income sources diversified and productive assets increased for food insecure households in CFI woredas		<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
<b>Complementary Community Infrastructure</b> Access to adequate enabling infrastructure in food insecure woredas		<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
<b>Resettlement:</b> Access to adequate food, income and enabling infrastructure, services and natural environment secured for resettled households from PSNP woredas and triggering growth nucleus for investors.				<b>X</b>	<b>X</b>	<b>X</b>

The Outputs and their Activities, along with the programmes to which they contribute, are discussed in more detail below. The following table should act as a guide to the remainder of the document to help readers identify where descriptions of different aspects of the components can be found:

**Table 4: Guide for the reader**

<b>Component</b>	<b>Aspect</b>	<b>Output and Page No.</b>
<b>PSNP</b>	Transfers	Output 1: page 27
	Risk Financing	Output 1: page 27
	Public Works	Output 3: page 38
	Direct Support	Output 3: page 41
	Capacity Building	Output 5: page 46
<b>HAB</b>	Demand led extension services	Output 2: page 46
	Financial Services	Output 2: page 32
	Input Supply	Output 2: page 46
	Market Linkages	Output 2: page 46
	Capacity Building	Output 5: page 46
<b>CCI</b>	Infrastructure	Output 3: page 40
	Capacity Building	Output 5: page 46
<b>Resettlement</b>	Resettlement	Output 6: page 52
	Capacity Building	Output 5: page 46

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#### 2.4.1 FOOD CONSUMPTION ASSURED AND ASSET DEPLETION PREVENTED FOR MALE AND FEMALE MEMBERS OF CHRONIC AND TRANSITORY FOOD INSECURE HOUSEHOLDS IN CFI WOREDAS

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This Output relates to meeting the food gaps of chronically food insecure households through transfers. As such it is directly related to the transfer component of the PSNP. In addition this Output includes the newly designed Risk Financing Component which will protect lives and livelihoods of transitorily food insecure households in PSNP woredas by addressing their food and cash needs (to the limit of the resources available in this component). The public works and direct support activity components of the PSNP are described under FSP Output 3 ‘Access to adequate enabling infrastructure...’ below.

#### **Key Lessons Learned in Previous Phases:**

The PSNP has demonstrated the value of a shift away from a humanitarian response system to a more development oriented approach to addressing food gaps. There is evidence that livelihoods are stabilising and food insecurity is being reduced among client households.

Programme impacts are greater, including progress towards graduation, when implementation is more effective and when programme participants receive a greater proportion of their entitlements. Implementation is most effective, when key stakeholders have a shared understanding of programme objectives and principles and this in part accounts for differences in the quality of implementation from woreda to woreda. Ensuring ownership and shared understanding political and administrative

stakeholders as well as technicians is important. Further work in defining key principles will help to further develop this shared understanding.

The ability to respond quickly to emerging crises, enabled by the contingency budget, was valued. However, lack of clear procedures did hamper the ability to respond. The new Risk Financing Component needs to take into consideration both food/cash and non-food needs of shock affected households. Meeting non-food needs will continue to be the responsibility of the Early Warning and Response Directorate. It also needs to ensure strong links with the Activities and responsibilities of the Early Warning and Response Directorate and coherence with the revised National Disaster Policy. Where actions are potentially required which should not or cannot be part of the PSNP appropriate institutions need to be identified and responsibility negotiated, and contingency plans developed.

#### 2.4.1.1 DESCRIPTION OF OUTPUT AND ACTIVITIES

As already mentioned this Output relates to the transfer component of the PSNP. The Activities needed to achieve this Output<sup>19</sup> include the selection of the appropriate method of transfer (food or cash) and the delivery of the transfer to chronically food insecure populations in a predictable and timely manner. Transfers are considered to be timely when they are received by food insecure households before the time by which they may need to restrict consumption or sell assets. Predictability implies that households know how much they will receive and when they will receive it so that households can make plans on the basis of the knowledge that they will receive transfers.

Key Activities to achieve this Output are described in more detail in the PSNP component document and include:

- Identify eligible participants through annual targeting and graduation process (ensuring the mainstreaming of gender and HIV/AIDS)
- Resolve any appeals
- Undertake annual wage rate study to ensure parity between food and cash wage rates
- Develop disbursement plan, including food/cash split
- Ensure that programme participants have full understanding of programme principles and procedures (including size of transfer and disbursement schedules)
- Implement system to deliver appropriate timely and predictable cash and/or food transfers to chronically food insecure people
- Implement Contingency Budget and Risk Financing Mechanism effectively to provide appropriate, timely and predictable cash and/or food transfers to transitory food insecure people
- Promote domestic markets for food and non-food products

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<sup>19</sup> Also described in further detail in the PSNP programme document

#### 2.4.1.2 PRIORITIES AND NEW ACTIVITIES FOR THE NEXT PHASE OF THE FSP

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In this phase of the FSP the Government of Ethiopia will build on the successes to date in terms of improving timeliness and predictability of transfers and thereby further enhance the effectiveness of the programme. The following actions will be prioritised in order to achieve this:

- Critical to the process of achieving timely and predictable transfers are Activities related to financial management and accountability. Sound financial procedures are required both to ensure that transfers reach intended clients, but also in order for there to be accurate financial reports to trigger further disbursements of financing. In addition to enhancing capacity to effectively manage the financial aspects of the programme (through training and improved technical support from the Region and zonal level), the sense of ownership of this aspect of the programme by the Ministry of Finance will be increased.
- In the previous programme phase, payment software was designed to reduce the paper work associated with payments to clients (woredas had been writing out payment lists by hand in triplicate). This software has now been field tested and installed in most woredas, but is not yet fully operational. Completing the roll-out of the software, further developing skills in using the software and thereby operationalising this time-saving approach will be a key action.
- There is significant difference in the performance of PSNP implementers from woreda to woreda. While the majority of woredas have been made significant improvements in the past four years, and have implemented a number of actions to improve timeliness and predictability of transfers, a small number of woredas have been left behind. In this phase, special efforts will be made to address the constraints of low capacity woredas and to improve capacity; thereby bringing them to a similar level of performance to other areas.
- The Government is committed to ensuring that households receive their full entitlement to PSNP support over multiple years, which together with household asset building is critical for achieving graduation. Government stated that it will emphasize to implementers at all levels that payments must be made to clients in full and that households must remain in the Programme until they graduate. In order to improve accountability and transparency of payments, client cards will be introduced based on the experience in SNNPR and of an assessment of the system used for recording relief assistance. This is further detailed in section 3.6 of this document, addressing issues of performance and accountability.
- Furthermore, communities can play a role in holding service providers to account. However, they can only do this if they are fully informed of their entitlements with regards to timing and size of transfers. This phase will complete efforts already started to ensure good communication to programme participations including information on targeting, programme budgets, transfer schedules, work norms and transfer size. Increased efforts will also be made to ensure that women also have better understanding of these issues. This will also have the effect of improving predictability of transfers as it will ensure that programme participants know how much to expect when (enabling them to plan accordingly).

To date the PSNP has, with the exception of the pastoral pilot, used one single transfer (and public works) schedule throughout the programme areas despite significant variability between when the hungry period occurs and when is the peak labour period. As a result, some woreda implementers are holding back transfers for the hungry period (which are seen as late payments) and either public works implementation is being delayed, or public works are pulling

people away from core livelihood activities (potentially undermining people's livelihood strategies and delaying graduation). This phase of the programme will facilitate greater flexibility in programme implementation and allow woredas to determine the appropriate public works and transfer schedules. It is progress against these schedules which will be monitored to assess the extent to which transfers are timely.

Recent unprecedented inflation has challenged programme implementers' efforts to ensure parity between the food and cash transfer rates in the programme (with cash transfer rates substantially losing value). Greater efforts will be made to ensure parity and to make better use of the flexibility that already exists in the programme (which is that both food and cash are possible resources). With flexibility to provide transfers in food or cash, as appropriate, this programme also expects to have an impact on promoting markets for food and non-food products. In support of this the 'cash first principle' agreed during the design of the PSNP in 2004 will be upheld. In order to improve impact on markets, information regarding cash-food splits will be systematically shared with cooperatives and traders (both large and small). Other Activities necessary to facilitate market promotion may also be identified during the planning process (integrated within the mainstream woreda planning process as described in section 3.3). This is addressed under Output 3.

The new phase of the PSNP will also seek to overhaul the food management and accountability structures to ensure effective management and reporting of food resources. Key actions include the setting up of effective and clear reporting and monitoring mechanisms including the reporting by other actors engaged in food management (including NGOs), improved food procurement procedures, and clearer and timelier communication with regards to transportation of food resources.

During this phase innovative approaches in delivering transfers to clients will be considered and piloted if practical (e.g. mobile banking, use of mobile telephone technology, use of MFIs or post offices etc.).

At present a pilot is underway assessing whether or not it is possible and appropriate to vary the level of support based on the needs of clients. This pilot is providing either three, six or nine months of food or cash support to programme participants on the basis of their food gap. Should this pilot prove successful the results will be scaled up and may be used for the targeting of clients of the HABP. The pilot results will become available during 2009 with the possibility to scale up results from 2010 onwards.

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#### 2.4.1.3 RISK FINANCING

This Output also includes provisions to scale up the programme in the event of shocks. The PSNP Contingency Budget and Risk Financing mechanisms will enable appropriate and timely transfers when the need arises. The risk financing approach is based on the idea that if the response to a shock can be initiated early, then people will be supported when they need it and they will have no need for destructive coping mechanisms. Thus the shock is prevented from becoming an emergency and once it has passed, people continue their lives with their livelihoods intact.

For this to be possible, four conditions need to be fulfilled, which together comprise the four pillars of a risk management approach:

**Early Warning.** Effective early warning systems need to be in place to indicate the need for a response as early as possible.

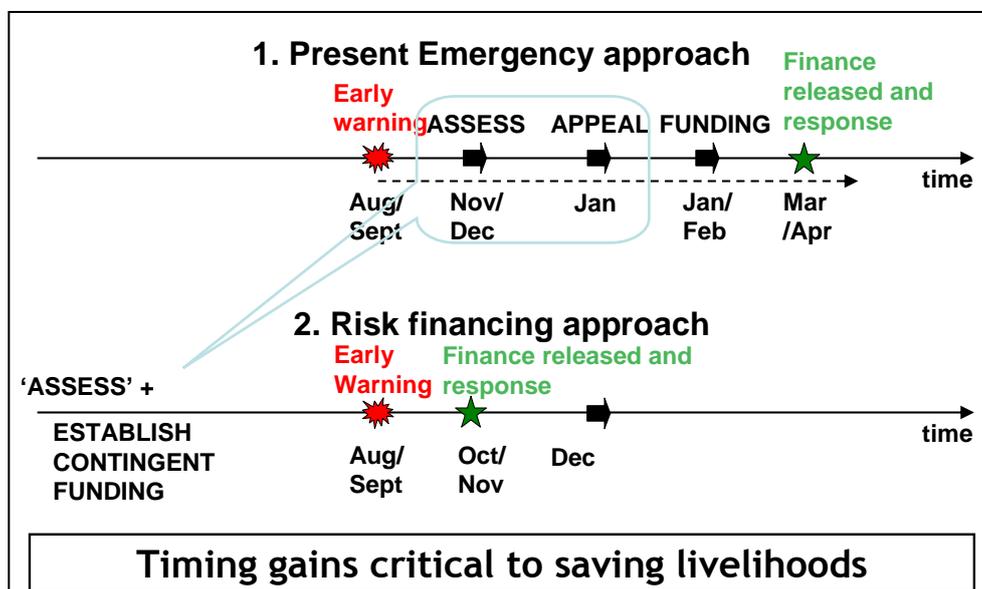
**Contingency Plans.** Plans need to be in place so that when a shock is indicated key actors in the system have already thought through how they need to respond.

**Contingent Financing.** A more robust mechanism needs to be established to ensure that resources are pre-positioned so that they can be made available in a timely and predictable manner (avoiding the major time delays associated with the appeal process).

**Institutions and Capacity.** Adequate institutional arrangements and capacity need to be in place or able to be put in place quickly to allow the pre-prepared plans to be implemented.

Figure 3 demonstrates in general terms the difference that this approach makes to the timing of response to the same shock.

**Figure 3: Emergency Response and Risk Financing Compared**



Much of the infrastructure and systems for the delivery of the risk financing approach are already in place with the PSNP structures and systems, based on the same principles of timeliness and predictability. This allows the possibility of scaling-up the safety net when needed, such that it is able to address transitory needs. It can then be scaled down again when the shock has passed. With the adoption of the risk financing approach, PSNP rules and processes are applied to the response to transitory needs as well as that for chronic needs. This will certainly lead to improvements over a continuation of the 'business as usual' emergency response. Moreover, this has an additional advantage over even an earlier emergency response, linked to the greater developmental orientation of the PSNP.

#### 2.4.1.4 STAKEHOLDERS INVOLVED AND THEIR ROLE

Key stakeholders engaged in achieving this Output include: Food Security, Finance and Early Warning and Response line departments at Federal Regional and woreda levels as they are largely responsible for completing paper work associated with transfers and making payments. In addition, timely public works completion is also critical which requires active involvement and supervision by Natural Resource line departments (along with other relevant sectors such as Roads and Water) as well as the relevant DA at community level. DAs are also critical for the completion of payrolls at community level. In addition the Early Warning and Response

Department have a critical role to play with regards to Risk Financing, both by providing accurate and timely early warning information and by ensuring adequate linkages between Risk Financing resourced Activities and other actions related to humanitarian response.

#### 2.4.1.5 LINKAGE WITH OTHER OUTPUTS

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Timeliness of transfers is critical to the achievement of Output 4: “Confidence, knowledge and skills of food insecure people in CFIs, and resettled people, built” as there is evidence that without predictability people lack the confidence to make investments. Conversely confidence and knowledge of programme participants can enable them challenge poor implementation thereby improving the quality of programme implementation.

As noted earlier, achieving Output 1 alone is not sufficient to enable households to graduate from the PSNP (let alone from the FSP). In this sense, it is critical that households get both adequate and timely transfers as per Output 1, and services enabling them to raise their income and assets as per Output 2.

The majority of clients receive transfers as a result of their engagement in public works, which are described under Output 3: “Access to adequate enabling infrastructure, services and natural environment secured by food insecure population in CFI woredas”. In addition, Direct Support clients may also receive services described in this Output.

Output 5: “Institutional capacity to manage the FSP and effectively link wider processes and other programmes strengthened” underpins the achievement of all Outputs.

#### 2.4.2 INCOME SOURCES DIVERSIFIED AND PRODUCTIVE ASSETS INCREASED FOR FOOD INSECURE HOUSEHOLDS IN CFI WOREDAS

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Whereas Output 1: “Food consumption sustainably assured and asset depletion sustainably prevented...” is largely protective, this Output is focused on increasing productive assets and diversifying incomes at the household level. As such it is directly related to the Household Asset Building programme of the FSP.

##### 2.4.2.1 DESCRIPTION OF OUTPUT AND ACTIVITIES

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###### **Key Lessons Learned in Previous Phases:**

From the previous programme it was learned that in order to substantially increase food insecure households’ income and build their assets, households must be empowered to choose among a wide choice of options which respond to the various technical and entrepreneurial capacities and interests of the households. It was also learned that some packages represent potential risks for the vulnerable households and that these must be considered and also addressed in a sustainable manner.

The role of Extension in providing facilitation, advice and skills development is critical for households and communities to succeed with the income generating Activities. The lessons from the previous programme were that in order for Extension to effectively fulfil this role, the extension staff must concentrate on technical advice and not spend time on extraneous Activities such as loan distribution and follow up. Moreover, staffing at woreda and Kebele levels needs to be strengthened and the FTCs made operational and well equipped. Most importantly, the extension approach must become more demand driven.

The credit component of the food security programme lacked operational guidelines for implementers and faced challenges as funds were channelled through institutions that were not designed for financial service provision. In most places, community members were not aware of the terms and conditions of the loans. Their confusion on the purpose of the loan (viewed by many households as a grant) led to low repayment rates, which prevented the funds from revolving throughout the community. Often, the transfer of the resources was not timely, leading to inappropriate use of the credit money. In some Regions, the woreda agriculture office was involved in the disbursement and collection of credit, which seriously affected the relationship between farmers and extension workers.

Financial products provided to food insecure households were restricted to credit for acquiring the inputs required for the packages, without saving facilities. In some Regions, the credit amount was fixed, with no flexibility for households who needed smaller or larger loans for their investments. Where the products offered were rightly recognised as loans rather than grants, very poor households were reluctant to take large credit, as were female headed households, who hesitated because of labour constraints. Muslim communities found that the products offered—credit with interest—was not appropriate to their culture. In some Regions, a service charge was used instead of interest to enable these communities to access credit.

Off-farm investment and employment opportunities were not sufficiently promoted in the previous phase as a result of capacity constraints (the educational background of DAs is in agriculture and natural resources management, not off-farm entrepreneurship) and a lack of clear institutional responsibilities for the promotion of off-farm activities.

The weakness of input supply and distribution systems was a major constraint to the profitability of household investments in the previous phase. Farmers often had inadequate access to quality inputs, and those which were available often arrived late. Similarly, the absence or thinness of markets limited the profitability of investments, sometimes causing severe problems for households in meeting their loan repayment obligations. This occurred because packages were adopted without an understanding of product value chains and market outlets, and because little attention was given to processing and quality control, the use of standardized weights and measures and improving storage and market information.

This Output focuses on the creation of household assets and improvements in household income through access to appropriate and responsive extension services and financial services, appropriate inputs and market linkages. Key Activities include support to:

- The provision of high quality and responsive advice for sustainable farm and non-farm investments, through a demand-driven extension service
- The development of appropriate financial products (mainly credit and savings) for the sustainable provision of financial services to CFI households by appropriate financial service providers
- Improved linkages to input, product and labour markets

The HABP design recognises that the Activities outlined above require that the ongoing reforms in the extension system be strengthened to reach front-line implementers and that the manner of Government involvement with market actors changes significantly. It also requires a

complete shift away from government agencies' role in providing credit. Leadership and commitment from senior levels will be required to successfully implement these changes, as well as a comprehensive strategy for capacity building for the various agencies involved, as described in the HABP document.

It is also recognised that a different approach to building sustainable livelihoods is required in pastoral areas. Approaches are likely to include a significant focus on risk management activities and will be based on experiences developed through the FSP, PCDP and other interventions. This is described in further detail in the HABP document as well as Section 2.7 below.

#### 2.4.2.2 PRIORITIES AND NEW ACTIVITIES FOR THE NEXT PHASE OF THE FSP

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##### **Demand Driven Extension Services**

The Extension Service will take the lead role in implementing this Output. A demand driven approach will be adopted with respect to household investments and income generating activities that provides poor households with access to interventions that are tailored to their needs and interests. On- and off-farm investment and income generating activities promoted for very poor and poor households will be appropriate in terms of their technical and labour capacity, be of relatively low risk, be capable of building up assets in a relatively short period of time, be financially viable and provide returns sufficient to cover loan repayments within the specified time. Households will be encouraged to develop a business plan which will include all investment activities that they choose to undertake and that will have been identified as viable livelihood options in the area. This identification process is a cornerstone activity of this Output, and will take place as described below.

There is already a wide range of potential on-farm household investment and income generating opportunities that have been research tested and approved, and in many areas there is a wealth of operational research and practices in relation to opportunities linked to value chains based on farm products. These opportunities will be assessed in participation with all stakeholders (farmers, traders, input suppliers, all relevant WARDO departments) at the woreda and kebele levels in terms of their suitability for local agro-ecological conditions, livelihood systems and financial viability using local market input and product prices. The process will also include an assessment of the capacity of local markets to absorb additional marketable surplus and an analysis of the investment requirements in terms of financial, technical and labour capacity, draught power, harvesting, storage, processing and marketing activities. New potential investments and income generating opportunities will be identified in collaboration with farmer groups, agricultural research institutions, the Extension Department, Cooperative Promotion and Inputs and Marketing institutions at Regional, woreda and kebele levels. They will be subject to on-farm testing and local adaptations as may be required.

While the system of identification and development of on-farm investment and IGA opportunities is well established, that for off-farm income opportunities is less well developed. New mechanisms will therefore be put in place for off-farm activity identification and promotion, which will be a key part of the programme, particularly for youth, landless or labour-poor households, and other households seeking to diversify their income streams. Institutional responsibilities for promoting off-farm employment are further clarified in section 3.1 below and in the HAB programme document. Many actors will participate, but these will all be coordinated by officers in charge and assigned for the purpose at the Federal, Regional and woreda level Food Security entities. Strong linkages will be established with existing programmes such as Small and Medium Enterprise development under Trade and Industry, and programmes of Women's Affairs and Youth, Sports and Culture. These new stakeholders—

particularly key agencies such as the SME Agencies—will be fully engaged in the FSP in order to facilitate the sourcing of the required capacity to develop off-farm options for CFI rural populations. Where off-farm activities are promoted there will also be a thorough assessment of the absorptive capacity of local and farther markets for such services or products.

Income from wage employment comprises a substantial and critical element in poor households' livelihoods and had considerable potential to contribute to graduation to food security. The expanding commercial agricultural sector and the increasing use of labour-intensive methods of maintenance of public infrastructure (e.g. medium/large scale irrigation, main and secondary roads) provide potential income generating opportunities. The programme will support awareness creation of these potential employment opportunities. Expansion of existing money transfer services by financial service providers targeted at migratory labour will be promoted by the Programme.

Various analyses including technical assessments and value chain analyses to identify viable on-farm, off-farm and labour opportunities for each livelihood zone will be drawn together through an **Investment Opportunity Stakeholder Consultation** process. This consultation will be the first step in awareness creation and knowledge acquisition with respect to potential investment and income generating opportunities for food insecure households. Group and individual consultations conducted at FTCs will enable households to assess the appropriateness of a specific investment to their particular technical, labour and financial capacity. The Stakeholder Consultation will pay particular attention to identifying suitable investment opportunities for specific categories of chronically food insecure households such as female headed households, landless youths and extremely asset poor households.

Technical assistance in the preparation of business plans will be provided by DAs with support from relevant woreda offices to groups of farmers/entrepreneurs at FTCs. For more sophisticated on-farm investments, and for most off-farm investments (e.g., small scale processing, trade, wage employment), woreda experts may be substituted for DAs and provide training directly to groups of households. The involvement of experts from the SME Agency in providing training will be particularly critical, as DAs generally have no background in off-farm activities. Coordination of the various agencies and their contribution to HABP training will be done by the HABP Technical Committee at the woreda level.

Following the preparation of business plans, households will be referred to financial institutions for financing, as outlined below. Support for the implementation of the business plans will then be provided through technical assistance on various technology options and monitoring of household investments.

### **Sustainable Financial Services**

In this phase, the focus will go beyond the provision of credit to chronically food insecure households to the establishment of a sustainable financial services system in CFI areas. The programme will support professional financial service providers in expanding their outreach and offering a range of products tailored to support food insecure households to implement their on- and off- farm investments. The aim is to support and use providers that will be capable to continue to provide such services even after completion of the programme.

The basic principles guiding the Financial Services provision in the new programme are:

- **Appropriate institutions:** Financial services should be delivered through sustainable and appropriate financial providers. RUSACCOs are well placed to promote savings and manage credit that is revolved within a community. MFIs are better placed to mobilize

external funds and provide credit on a larger scale. However, ensuring maximum coverage of targeted woredas and kebeles—through whichever institution is available—will be the first priority.

- **Appropriate products:** The financial requirements of CFI households will differ. Therefore multiple products will be developed and appropriate service providers will be used for the different products. The particular needs of female headed households, women in general, and youth (including female youth) will be taken in account. The programme will support financial service providers in developing the greater range of products required.
- **Sustainable interest rate:** The low interest rates on loans provided by the Food Security Project and OFSP had potentially negative effects on the market and the sustainability of loan providers. Because the aim of the HABP is to build a network of financial services providers that will be viable in the long run, interest rates adopted in the programme will be based on market rates. For the poorest households that are often unable to take on loans, special support will be provided, rather than subsidised interest rates.
- **Centrality of savings:** Savings mobilization will precede or accompany credit provision where possible, as this produces financial discipline and experience in managing cash.
- **Learning and knowledge management.** Exposure visits, regular monitoring and evaluation, and period workshops will all be critical to increase learning by financial sector stakeholders of best practices in the provision of services to vulnerable households.

There will be three main areas of intervention under this sub-component, which together will result in improved quality and greater coverage of service delivery.

#### **(i) Provision of Financial Services**

Ensuring the provision of appropriate financial services will require initial investment in two areas: product development and institutional capacity building.

The products to be provided by financial service providers under the programme include the following:

- **Savings.** Programme clients will have access to savings through VSLAs, RUSACCOs, and MFIs. RUSACCOs will likely require members to save before taking loans, as specified in their by-laws. MFIs will provide savings by requiring that a small percentage of the loan amount be placed in a savings account, as is currently practiced.
- **Credit.** The programme will work with both RUSACCOs and MFIs to develop appropriate credit products for food insecure households according to their business plans, ensuring that loan sizes, eligibility criteria, terms and repayment schedules are appropriate to household's capacity and selected asset/enterprise. This will include group guarantee mechanisms for CFI households without collateral, as is currently practiced by most MFIs, and possibly other products—such as individual loans or group loans for collective investments—if appropriate alternative guarantees can be developed in collaboration with financial institutions. The programme will also ensure that financial products are appropriate to each cultural context. This will include loan products without interest for Muslim communities and, as determined by the mapping/capacity assessment exercise, appropriate financial products for pastoral communities.

- **Insurance.** Innovative products such as asset insurance would be useful in minimizing risk and thereby building household confidence to take loans. However, insurance companies do not reach remote rural areas, and MFIs do not provide this type of insurance as the regulatory framework currently only allows them to provide borrowers' life insurance. The HABP will therefore work with financial service providers to explore the viability of an insurance scheme for household investments, supporting the development of a regulatory framework for MFIs to provide asset insurance products, working with insurance companies to expand coverage to CFI areas, and supporting product development. This will draw on international experience, and will likely be done through a pilot at first, with potential for scaling up if the pilot proves successful. The inclusion of this initiative is dependent upon additional financing from development partners.

In order to ensure the effective provision of the products outlined above, the programme will implement sustained mobilization and capacity building for financial service providers. This will include the creation of new RUSACCOs and the expansion of MFIs into CFI woredas where they are not currently operating. For RUSACCOs, it will also entail close collaboration with the Cooperative Promotion Agency in training of RUSACCOs in governance, management, book-keeping and financial management. For MFIs, training will focus on building staff capacity to review the business plans and assess the creditworthiness of CFI households and to provide the appropriate financial products.

## **(ii) Capitalization of Finance Providers**

HABP shall use the existing financial disbursement government procedures hence:

Grants to communities to be managed by RUSACCOs will be channelled through Government institutions all the way down to the woreda level. The MOFED will channel funds to the Regional BOFED, which will then allocate be allocated to WOFEDs. WOFEDs will then transfer the funds to RUSACCOs on a matching basis to their savings. These funds will be owned by the community and managed by the local RUSACCO. These funds are designed to complement the limited capacity of RUSACCOs in mobilizing funds for lending and will be preceded by the institutions' own capitalization through fees and savings. Where ever the RUSACOS are not available credit resources will be channeled by woreda (WOFED) or BOFED to MFIs. Additional mechanisms, such as partial credit guarantees, will be explored pending additional financing from development partners.

## **(iii) Regulation and Supervision**

The programme will work with Government stakeholders to support the development—currently at the planning stage—of a regulatory framework in order to enable RUSACCOs to operate effectively and sustainably. As cooperatives they will follow cooperative principles and work for the benefit of their members, but as financial institutions they must also closely follow financial regulations. The programme will build capacity within the new support structure and the cooperative movement to effectively audit and supervise RUSACCO Activities as per the legal framework governing them.

## **Improved Input Sourcing, Production and Delivery System**

The programme will support Activities to develop new sources, producers and distributors of inputs required for households to implement their business plans. Potential producers of inputs could include private enterprises, research stations, programme client households, groups and

cooperatives or Regional governments. This will entail two distinct sets of Activities, as outlined below.

The first activity will entail the facilitation of linkages between suppliers and users of inputs, particularly as related to the implementation of households' business plans. This activity will help to reorient the role of Government as a facilitator, rather than a provider, of inputs—including larger inputs such as productive assets. Potential regulatory constraints to this will be identified and addressed at the outset of the HABP. The Extension Service, in collaboration with Inputs and Marketing, will therefore act as a source of the basic product (foundation seed for multiplication, artificial insemination, etc), an identifier of new technology sources, and a quality controller. Capacity building—particularly in the area of facilitation—will be a major focus of this activity. The programme will also support private businesses and cooperatives in the delivery of inputs through the provision of input market information to households by DAs and woreda experts and through the promotion of input linkages. It is expected that, at least initially, that the main thrust of facilitating and provision of input sourcing will continue as per the current system, wherein Regional governments and cooperatives are main source of inputs for many households.

The second activity will entail support to client communities in the production and distribution of inputs such as improved seed, seedlings and agricultural equipment. This will be achieved through the demonstration of new technologies by model farmers, supported by extension agents and, where possible, the supplier (whether public or private) of the input. These demonstrations will then be used to promote input production and distribution as a viable investment/income generating opportunity for participating households.

### **Improved Market Linkages and Value Chains**

In developing and promoting household investments, careful analysis of the local and more distant markets will be undertaken. This will include but not be limited to market share, recent market trends, local and more distant market opportunities, competition, supporting market services and services, value chains (e.g. processing, local input production), market enabling environment (wet and dry season road access, financial infrastructure and standardizing weights and measures. Particular attention will be given to developing the capacities of analysing and adequately disseminating the market information that is already collected at woreda and Regional level. These analyses will provide the basis for increasing clients' access to product and labour markets.

For product markets, this will entail increasing value addition through quality, processing and storage; and improving market transactions through bulk sales, contracts and increased market knowledge. The incorporation of marketing and business skills in the extension advice provided to households will be critical. This will require linkages between the extension service and other departments—particularly the Agricultural Marketing Department and the Cooperative Promotion Offices.

The HABP's market linkage Activities will place particular emphasis in supporting non-farm enterprises and labour opportunities through facilitation of the flow of information between labour surplus and deficit areas. This will promote both government-related employment—such as government-financed construction and maintenance schemes—and private sector employment—such as privately funded construction, commercial farms, or industrial/agro-industrial processing. Linkages with the Roads Authority and the Micro and Small Scale Enterprise Development Agency will be critical. In addition, the woreda Labour and Social Affairs Office will be strengthened to perform labour office functions of linking job seekers with

the right job opportunity and ensuring streamlined technical support to households, in collaboration with Trade and Industry Office where appropriate.

The programme will support the development of collective business plans for investments in value addition as well as labour-based activities. For instance, a youth group formed with the purpose of providing small-scale construction/maintenance activities may require support in obtaining an initial loan for the purchase of equipment, etc. The HABP will link with existing youth programmes to support such initiatives and the development of further off-farm opportunities for youth and other landless households.

#### 2.4.2.3 STAKEHOLDERS INVOLVED AND THEIR ROLE

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The demand-driven approach underpinning this Output implies continuation of the profound institutional reform ongoing in the Extension system as a whole, which will require the full commitment of MOARD and BOARD senior leadership. Specific leadership of the HABP component will be provided by the MOARD Extension Department.

Successful implementation of the process of identifying viable livelihood options, providing relevant advice to interested households, and facilitating the required linkages with input and Output markets, will require close collaboration of the Extension Service with multiple stakeholders within and beyond the ARD sector: the CFI households themselves, ARD specialists in various disciplines, the Cooperative Promotion and Inputs and Marketing departments in the ARD sector, SME development experts of the Trade and Industry sector, experts on off-farm investment promotion, representatives from the Women's Affairs and Bureaus of Youth and Sports, financial service providers and various value chain actors such as input producers and distributors and market wholesalers and retailers.

RUSACCOs, MFIs and the institutions which support them (the Cooperative Promotion Agency, AEMFI, RUFIP and others) are key stakeholders for the improvements to financial service provision. Furthermore other organisations, such the National Bank of Ethiopia, will be stakeholders during the process of setting interest rates and in supervising the proper provision of financial services.

#### 2.4.2.4 LINKAGES WITH OTHER OUTPUTS

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Successfully implementing the Activities outlined above is critical to achieving Output 4: "Confidence, knowledge and skills of food insecure people in CFIs, and resettled people, built". Indeed the demand-driven, household-responsive approach expected to be adopted by both extension agents and financial service providers is what will make the difference with the past in enabling households to develop their own capacity, hence confidence, skills and knowledge. Vice-versa, other measures aimed to strengthen households' confidence such as better information on their rights and responsibilities, transparent accountability systems, and specific Activities aimed to build households' capacity (e.g. financial literacy programmes, training on new technologies), will enable them to better seize the opportunities generated by the implementation of Activities under this Output.

In addition the PSNP and CCI components should complement household asset building through both timely and adequate transfers protecting the households' asset base and the development of community infrastructure (through PSNP PW and CCI) which will enhance the impact of credit taken and investments made. For example investments in livestock could be supported by public works which protect hillsides enabling the production of fodder for cut and carry, while investments in crop production might be dramatically enhanced through capital intensive irrigation schemes.

Output 5: “Institutional capacity to manage the FSP and effectively link wider processes and other programmes strengthened” underpins the achievement of all Outputs.

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### 2.4.3 ACCESS TO ADEQUATE ENABLING INFRASTRUCTURE, SERVICES AND NATURAL ENVIRONMENT SECURED BY FOOD INSECURE POPULATION IN CFI WOREDAS

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Achieving this Output largely relies on the successful completion of the public works produced through the PSNP and the CCI component of the Food Security Programme. It is also a product of the direct support Activities of the Productive Safety Net Programme. In addition achieving this component requires adequate integration of all development and humanitarian efforts in the woreda to ensure that food insecure households receive the services they require to escape food insecurity.

#### **Key Lessons Learned in Previous Phases:**

The Ethiopia Food Security Program Impact Survey found that most programme participants report that public work projects are of productive value and the Public Works Impact Assessment identified potentially significant impacts of soil and water conservation measures on soil retention and biomass production. However, there remains significant room for improvement with regards to public works quality, a need to ensure effective monitoring and evaluation of public works and gaps in ensuring ongoing management and maintenance of the community assets created. Furthermore, there is need for further clarification on the issue of public works on private land as current procedures are not being consistently implemented. Particularly concerning has been the failure to date to implement the Environmental and Social Management Framework at a scale that is required. Public works must be implemented according to the PIM. There are also concerns that working on private land could lead to conflicts within communities.

There is limited concrete information on the use of the 15% capital budget, but anecdotal evidence that this budget is underutilized and frequently not spent in ways which ensure public works quality. For example, capital budgets might be spent on fencing materials for health centre compounds, while no money is spent on purchasing concrete which might enable a public works road to withstand seasonal flooding through culvert construction.

There is considerable anecdotal evidence that people working on public work sites include those who should be ineligible (children under 16, pregnant women in their third trimester) and who either should be included as Direct Support clients or whose family members should be participating on their behalf.

As initiatives are very recent, no, formal review has been undertaken to date on the capital intensive investments made using the Government’s Federal Food Security Budget, it is therefore high time to undertake such assessment to learn from the process and adjust errors encountered.

Experience shows that in the places where there are high moisture deficits but where the potential for irrigation exists; there is high need of developing the community-based irrigation to complement household asset building. Similarly, in pastoralist areas, there is a critical need to invest in water, pasture, animal health facilities, medium-scale irrigation, market development, etc. for ensuring household food security.

The Direct Support (DS) element of the PSNP is the mechanism for delivering support to chronically food insecure households who lack able bodied labour, usually the neediest members of the community. The previous PIM envisaged that some of the DS clients could participate in light community works such as community child-care centre at public works sites or nutrition education. But this was not operationalised. It has been largely acknowledged from the start of the PSNP that most DS clients are not likely to graduate from the programme.

The Food Security Programme is operating in a context in which various forces are supporting and hindering growth and in which the Government of Ethiopia is providing a range of services in both food secure and food insecure woredas. As such the Food Security Programme does not and cannot work in isolation. This wider context affects how successful the Food Security Programme is and, in part, determines whether or not it achieves its objectives. Food insecure households need a range of support if they are to graduate from food insecurity, this support will have greater impact if it is integrated well so that Activities from different agencies and programmes complement each other.

Furthermore, while the focus of the Food Security Programme is on smoothing consumption, increasing household income and assets, and developing community infrastructure, it does contribute to more than just its core objectives. For example, there is evidence that people are making greater use of education and health services as a consequence of participation in the PSNP. There may be potential to increase these positive contributions.

#### 2.4.3.1 DESCRIPTION OF OUTPUT AND ACTIVITIES

This Output focuses on the creation of an enabling environment to support food insecure households as they move out of poverty. Some Activities within this Output focus on delivering certain aspects of this Output: the creation of community assets (low capital assets through public works, and more capital intensive ones through CCI) and direct support Activities. While other Activities enable linkages to broader humanitarian and development interventions to ensure that food insecure households receive an integrated and holistic set of services. Activities in this area include coordination with humanitarian system, coordination with other government, bilateral and NGO programmes, links to research and extension systems to enhance technology appropriateness, as well as ensuring access to a permanent safety net programme for those who need it. As noted earlier, underpinning this whole process is a thorough and integrated woreda planning process which must enable maximum use of all resources including those provided by the FSP (see section 3.3).

#### 2.4.3.2 PRIORITIES AND NEW ACTIVITIES FOR THE NEXT PHASE OF THE FSP

##### PSNP PUBLIC WORKS

Woredas covered by the Food Security Programme often suffer from severe environmental degradation and limited access to infrastructure. The public works component of the Productive Safety Net Programme seeks to rehabilitate natural resources, improve access to markets (through road construction) and other services (classrooms, FTCs etc.) and create productive assets (such as small-scale irrigation).

The new phase of the programme will prioritise the following to improve programme effectiveness and impact:

- **Institutional Arrangements:** Agreed institutional arrangements to enable NRMD at Federal and Regional<sup>20</sup> level to properly manage and oversee the public works have not yet become fully functional. This functionality will be achieved prior to the start of the onset of the third programme with adequate staffing in place at Federal and Regional levels and operational Technical Coordination Committees in place in the Regions. Given the quality and maintenance concerns regarding both road construction and water construction public works projects, the active participation in the committee of Regional Rural Road Authorities and Water Resources Directorates is essential. Budgets will be made available to ensure that all relevant institutions have adequate resources to carry out PSNP Activities following the annual Regional PSNP budgeting process.
- **Quality and Sustainability:** A significant number of issues have been found with regards the quality of the construction of roads, water supply and small scale irrigation projects. In order to address these issues there needs to be further development of technical specification regarding the construction of these Activities and greater involvement of (and ownership by) the rural road desks and water desks (or those responsible for irrigation and potable water schemes at woreda level). This involvement needs to be supported by backstopping and supervision by the relevant Regional ministries and line departments.
- **Ongoing Ownership and Maintenance:** Most community assets created through public works need to have clearly defined ‘owners’ after completion. These ‘owners’ are those who have rights of use (for example, can cut and carry grass from enclosed hillsides or whose land is covered by a small-scale irrigation) and therefore who also have the obligation to maintain and manage the asset. These user rights and maintenance responsibilities need to be defined during the planning process, enabling those with rights and responsibilities to play a supervisory role during the implementation of public works and to build their sense of ownership when their asset has been created. In many cases user rights arrangements will involve the creation of group by-laws governing access rights, and management and responsibility obligations; and may require user fees (particularly for potable or small scale irrigation programmes). A number of Regions already have guidelines for the management of water resource schemes and these guidelines should be operationalised for public work projects.
- **Maintenance:** The general policy of not using PSNP labour for maintenance purposes should be retained. However, there are currently no policies and procedures in existence for the maintenance of rural roads constructed under labour intensive programmes. The Ministry of Transport is currently looking into possible solutions for rural road maintenance and the NRMD will liaise with the Rural Roads Sub-group of the Transport Sector Working Group in order discuss and agree appropriate maintenance arrangements for rural road projects implemented under the programme. Furthermore, many types of maintenance and repair are currently covered under the current term ‘maintenance’; some of which may be appropriate as public works. Stronger guidance will be spelled out in the new PSNP PIM to make clear what are and are not eligible PSNP Activities.
- **Environmental and Social Management Framework:** There needs to be greater monitoring and follow up of ESMF implementation by Regional and Federal level institutions. Furthermore, the possibility of Regional EPAs assisting in the monitoring of

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<sup>20</sup> In SNNP it is the Extension Department, not the NRMD which has responsibility for Public Works Management at Regional level.

ESMF implementation should be considered by PWFUs. In addition, a review of ESMF design should be undertaken by the Federal PWCU with a view to streamlining it to make it more easily implementable at woreda level.

- **Private vs. Public Land:** As outlined in the current programme implementation manual (PIM) the programme support public works on private land if unless these Activities are undertaken there will be negative consequences on the water shade. In some Regions there remains confusion over the implementation of this provision. This confusion needs to be resolved to ensure that there is consistent messaging concerning this provision so as to ensure that frontline staff do not get conflicting information. In order to ensure that all Regions and woredas have a clear understanding which circumstances public works on private land are eligible for programme support, specific attention will be given to this topic during future public works training and communication activities.
- **Utilization of Capital Budget:** The current anecdotal information concerning poor capital budget use needs to be confirmed (or rejected) through a more concrete study looking at budget use and its constraints. Following this study the following areas are likely to need improvement: review of the negative list to ensure that it is easily understandable, monitoring of procurement requests to ensure that they comply with the negative lists, proper design and development of bill of quantities for each public work activity, and greater understanding of how the capital budget is expected to complement labour intensive investments. Furthermore, constraints in the procurement process are leading to huge delays in the delivery of capital items and, in some cases, failure to procure according to required specifications. The currently underway procurement audit should provide guidance on how this area can be improved.
- **Ensuring eligibility of Public Works Participations:** It is proposed that in the next phase of the programme eligibility of those participating in public works be strictly regulated. Should households send ineligible workers to participate on a given day, the foreman or DA supervising the site should send them away again and, if the household fails to send an eligible substitute, payment for that day will be deducted from the end of the month. It is also critical to review the impact of public works on the daily work load of women, which when combined with the reality that women are often over represented at public works sites, is overburdening women. Actions to address these issues will be identified and incorporated in the revised PIM.
- **Monitoring and Evaluation:** greater investment and development of appropriate tools to enable quality monitoring and evaluation of assets created. This will include revised monitoring formats and data management systems (including mapping), regular monitoring by the PWFU and TCC and the development of appropriate assessments to measure Outcomes and impacts. The Sustainable Land Management Programme is undergoing a process to define monitoring and evaluation indicators and the PWCU should participate in this process as indicators should be consistent across both programmes

### **Complementary Community Investment Component (CCI)**

The CCI component aims to facilitate an adequate level of infrastructure by populations in chronically food insecure woredas in order that other development interventions, which might focus on households, can achieve their potential impacts. Therefore, CCI is not only complementary to the HAB component; it is inseparable from the household investment interventions. Activities should have a direct relevance to food security.

The CCI Activities mainly will focus on water resource development, rangeland management, medium irrigation development, water well development as well as roads. Although Activities will be capital intensive, the ongoing management and maintenance of assets should not be beyond the day-to-day management of food insecure populations. These Activities should be additional to (rather than a substitute for) regular capital investments made by donors and the government.

Regional involvement in planning CCI will be significant. They will identify priority woredas for investments and budget ceilings for investments. Once initial prioritisation of investments have been made by communities and woredas, relevant technical departments at the Regional level will undertake feasibility studies and design and put out to tender agreed investments. Appropriate environmental and social safeguards appropriate to CCI will also be put in place.

Many of the points made above with regard to the PSNP PWs apply for the CCI too (quality and sustainability, ESMF, policy on private versus public land etc.). Notably, most community assets created through CCI need to have clearly defined 'owners' after completion. These 'owners' are those who have rights of use and therefore who also have the obligation to maintain and manage the asset. These user rights and maintenance responsibilities need to be defined during the planning process, enabling those with rights and responsibilities to play a supervisory role during the implementation of CCI and to build their sense of ownership when their asset has been created. In many cases user rights arrangements will involve the creation of group by-laws governing access rights, and management and responsibility obligations.

### **PSNP Direct Support**

The DS component is a mechanism for ensuring unconditional access to sufficient food households and household members who are unable to participate in public works. In the new programme phase there will continue to be no labour requirement for Direct Support clients. There will continue to be efforts made to provide relevant activities for direct support clients such as nutrition or health education and adult literacy, but no effort will be made to link these activities with conditionalities (transfers will be made regardless of whether or not DS clients participate in the activities). In particular, efforts will be made to establish linkages with the new National Nutrition Programme implemented by the Ministry of Health. A pilot will be launched in four woredas to explore the potential for linkages.

It has long been acknowledge that many direct support clients, particularly those who are long-term DS clients (rather than short term participants due to pregnancy or a temporary illness), will not graduate from the programme. The DRMFSS will participate in ongoing discussions related to social protection policies to ensure that those clients who will not achieve food sufficiency in five years, particularly direct support clients, are protected in the long-run.

### **Coordination and Linkages**

During this phase of the programme the FSCD and Food Security departments at Regional and woreda level will establish effective linkages with other programmes to ensure effective coordination of Activities under the FSP with other interventions. The planning process described in section 3.3 will be a key step in achieving this coordination: it will create a platform by which FSP interventions are planned together with mainstream woreda activities, and highlight key areas where coordination is necessary both, internally among FSP components, and externally with other development activities. Food Security staff at all levels will review annual plans to identify areas requiring coordination. Likely areas include:

- Coordination with the humanitarian system for both food (when risk financing levels have been exceeded or are not available) and non-food (particularly in relation to nutrition interventions and animal health interventions).
- Coordination with the National Nutrition Programme as described in the section above on Direct Support
- Coordination with crop and livestock exports to ensure adequate support from technical staff to enable household investments to realize their potential, including support from those engaged in pest managed and livestock disease control.
- Linkages to research and extension agencies to enhance technology appropriateness, availability and use.
- Coordination with NGO, bilateral and UN agencies to enable synergies between programmes to be created and to avoid duplication.

#### 2.4.3.3 STAKEHOLDERS INVOLVED AND THEIR ROLE

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Key stakeholders engaged in achieving public works include: Food Security, Natural Resources, Water Resources Directorate and Rural Roads Authority. DAs (particularly those specialising in natural resources) will continue to play a frontline role in organising and supervising public works. Similar stakeholders are likely to be involved in CCI (the Water Resources Directorate may play a particularly significant role, and in pastoral and agro-pastoral areas, stakeholders engaged in support to pastoral populations will also have a critical function). Direct support activities as outlined above will require the involvement of the Office of Health (including health agents at kebele and community level) working with the extension service.

Most actors at woreda level have interventions related to food security and therefore can be seen as stakeholders in achieving this Outcome. Particularly critical are the Early Warning and Response Departments (to ensure adequate linkages with humanitarian response), Office of Health (with regards to the National Nutrition Programme), crop protection and animal health experts and NGOs or other development partners engaged in food security.

#### 2.4.3.4 LINKAGE WITH OTHER OUTPUTS

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Timeliness of transfers described under Output 1 is dependent on timely achievement of public works (with people's commitment to public works also influenced by regular and adequate payments). Both public works and the CCI should significantly support household asset building (Output 2) and this requires adequate linkages between Activities planned under Output 2 and this Output 3. For instance, where investing in livestock represents an appropriate household asset building intervention, public works and CCI could focus on ensuring an adequate supply of fodder; where irrigation is being provided through CCI, household asset building activities could include a focus on appropriate crops and their market outlets. Assets created through both public works and CCI need appropriate systems and skills for ongoing management and maintenance, as such the impact of these Activities is dependent on Output 4 (confidence, knowledge and skills). Finally, Output 5: "Institutional capacity to manage the FSP and effectively link wider processes and other programmes strengthened" underpins the achievement of all Outputs.

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## 2.4.4 CONFIDENCE, KNOWLEDGE AND SKILLS OF FOOD INSECURE PEOPLE IN CFIS, AND RESETTLED PEOPLE, BUILT

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This Output relates to successfully overcoming chronically food insecure households' low confidence in their ability to achieve food security. Achieving this is fundamental to establishing the sustainability of the impacts of the Food Security Programme as a whole; at the same time and as explained earlier, building an initial quantum of confidence, skills and knowledge for the households benefiting from the programme is critical to enable them to fully seize the opportunities presented to them (see Figure 2 in section 2.3).

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### 2.4.4.1 DESCRIPTION OF OUTPUT AND ACTIVITIES

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Achieving this Output largely relies on the successful completion of the Activities planned under Outputs 1, 2 and 3 above. Indeed, a household which can be confident that it will not have to deplete its assets to ensure sufficient food consumption for all household members (Output 1); which has access to responsive advice on a range of diversified and sustainable livelihood options (based on sound analyses of the necessary market linkages) from which it can adopt what suits best its own needs, capacity and interests, and to adapted financial products enabling it to progressively implement its business plan and to accumulate savings (Output 2); and which has access to a broader range of community assets making its Activities more profitable (Output 3) is in a much better position to gradually build the confidence, skills and knowledge which will allow it to reach sustainable food security.

Thus, the Activities planned to achieve this Output 4 are those planned for Outputs 1, 2 and 3. What matters there is the approach. However within each Output, a number of Activities (already outlined in the sections above and/or in the relevant programme document) are particularly critical for this Output. These are, in particular, those that ensure the involvement and participation of households at early stages in the identification and planning of programme Activities that will concern them. This is briefly described here.

- First, there will be **genuine participation** of communities and households in the programme planning and decision-making (e.g. targeting, graduation, PSNP PW and CCI planning etc.)
- Second, implementing agencies will adhere to a **consultative, demand-driven approach** (especially in the HABP), transforming the extension and financial services so that households are presented a range of options from which they can choose those appropriate to their needs and interests. Significant investment in consultations, awareness raising, business plan training, demonstrations and training in market orientation and linkages to higher-value markets will capacitate households to make decisions for themselves. Early involvement in savings Activities will be an opportunity for developing financial awareness, and this will be accompanied by significant investment in building households' financial literacy. Participation in marketing groups and cooperatives will also be critical to developing marketing skills and confidence.
- Third, the programme will be responsive to the needs of specific categories including women, youth, and the poorest households. This will be ensured through the provision of direct support transfers, the preparation of business plans tailored to each household's capacity, the provision of a diversified range of financial products and the promotion of off-farm Activities.

One specific activity under this Output 4 will focus on ensuring that programme participants have adequate information ensuring that they are aware of what they are entitled to under the

programme, thus also enabling them to plan better in the confidence of the knowledge of what resources they will receive.

#### 2.4.4.2 PRIORITIES AND NEW ACTIVITIES FOR THE NEXT PHASE OF THE FSP

##### PROGRAMME COMMUNICATION STRATEGY

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A communication strategy has been developed for the PSNP. Under this phase this strategy will be adjusted to become an FSP programme-wide strategy. The communication strategy to date has focused on:

- Improved knowledge and understanding (awareness) of the PSNP
- Creditability of the PSNP for the benefit of the Government of Ethiopia and its funding partners built
- Improved the understanding of areas and challenges (the context) within which the PSNP is working)
- Good practice and lessons learned of the PSNP shared.

These broad objectives will remain but will now address all components of the FSP.

A critical component of the strategy is ensuring that communities are informed of their rights and responsibilities with regards to the programme, with a view to empowering programme participants to make best use of programme resources and to hold programme implementers to account. The communication strategy is therefore a critical tool to strengthen bottom-up accountability for the FSP – together with other measures outlined in section 3.6 below. For example with regard to the PSNP programme participants should be fully informed of their entitlements with regard to timing and size of transfers; this will also have the effect of improving predictability of transfers, enabling programme participants to plan ahead. In this phase the programme will take further efforts already started to ensure good communication including information on targeting, programme budgets, work norms, transfer budgets, and transfer size, form and schedule.

It will also be critical to ensure sound communication about the objectives, approaches and modalities for the other components of the FSP, including notably communication about the shifts in approaches envisaged in the Household Asset Building Programme, the new modalities for access to financial services etc. Also critical is improving the understanding and credibility of the graduation process particularly for programme participants and their communities. Good communication on graduation should increase interest in graduation by motivating potential graduates, reduce disincentives by making graduates aware of the services they can still access post particular phases of graduation, and increase social pressure to graduate by engaging the whole community in the discussion. Linked to this is the need to ensure that communities and households are adequately informed about, and understand well, the linkages among the FSP component programmes, and between the FSP and other development interventions that are taking place in the community.

As the above shows, the need to expand and roll out an FSP-wide communication strategy is pressing. There will be a renewed commitment to this during this programme phase, starting by the development of a prioritised implementation plan reflecting full attention to communication of adequate information to the grassroots level (communities, client households, DAs) as the utmost priority.

At the same time, the communication strategy will be strengthened in a number of ways. Notably:

- Increased efforts will be made to ensure that women also have a better understanding of the programme services and of their entitlement and responsibilities
- Programme participants could be regularly provided with updated basic information on the programme by being given a simple leaflet/sheet at the same time as they get their payment for the PSNP
- There will be greater focus on ensuring that the information provided is actually used and internalised, including through developing mechanisms enabling programme participants to get clarification on issues they might not have understood in the first place (for instance, local and woreda council meetings and other local events could be used as fora for information, debate and clarification about the programme)
- Woredas and kebeles will be capacitated so that they can play a greater role in the implementation of the communication strategy
- Regions, woredas and kebeles will be encouraged to find ways of using existing structures and resources (e.g. the ‘public relations’ staff at woreda level) and local communication means (e.g. local radios, local newsletters etc.)
- The programme will also facilitate the use of innovative communication channels such as customary institutions, local associations etc.
- To ensure the quality of the information content provided through these channels a number of standard materials using various (written and non-written) communication supports (e.g. videos, standard radio broadcasts etc.) will be developed centrally, and will be made widely available – including through woreda and kebele structures
- FTCs will have a critical role in the roll out of the strategy. Under the HAB programme there will be resources to strengthen the FTCs; as part of this, consideration will be given to transform FTCs into multi-activity community centres, which could notably become centres of communication on various issues, including the FSP, for the community as a whole (with e.g. people coming to watch videos, listen to radio programmes etc.). This would ensure that communication on the FSP reaches out the community at large, beyond the programme clients.

Finally, the effectiveness of the implementation of the Communication Strategy will be closely monitored, as part of the regular FSP M&E system (for instance, progress in relation to communication could be an item in the woreda reports and on the agenda of the Joint Reviews). This will allow for adjusting the strategy as required. The performance of implementing agencies in providing adequate communication could also be assessed as part of the performance-based incentive system which will be introduced in this phase of the programme (see section 3.6).

#### 2.4.4.3 STAKEHOLDERS INVOLVED AND THEIR ROLE

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With regard to the communication strategy specifically, while the extension service will play a front line role with communities and programme participants, Regional and Federal food security structures will play the key role in defining messages, producing publications (or inputs for publications) and other standard materials as explained above and liaising with the media at the national and Regional levels.

#### 2.4.4.4 LINKAGE WITH OTHER OUTPUTS

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Outputs 2 and 3 (“Income sources diversified and productive assets increased for food insecure households in CFI woredas” and “Access to adequate enabling infrastructure, services and natural environment secured by food insecure population in CFI woredas”) cannot be achieved without significant progress with this Output. The success of the asset building and community infrastructure components is dependent on programme clients gaining the confidence, knowledge and skills to make best use of the inputs available. The same applies to Output 6 (“Access to adequate food, income and enabling infrastructure, services and natural environment secured for resettled households from PSNP woredas”), similarly dependent on resettled households’ confidence, knowledge and skills (although related Activities are contained within Output 6 itself). On the other hand as outlined earlier, success in achieving this Output also depends on successful implementation of the Activities planned under all other Outputs. What is important is the approach, which must be responsive to households’ needs, constraints, potential, interests and aspirations, and create in this way a virtuous implementation circle in which households’ greater confidence enables them to gradually draw greater benefit from their participation to the programme, until the point at which they can graduate.

With regard to communication, a shared understanding of programme objectives and procedures by both implementers and participants will both smooth implementation and ensure greater accountability of programme implementers to participants.

As already mentioned, Output 5 (“Institutional capacity to manage the FSP and effectively link wider processes and other programmes strengthened”) underpins the achievement of all Outputs including this one. At the same time, an effective communication strategy also facilitates improvements in institutional capacity.

More generally, succeeding in imparting skills, confidence and knowledge to chronically food insecure households is, in fact, the key to the sustainability of the FSP achievements.

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#### 2.4.5 INSTITUTIONAL CAPACITY TO MANAGE THE FSP AND EFFECTIVELY LINK WIDER PROCESSES AND OTHER PROGRAMMES ACHIEVED

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In order to effectively implement this ambitious programme it is necessary to ensure that all relevant service providers have adequate systems and capacity. As such, this Output relates to the implementation of all four components of the Food Security Programme. Each of these components has Outputs and Activities related to the creation of adequate institutional capacity, often working with similar target groups (in particular DAs at kebele and community level).

##### **Key Lessons Learned in Previous Phases:**

The PSNP represents a massive and remarkable undertaking. The speed at which administrative structures were set up and the Programme rolled out in ways which ensured a reasonable standard of programme operation even in the first year is reflective of this fact. The Programme has also had a positive attitude to assessing and addressing mistakes. This has enabled programme adjustments and has ensured improvements in programme implementation year-on-year. There do remain shortfalls and many of these are largely products of capacity constraints. Shortfalls and constraints were significant in the implementation of other parts of the Food Security Programme, where implementation manuals did not exist and programme follow-up was weaker. Key areas of improvement include the following:

**Commitment:** In spite of extensive training and orientation on the PIM, there remains a lack of awareness of PSNP among leaders and implementers, especially at woreda level. Awareness creation should not only be provided for technical staff but also for decision makers, such as Regional and woreda Cabinets and Councils. This should help to ensure continued prioritization of key programme principles such as predictability of transfers, participatory planning and quality public works.

**Staffing:** Staffing gaps and high staff turnover remain key constraints to programme implementation. The PSNP has made efforts to address this through the use of contract staff and TA with some effect. However, some contract staff and TAs are underemployed and not given access to the resources they need to do their work, while others are overburdened and assigned all the PSNP-related responsibilities of a given sector. At times, there are unclear or overlapping job descriptions, which lead to confusion regarding roles, responsibilities and expectations.

**Financial Management:** The programme continues to experience delays in the completion and submission of reports and audits of desired quality. Delayed submission of reports (both audited and un-audited) and inadequate follow-up on recommendations are of major concern. Delays are particularly long in remote and pastoral areas where the human resource capacity and communication means are more limited. Similarly, ineffective functioning of internal audit units at Federal and Regional level undermine the process for evaluating and improving the effectiveness of financial management arrangements in general, and risk management, control, and governance issues in particular. As is the case throughout the public financial management system in Ethiopia, lack of appropriately trained staff, low level of management awareness, lack of motivation on the part of internal auditors and generally lack of incentives contributes to inefficiencies in financial reporting and internal auditing for the PSNP.

**Pastoral Areas:** There is a wide range of capacity gaps in pastoral areas, which requires intensive and committed support over a number of years, not a series of once-off training programmes or resource injection. These issues include staffing, storage facilities, accessibility, communication, reporting, planning, budgeting, monitoring and evaluation, among others. Furthermore, in pastoral and remote areas, the staffing constraints are considerable and filling positions with experienced professionals is not always possible. While these issues are similar to those in other Regions, in general, the level of capacity building required on these issues is higher than in other Regions. Thus, replicating similar training programmes to build capacity will not yield the same results.

**Approach to Capacity Building:** There have been efforts to address capacity issues for many of the PSNP systems and functions, such as financial management, procurement, public works (ESMF, watershed management), cross-cutting issues of gender and HIV/AIDS, and monitoring and evaluation. While improvements have been noted, these systems and functions have not been systematically assessed in terms of identifying strategic support for improvements in efficiency and effectiveness. Many of the capacity building efforts have been in reaction to problems as they arise and tend to be short-term in nature with insufficient follow up or time to institutionalize and sustain improvements.

#### 2.4.5.1 DESCRIPTION OF OUTPUT AND ACTIVITIES

Proper programme implementation, supervision and monitoring and evaluation all require significant levels of capacity throughout the government and independent agencies responsible

for implementation. In order to achieve this, a range of Activities will be implemented including:

- Assessment of programme management systems for adequacy, accountability and transparency and identify capacity gaps.
- Develop and revise manuals and guidelines (as written records of systems and procedures) as necessary.
- Address staffing gaps through both mainstream government channels and contract staff or technical assistance
- Support the development of physical capacity through provision of equipment and services.
- Undertake rolling training programme
- Make available adequate budgets for capacity building.

#### 2.4.5.2 PRIORITIES AND NEW ACTIVITIES FOR THE NEXT PHASE OF THE FSP

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This phase of the programme will be characterized by having a more structured and cohesive approach to capacity building based on a rounded analysis of needs, opportunities and gaps. There will also be much closer follow up of the impact of capacity building efforts in order to identify areas where progress has been made and others where gaps are still remaining. Capacity building Activities will be responsive to needs in three areas, as is described in more detail below:

- Human Resource Development
- Organizational Development (that is, the development of policy/strategy, management structures, systems, procedures and principles)
- Physical Capacity.

#### **Human Resource Development**

- **Staffing:** Programme management capacity implies, among others, that sufficient numbers of people with the right skills and attitude and adequately supported by a conducive working environment are in place to implement the programme. To this date gaps between the numbers of people needed and numbers in place have persisted, and staff turnover is a contributing factor to this. A comprehensive assessment of the number of staff required for the programme is required, one that will consider the variations both within and between Regions. Change in leadership positions, whilst perhaps inevitable in a system promoting skilled and competent individuals to move up the hierarchy, also affects programme performance as it means that new comers have to be sensitised to the programme, its objectives, and their critical role in it. Thus, a human resource management strategy is required, including mechanisms to address staff turnover and change in leadership, functional handover mechanisms to retain institutional memory, and an effective performance management system.
- **Training:** The following are key priority areas in the improvement of training programmes in the new phase of the programme:

- Systematic training needs assessments are needed in order to tailor training programmes to participants' requirements.
  - As a result a wider range of training programmes is likely to be required and will be offered
  - More practical training methods will be operationalized, privileging on-the-job training, coaching, mentoring and other similar approaches
  - Given high levels of staff turn-over and the significant needs of the PSNP, core trainings will be provided on an annual basis. This should ensure that all new staff can be trained within a year, and will enable periodic refresher training for other staff as needed.
  - There will be more systematic follow up to assess whether training programmes have met needs and brought results. All training programmes will include an evaluation form which participants complete at the end of training; and there will be periodic assessments of how training programme contents have been used for implementation.
  - Going beyond technical staff, awareness creation will target decision makers such as Regional and woreda cabinet members and Regional and woreda Councils. This will help to ensure continued prioritization of key programme principles such as predictability of transfers, participatory planning, good credit practices and quality public works.
  - All training courses will be accompanied by clear manuals for participants that can be used for reference and clarification after the training.
- **Management Skills:** Staff in key management positions will be supported to further development their management skills through training in: human resource management, coordination, communications, planning, budgeting, reporting, facilitating and leadership.

### **Organizational Development**

This phase of the programme will have clearly defined programme management arrangements, with the roles and responsibilities of all programme partners clearly articulated and detailed in Memorandums of Understanding. This system is described in more detail in section 3.

Prior to the start up of the next phase of the programme detailed Programme Implementation Manuals will be prepared (or in the case of the PSNP or Resettlement programme, revised) in order to provide programme implementers with clear guidance on objectives, systems and procedures. These manuals will be prepared in four languages: Amharic, Tigrinya, Afan, Oromo and English, and disseminated to all Regions and woredas implementing the FSP.

As a well-known organisational development approach this phase of the programme will introduce a system of incentives for woredas and Regions achieving performance targets for a selected, small number of critical performance indicators across the FSP. These performance-based incentives could be financial and non-financial incentives and reward performance at individual and organisational level. This is further detailed in section 3.6 of this document.

### **Physical Capacity**

The programme will identify and address physical capacity constraints through the procurement of equipment and vehicles as needed. This will require significant improvements to the current systems of procurement within the programme, although it is expected that the merger between FSCD and DPPA will facilitate this by giving FSCD access to DPPA's significant procurement capacity.

In addition, there will be an emphasis on ensuring maintenance of existing equipment to expand equipment and vehicle life spans and make the best use of scarce resources. A key sub-set of this will be ensuring adequate anti-virus software and systems for all computers used for the programme.

Ensuring that FTCs are fully equipped will be critical for the implementation of the HABP and will therefore be a priority. This is described in further detail in the HABP document.

### **Safety Net Support Facility**

One of the support programmes which will contribute to the achievement of this Output is the Safety Net Support Facility, financed by CIDA and focusing particularly on the HR and organisational development dimensions for the PSNP component of the FSP.

The project is designed to provide a more structured and coherent package of capacity development support targeted primarily at the Regional and sub-Regional levels. The facility is only one element of PSNP capacity development support. The project will supplement training Activities funded from PSNP's own administrative budget, as well capacity development support provided by other donor partners.

The facility consists of three components:

- Component 1: PSNP Human Resource Development will address the need for enhanced technical, administrative and management skills within government implementing partners. Training will be provided in a range of technical areas including financial management, monitoring and evaluation, mainstreaming of gender and environment issues and procurement. Administrative and management topics to be covered under this component include leadership/decision making, workplaning and human resource management.
- Component 2: Systems and Functions focuses on strengthening the institutional systems and enabling environment for PSNP. Support will be provided to assess how PSNP systems, functions and procedures can be strengthened and to prepare tools to improve implementation such as standard operating procedures and user-friendly guidelines for monitoring and evaluation.
- Component 3: PSNP Management and Coordination will focus on strengthening performance in this critical area and will include support to improve planning processes and mechanisms for the vertical and horizontal coordination of government implementing institutions.

Facilitating Teams will be established by the project in the four major PSNP Regions (Amhara, Oromiya, SNNP and Tigray) and will draw heavily on locally-based experts to deliver training and advisory services which can be achieved through outsourcing as may be required.

### **Capacity Building for Financial Services**

Given the prominence of financial services within the Food Security Programme, particular effort will be made to develop the capacity of implementing institutions for effective financial services. This will include developing capacity of government offices to support potential financial service providers (particularly the cooperatives office), but will also include capacity building support for financial service providers themselves (MFIs, cooperatives, community savings and credit groups). Key elements will include:

- **Training:** the programme will support an assessment of training needs of RUSACCOs and MFIs prior to designing the training modules.
- **Product development:** Support will be provided to RUSACCOs and MFIs in developing financial services that meet the needs and capacities of food insecure households.
- **Logistics Support:** To ensure that RUSACCO staff can operate effectively, the programme will provide limited mobility, office equipment and logistics. It will also provide support to MFIs opening new branches in CFI woredas.

### Capacity Building for Extension

As outlined above, a demand driven approach will be adopted with respect to developing household investments and income generating activities, thus providing poor households with access to interventions that are tailored to their needs and aspirations. This radical shift in approach to extension as well as strengthened market linkages and input supply systems will require a substantial programme of capacity building and technical support, and this will need to be aligned throughout extension systems. Capacity building will be required in the technical, financial and livelihood aspects of the potential investments and income generating opportunities for the DAs at kebele level and their technical support subject matter specialists (SMSs) at the woreda level. A new area of expertise required for extension agents will be business skills, facilitation skills for marketing and input supply, and off-farm activity promotion. While it is not expected that DAs and SMSs would become specialists in off-farm activities, they need to be aware of local opportunities and understand the associated requirements, so as to be able to call on specialised expertise from e.g. the SME Development agencies and link these to the concerned households/groups of households. Given the demand-driven and pluralistic approach required involving specialists from many disciplines (crop production, animal production, animal health, cooperative development, input sourcing, production and distribution, market development and value chain analysis, SME development) it will be important that all these specialists be trained in extension techniques.

Such a programme of capacity building will start with adjustments to the curricula of the Agricultural Technical and Vocational Training (ATVETs) centres and be incorporated into the long-term training programme for all specialists involved in the Household Asset Building Programme.

#### 2.4.5.3 STAKEHOLDERS INVOLVED AND THEIR ROLE

The FSCD at Federal level facilitates overall coordination of the FSP, including the capacity building component. However, all implementing organisations will need to participate in capacity building efforts if this Output is to be achieved.

Furthermore there are a number of other stakeholders who have a key role to play in developing capacity for food security. For example, the Rural Capacity Building Project (RCBP), funded by World Bank and CIDA, is developing short-term training programmes for DAs and

SMSs in areas such as extension methods, reporting and documentation for experience sharing, basic integrated farm management, adult training skills, participatory programme planning, communication, facilitation and networking skills, marketing and business skills, and post-harvest management and value added agriculture. While the RCBP target woredas are not FSP woredas, many of the training topics are relevant to DAs within PSNP woredas also, thus, there are obvious synergies upon which to capitalize. Furthermore, the project is equipping FTCs, many of which are in PSNP operational areas.

Similarly, the Sustainable Land Management Project (SLM), funded by World Bank, German Bank and Finland, provides training in land management, GIS, knowledge and technology transfer, and the IFAD-funded Small Scale Irrigation Project provides budget, technical support and some inputs for small scale irrigation at the community level.

For Financial Service Providers, RUFIP and the AEMFI are key players in capacity building. The programme should seek to work with these institutions rather than establish duplicate structures. A number of actors are engaged in supporting these institutions (IFAD, the African Development Bank, international cooperative societies, etc.) and efforts should be made to establish links with these actors and coordinate efforts.

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#### 2.4.5.4 LINKAGE WITH OTHER OUTPUTS

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Achievement of all other Outputs is largely dependent on their being sufficient institutional capacity. However, clear implementation procedures for components supporting these Outputs will facilitate the development of capacity and an adequate communication strategy (described in Output 4) will reinforce this.

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#### 2.4.6 ACCESS TO ADEQUATE FOOD, INCOME AND ENABLING INFRASTRUCTURE, SERVICES AND NATURAL ENVIRONMENT SECURED FOR RESETTLED HOUSEHOLDS FROM PSNP WOREDAS

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##### **Key Lessons Learned in Previous Phases:**

Resettlement has shown that it can help households to achieve food security and the investments made in resettlement areas have proved to be a pull factor for private investments.

Underlying the GoE thinking about the potential scale of resettlement is the assumption that there was a huge amount of unused and unoccupied land available. While, there were large amounts of underutilized land, the land suitable for resettlement was more limited and in recent years there has been greater competition from the necessity of making land available for investors. Furthermore, host communities have also demanded that their access to land should also be guaranteed. Overall, the Regions faced challenges in properly completing and following feasibility studies and land-use planning, and have found it difficult to meet the needs of competing demands for the land available.

Monitoring and Evaluation of the resettlement programme has largely been impressionistic (short field visits by donors or government staff collecting eye-witness accounts) rather than based on systematic evidence. This has contributed to a lack of consensus of the real situation with regard to resettlement, its successes and challenges.

#### 2.4.6.1 DESCRIPTION OF OUTPUT AND ACTIVITIES

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Activities under this Output will include the resettlement of additional households to areas with adequate land and water availability (whether high rainfall, or irrigation potential); and also the consolidation of infrastructure, services and natural resource development for existing resettlers. There will be, therefore, two components under this programme: consolidation of existing resettlement and limited new resettlement

##### CONSOLIDATION OF EXISTING RESETTLEMENT

The main objective of this component will be to fulfil pre-existing commitments to both resettled households and host communities. Activities will include:

- Food and livelihood support to those who have not yet graduated
- Fulfilment of any outstanding infrastructure commitments (both for resettlers and host communities). New commitments, however, will not be made
- Implementing environmental management in receiving woredas to ensure that resettlement is sustainable
- Increasing integration between resettlers and host communities (through joint use of services etc).

##### NEW RESETTLEMENT

The existing Programme Implementation Manual for resettlement does describe the main Activities that should be undertaken which minimizes risks associated with implementation of the program. Of particular importance are the following key areas:

- There needs to be available land, available volunteers and a balance between areas set aside for resettlers and areas set aside for investors
- There must be full and systematic monitoring and evaluation to assist evidence based decision making
- There should be joint development between settlers and hosts in order to create one community
- Resettlement needs to follow an appropriate pace which allows adequate planning, preparation of basic infrastructure and a phased introduction of resettlers
- Environmental management strategies need to be in place from the beginning to ensure that resettlement is sustainable rather than transplanting environmental degradation from the highlands. Linkages with the Sustainable Land Management Programme could support this process.

#### 2.4.6.2 STAKEHOLDERS INVOLVED AND THEIR ROLE

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All service providers in resettlement woredas are critical stakeholders in achieving this Output as resettlement not only engages the agricultural sector but also health, education, roads etc. Food Security staff in 'sending' woredas also have a role to play in providing information to potential resettlers and organising transport.

### 2.4.6.3 LINKAGE WITH OTHER OUTPUTS

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There needs to be ongoing coordination between resettlement and sending woredas regarding family members who may be left behind initially, and therefore are likely to need support from PSNP transfers (Output 1), and who will travel after a year or two (thereby withdrawing from the PSNP).

Given the significant change in climate and therefore agricultural practices and predominant foods available, there needs to be significant investment by extension in developing confidence, knowledge and skills of resettlers (Output 4). As with other Outputs, Output 5: “Institutional capacity to manage the FSP and effectively link wider processes and other programmes strengthened” underpins the achievement of this Output.

## 2.5 ASSUMPTIONS AND RISKS

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This document provides the overall intervention logic by which Activities conducted in 4 separate components of the FSP combine to deliver 6 FSP Outputs, which in turn are necessary and sufficient to achieve the expected FSP Outcome. However none of this will happen if Assumptions at critical levels, especially at Output-to-Outcome, do not hold. Given this fact, this phase of the FSP will pay greater attention to monitoring the validity of critical Assumptions made, and managing them to influence this validity as necessary during the course of routine programme implementation. Key assumptions and risks include the following:

1. Sufficient livelihood opportunities and sustainable support exist to allow food insecure people in CFI woredas to increase incomes and assets and reach food security.
2. Sufficient enabling support (infrastructure, services and natural environment) through FSP and other services is available to enable food insecure people in non-CFI woredas to become food secure
3. Protection from transitory shocks in CFI woredas is sufficient to prevent food secure and food sufficient people from losing assets
4. Protection from transitory shocks is sufficient to allow progress to and maintenance of food security and sufficiency a) through use of PSNP Contingency Budget and Risk Financing, b) when PSNP cash-food resources are exhausted, and c) for non-cash/food needs.
5. Sustainable arrangements developed to support people unable to graduate from PSNP
6. PSNP graduates continue to access other elements of the FSP to build assets at the required speed and scale.
7. FSP and other efforts to stimulate markets are effective at sufficient scale to allow food security and sufficiency (including that food is available and affordable in local markets).
8. Gains from Food Security Programme and other sources are distributed equitably between household members.
9. Effective linkages translate to effective, joined up, coordinated support
10. People’s willingness and ability to respond to support is sufficient to achieve food security and sufficiency

11. FSP budget and organisation of implementation allows operation at sufficient scale, quality and coverage

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## 2.6 SUSTAINABILITY AND EXIT STRATEGY

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### 2.6.1 POLICY SUPPORT AND CO-ORDINATION

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Generally speaking the existing policy framework is supportive of the direction envisaged by this new phase of the FSP. Many of the new directions indicated by this phase are elaborations of policy directions already set. For example, key policy principles such as the 'extensive utilisation of human labour' (the Rural Development Policy), 'managing risk and volatility' (PASDEP) and 'entitlement programmes' (Food Security Strategy) all underpin the PSNP. However, this is not to underestimate the strategic shift introduced by this phase of the programme. In particular the move to focus on sustainability of financial service provision, while entirely consistent with policy, is a reversal of recent government interventions with regards to credit; and the move towards demand driven extension services is a departure from the more package oriented approach of the past.

This programme will require revisions to the existing cooperative law, or an additional law, to support the effective regulation and supervision of RuSaCCOs.

In the longer term the government has the commitment to support the direct support clients through the development and adoption of social protection policy.

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### 2.6.2 ECONOMIC AND FINANCIAL ISSUES

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The Food Security Programme remains a substantial investment which the Government of Ethiopia can only afford with international assistance. The PSNP, by itself, involved expenditure of 1.23% of GDP in 2007 and 5% of Government expenditure for the same period. Overall it is expected that donors will cover 71% of the costs of the total Food Security Programme.

However, with cash programming substantially lower cost than food programming, the PSNP represents significant value for money when compared to the large scale humanitarian assistance programmes it largely replaced. By increasing investments in complementary activities this phase of the Food Security Programme increases the likelihood that large numbers of households will successfully exit the programming reducing the level of dependence on long-term assistance.

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### 2.6.3 ENVIRONMENTAL AND SOCIAL SAFEGUARDS

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All components of the programme will have mechanisms in place to ensure adequate environmental and social safeguards. The PSNP and HAB components will have Environmental and Social Management Frameworks which include procedures to limit potential negative programme impacts. There have been challenges in implementing the existing PSNP frameworks to date, but some of these have been resolved and the new phase of the programme is committed to fully operationalising procedures.

Environmental and social safeguards will need to be more elaborate for the CCI and Resettlement components. Both involve large scale infrastructure development which, while potentially bringing great rewards, have significant potential risks which must be mitigated;

while the resettlement programme involves significant social impacts which need to be managed to minimise potential negative effects.

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## 2.7 PROGRAMMING IN PASTORAL AREAS

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Recommendations for pastoral programming under the Food Security Programme—and particularly the scale-up of the programme to new Regions and woredas—are expected from the Pastoral Task Force prior to the implementation of the next phase. Yet a number of issues have already been identified. These have been noted in the relevant sections of this document and of the component programme documents where appropriate, reflecting the intention to mainstream the roll-out of the FSP in pastoral areas within the general arrangements made for the programme. In addition this section brings these issues together in order to ensure an all-rounded perspective of the challenge.

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### 2.7.1 OVERALL FSP

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Pastoral areas have a variety of characteristics in terms of social structures, mobility, livelihoods, access to markets, etc., which differentiate them from other areas when it comes to helping households to achieve food security. The implementation of the PSNP, the Pastoral Areas Pilot and various livelihoods programmes in pastoral areas has generated a variety of lessons learned and best practices which need to be taken into consideration in the development of guidelines for FSP programming in pastoral areas. Listed below are some specific thematic areas where FSP implementation may differ in the pastoral areas from the way it is implemented in non-pastoral areas.

#### Targeting

Different livelihood zones entail different livelihood strategies and different levels of social cohesion and therefore require different types of targeting. Pastoral communities, in particular, are more cohesive socially, whereas agro-pastoral and ex-pastoral communities in peri-urban areas are less cohesive and require more triangulation. Furthermore, targeting needs to be designed in order to minimize exclusions related to clan and sub-clan relations, social exclusion, and exclusion related to other problematic categorizations. Choosing the right targeting procedure, targeting committee members and appeals committee members are all critical to minimizing inclusion and exclusion errors. Pastoral area-specific guidelines for targeting are therefore required before the roll-out of the programme.

#### Graduation

The question of how pastoral communities can graduate from the PSNP and the overall FSP—and what benchmarks should be set for such graduation—needs to be explored more thoroughly, and pastoral-specific guidelines need to be developed. The nature of pastoralism as a livelihood characterized not by *poverty* but by *vulnerability*<sup>21</sup>, with a natural cycle of asset accumulation and asset depletion, makes a definition of graduation even more difficult than in other areas. Benchmarks determining the value of assets needed for graduation—as are set in the non-pastoral woredas—may not be appropriate to pastoral systems where asset accumulation makes a household slightly less vulnerable to shocks but does not protect against

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<sup>21</sup> As defined by Stephen Devereux.

them<sup>22</sup>. This underscores the need for complementary drought cycle management activities as well as livelihood diversification interventions—though even these do not provide an easy answer to the graduation question.

### **Institutional capacity**

Experience with the FSP is limited in many pastoral areas. Past PSNP implementation has suffered from poor management and coordination. With the planned scale-up of the FSP, there is therefore an urgent need for sustained investment in capacity building at the Regional, woreda and kebele levels. This should include investment in staffing and skill-based training at woreda and kebele levels to increase the number of DAs as well as experts. There is also a need for the provision of special management and technical support from the programme to Regional governments, possibly through mobile support teams following the PCDP model. These teams should have programme management specialists and technical experts such as water engineers, finance and procurement specialists, M&E specialists and others who can travel from woreda to woreda, troubleshoot emerging problems and provide ongoing mentoring to woreda officials in program implementation.

Additional institutions such as Pastoral Development Commissions and customary institutions must also be involved in programme implementation, so the FSP institutional structures must retain some flexibility in pastoral areas.

### **Collaboration with NGOs and the private sector**

Considering capacity constraints in FSP implementation, partnership with NGOs and the private sector may be useful in scaling up the programme in pastoral areas. However, this will require strong collaboration and coordination at the Regional and woreda levels—coordination which must be institutionalised prior to the roll-out. This will apply to various programme components—particularly PSNP and HABP—as well as collaboration with complementary programmes focusing on drought cycle management.

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## 2.7.2 PSNP

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### **Transfers**

Much is known in the non-pastoral areas on the effects of types of transfers (cash vs. food) on key PSNP indicators such as consumption smoothing and asset protection. However, in the pastoral areas, these are not sufficiently known, as cash transfers have not been piloted there. Prior to final guidelines for the roll-out, therefore, it is critical to explore the correlation between type of transfer and smoothing of consumption throughout the year (particularly during the hungry period) and the protection of assets during shocks. Both the type and the duration (number of months) of transfers should be based on the food and market gaps specific to each area.

The ability of the programme to provide timely transfers in pastoral areas is a particular area of concern. Past programming in pastoral areas has shown this to be a major problem with food transfers, as a result of transport shortages and infrastructure constraints. Moreover, client accessibility to transfers is also a critical issue not only in terms of time and money spent travelling but also human health and social behaviour.

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<sup>22</sup> It is also planned that the current graduation assessment methodology will be revised early in the course of the new phase of the FSP.

For cash transfers in pastoral areas, the wage rate must consider terms of trade as pastoralists are net buyers of food.

### **Public works**

The possibility of applying a livelihood zone approach rather than a kebele-based approach to PW planning in pastoral areas must be explored, and pastoral-specific guidelines must be developed accordingly. The livelihood zone approach will enable more effective decision-making because it groups together communities with similar needs. The type of infrastructure selected by a community will depend both on *livelihoods systems* (for instance, rangeland management interventions and veterinary post construction are appropriate for pastoral livelihoods but not for others) and on *location* (rural areas may prioritize access roads while towns prioritize sanitation facilities, etc.). The preparation of Community Action Plans around livelihood zones is one promising practice in this area. (Note: This relates specifically to planning—for oversight and reporting purposes, kebeles should remain the focal point.) Involving the entire affected community, possibly at the zonal or inter-woreda level (and not just the targeted kebele residents) in site selection is critical in order to avoid development induced conflict. This will require considering migration patterns and grazing land/water point usage rather than simply administrative boundaries.

The application of the Environmental and Social Management Framework in pastoral areas must focus on ensuring environmental sustainability (particularly with regards to water and pasture), livestock mobility and conflict prevention. The current PSNP ESMF focuses primarily on technological issues—a pastoral-specific ESMF, with increased emphasis on pastoral area-specific issues, and particularly social dimensions, is therefore necessary. In particular, the avoidance of conflict must be a primary consideration not only in the planning of public works but also in the establishment of ownership/management structures. These should follow traditional communal management structures, together with traditional user rights.

### **Seasonality**

During the dry season in particular, labor availability is a critical issue in pastoral areas, as many able-bodied community members migrate with livestock in search of water and pasture. Matching the seasonality of PW with the type of work and the availability of labour could be an alternative. This option, which could entail “untying” the disbursement of transfers with the completion of public works, will likely be more effective in meeting the PSNP’s Goals of protecting household assets and smoothing consumption while creating communal assets.

The timing/seasonality of transfers should be matched with the hungry season for each geographic area to smooth consumption.

### **Risk financing**

In times of crisis in pastoral areas, the risk financing fund could be used to implement drought cycle management activities such as destocking and emergency feed provision. Again, specific guidelines for both planning and implementation are needed.

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## 2.7.3 HABP

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### **Livelihood diversification**

In pastoral areas, households that have dropped out of pastoralism can benefit from household asset building as described in the HABP document, as they are usually very poor and need options for diversifying their livelihoods. For some households, this may entail moving into agricultural production through small-scale irrigation, while for many others it will likely entail engaging in small-scale businesses such as petty trade, service provision, natural resource base income generating activities (such as incense and gums collection, water harvesting and selling, fodder production) and livestock related business activities.

The lack of woreda- and kebele-level capacity, and particularly the absence of active woreda experts and DAs—through whom the HABP is expected to be implemented—in many pastoral areas is expected to be a key constraint to the implementation of technical assistance in livelihood diversification. This needs to be addressed through staffing and capacity building as described in 1.1 above.

### **Risk management**

Pastoralist households may require a different approach from the classic household asset building model. For the pastoral livelihood, risk management—and particularly drought cycle management—is perhaps a more aptly complementary programme to the PSNP than household asset building per se. Some activities to be considered under the risk management approach for the poorest pastoralist households (in general, those who are in danger of dropping out of the pastoral system) include a) improving their terms of trade through cereal price stabilization, commercial destocking and slaughter destocking, and/or b) protecting core breeding herds through livestock feed supplementation, emergency animal health interventions and restocking after the rains. Some of these activities may be funded through PSNP risk financing; others may be more appropriate for the HABP. Specific details and guidelines for pastoral programming under the HABP must be developed prior to the roll-out of the programme.

### **Financial services**

The HABP will be composed of a technical assistance component and a financial services component. According to the design, the financial services will be provided through financial institutions such as RUSACCOs and MFIs, which are largely absent from pastoral woredas. An assessment will be conducted at the start of the next phase of the FSP to identify financial service needs and potential providers. It is expected that some woredas will open new MFI branches while others will create RUSACCOs, but these institutions may not be able to meet the demand, and therefore alternatives may be required.

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#### 2.7.4 CCI

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The CCI's planned prioritization of pastoral and agro-pastoral areas is highly appropriate because of the necessity of creating an enabling environment for both production and marketing in order to help households achieve food security. The CCI may help to address some of the pastoral-specific gaps left by the HABP and will complement the HABP in helping households move toward graduation.

## 3 PROGRAMME MANAGEMENT, COORDINATION AND IMPLEMENTATION

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### 3.1 INSTITUTIONAL ARRANGEMENTS

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The Food Security Programme is a complex and ambitious undertaking, involving a large number of stakeholders, and in particular, a large number of implementing agencies in the Government of Ethiopia, both within and beyond the Agriculture and Rural Development sector. The success of the programme will greatly depend on the adequacy of the institutional arrangements put in place to manage and coordinate it. These arrangements must cover all components, ensure close synergy among components and linkages with other government policies and development interventions, and provide for sustained dialogue and joint oversight by the Government and the Development Partners supporting the programme. This section describes the arrangements that will be established for this phase of the FSP. Wherever possible the arrangements build upon those in place for the previous phase of the programme, albeit with a focus on addressing past constraints and rising up to the challenge presented by the greater complexity of the programme in this phase. A series of diagrams, found at the end of the section, illustrate the arrangements described below.

#### 3.1.1 OVERALL FSP MANAGEMENT AND COORDINATION

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The Minister of Agriculture and Rural Development and the Heads of the Regional Bureaux of Agriculture and Rural Development and Woreda Agriculture and Rural Development Offices are the managers of the Food Security Programme and as such, they are accountable for the overall performance of the programme in their respective jurisdiction. Regional BOARD and woreda ARDO Heads are both accountable vertically for the implementation of the FSP as a Federal programme and, as for all activities implemented in the Region/woreda, they are accountable as Regional/woreda Cabinet members to the Regional President/woreda Administrator and to the Regional and woreda Councils. The Minister MOARD makes the final decisions with regard to programme resource allocation to the different implementers, on the basis of overall work plans, budgets and resource allocation schedules prepared by the FSCD and based on proposals by all implementers.

At all levels, inter- and intra-sectoral bodies will provide for Government steering and coordination across the programme components with regard to planning, decision making, reporting and monitoring, and guidance to implementers.

At the Federal level an FSP Inter-Ministerial Management Committee will be established. It will be chaired by the State Minister for DRM/FSS and involve MOFED and the Ministries responsible for Roads, Water and Small and Medium Enterprises at State Minister level. The Federal Cooperative Agency will be represented at senior executive level.

At Regional and woreda levels coordination bodies will operate at two levels, strategic and operational, in line with the more operational role of these levels in the programme.

- An FSP Steering Committee will be chaired by the Regional President/ woreda Administrator respectively<sup>23</sup> and provide strategic level decision-making, guidance and coordination for the

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<sup>23</sup> As was current practice in a number of Regions and woredas for the first phase of the PSNP and/or the Other Food Security Programme.

implementation of the programme in the Region/woreda. These will function as specialised committees of the Regional and woreda Cabinets, and involve at the very least the agencies equivalent to those mentioned for the Federal FSP Inter-Ministerial Management Committee, at senior level (Heads of Bureau/Office).

- Under the guidance of the Steering Committee the Regional/woreda Food Security Task Force will provide for inter-sectoral coordination at the operational level. The FSTFs will be chaired by the BOARD/ARDO Heads, delegated by the Regional President/woreda Administrator. They will be responsible for operational decision-making and close guidance to the implementing agencies.

At all levels the inter-sectoral coordination bodies at strategic level (Federal FSP Inter-Ministerial Management Committee and Regional/woreda Steering Committees) will meet at least twice a year. The meeting dates will be decided according to the review and planning cycle for the FSP (itself aligned with the annual budget cycle of the Government) as well in line with the schedule of annual and mid-year FSP Reviews conducted jointly by the Government and Development Partners (see below). Regional/woreda Steering Committees may need to meet more often. Regional/woreda FS Task Forces, at the operational level, are expected to meet monthly (and more frequently if required at critical times in the programme implementation cycle). The frequency of meetings and composition of the various bodies will be further detailed in the various Programme Implementation Manuals and other relevant documentation (e.g. Memorandums of Understanding, see below).

Within the ARD sector, the FSP will be managed and coordinated through the regular management meetings held at MOARD, Regional BOARD and woreda ARDO levels. The FSP will be a standing item on the agenda of these meetings. At the Federal level all four MOARD State Ministers have a critical role in guiding and overseeing the performance of the Directorates identified to lead the implementation of specific components of the programme (for instance, the State Minister for Agriculture supervises the Extension Directorate which oversee the availability and workability of the technical of the Household Asset Building programme. MOARD State Ministers will therefore use the Ministry management meeting to regularly report to the Minister on the implementation of the FSP components for which Directorates under their supervision are responsible. The Food Security bodies at each level will be responsible to ensure that adequate documentation is prepared for these meetings, to be submitted to the management bodies through the relevant channel (e.g. at Federal level the FSCD will ensure that the required documentation is prepared, for the DRMFS to present it at the MOARD management meetings). The MOARD management meeting will discuss resource allocation proposals and advise the Minister on this.

At Federal level a Government-Development Partners FSP Joint Strategic Oversight Committee will be established to ensure dialogue and joint oversight over the programme implementation at a strategic level. The FSP Joint Strategic Oversight Committee will be chaired by the State Minister for Disaster Risk Management and Food Security Sector (with the possibility of delegating another State Minister as need may be). All Government agencies involved in the Government FSP Inter-Ministerial Management Committee will be represented at senior level in the FSP Joint Strategic Oversight Committee. Development Partners will include the FSP donors and other relevant bodies as agreed at the onset of the programme (e.g. there must be representation of the MFIs involved in the HAB programme). The composition of the FSP Joint Strategic Oversight Committee will be regularly reviewed and adjusted as need be. The minutes of the FSP Joint Strategic Oversight Committee meetings will be sent to the Minister of MoARD and to the Regional Presidents. The FSP Joint Strategic Oversight Committee will meet every

two months, and will be responsible for the conduct of annual and mid-year Joint Reviews encompassing the FSP as a whole (see section 3.5 on M&E below).

The Regions will be represented on the FSP Joint Strategic Oversight Committee through the Regional Heads of BOARD (as programme managers) and Regional BOFED Heads, who will be invited to all meetings. The Regional Food Security Process Owners will participate to these meetings in their capacity of key facilitators of the management and coordination of the FSP, as well as the Regional BOFED accountants in charge of the FSP. All agencies involved in the FSP will actively participate in the Regional events linked to the Joint Reviews and other Federal-led processes related to the programme.

A range of other directorates of MOARD and other ministries, including Women's Affairs, Youth and Sports Affairs, Labour and Social Affairs, will be involved in supporting aspects of the programme such as household asset building interventions, CCI and public works. They will be represented (at senior level) on the Federal FSP Strategic Oversight Committee on a regular basis, will receive copies of the minutes of all Committee's meetings and will be involved in all joint Reviews. They will be invited to meetings of the Government FSP Inter-Ministerial Management Committee as required. At Regional and woreda levels the equivalent bodies will be full members of both or either the Steering Committee or the FS Task Force (i.e., at strategic or operational level) as is deemed most suitable by each Region.

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### 3.1.2 MANAGEMENT AND COORDINATION OF THE FSP COMPONENTS

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The arrangements for the management and coordination of the Food Security Programme components, outlined below, are further detailed in the relevant programme documents for the PSNP, HABP, and CCI programme.

At all levels, identified lead institutions in the Agriculture and Rural Development sector will be directly responsible for the implementation of specific FSP components. Notably:

- The Federal, Regional and woreda Disaster Management/Early Warning and Response and Food Security bodies will take the lead with regard to PSNP transfers (both regular, cash and food, and risk financing transfers) and for the coordination with emergency relief response whenever this is required
- The Federal, Regional and woreda Natural Resource Management bodies will lead in the implementation of PSNP PWs and of the Complementary Community Investment programme.
- The Federal, Regional and woreda Extension bodies will oversee/lead in the implementation of the Household Asset Building (HAB).

Each lead institution will be a budget manager, with resource allocated to it on the basis of annual work plans and budget proposals for the implementation of the FSP component that the institution is leading. As noted above proposals will be compiled by the Federal FSCD, and resource allocation decisions made at MOARD senior management level. Lead institutions will be supported by inter-sectoral Joint Technical Committees that they will chair and through which they will mobilise other agencies involved in the implementation of their respective component. At Federal level the Joint Technical Committees will be chaired/co-chaired at Director level. For instance:

- At Federal level the Joint Technical Committee on Early Warning and Response and Transfers will be co-chaired by the Disaster Management Director and the Food Security Coordination Director
- The Extension bodies will be supported by and will chair a Joint Technical Committee involving Input & Marketing, Small and Medium Enterprise, MFIs and Cooperative promotion agencies for the HAB.
- Roads and Water agencies will be members of the Joint Technical Committee led by Natural Resources body for the PWs and CCIs. At Federal level the Joint Technical Committee will be co-chaired by the Natural Resource Directorate of MOARD and the relevant Director or the Ministry of Water Resources.

These Joint Technical Committees will involve non-government stakeholders at all levels. At the Federal level FSP Development Partners and in particular, donors, will organise themselves, and attend only the Technical Committees for which they have a comparative advantage. In this way, at the Federal level the Joint Technical Committees will assist the Federal FSP Joint Strategic Oversight Committee through specialising around a series of relatively self-contained activities. Both, the Federal FSP Joint Strategic Oversight Committee and the Government inter- and intra-sectoral management bodies will ensure that this specialisation is not detrimental to synergy across the FSP as a whole and will maintain complementarity and coordination among the FSP programme components. At Regional and woreda level the Joint Technical Committees will report to the Regional/woreda FSP Steering Committee through the FS Task Forces and as such, they will be accountable to the Regional President/ woreda Administrator through the BOARD Head/ woreda ARDO Head.

The Joint Technical Committees may establish further specialised working groups as they see fit, albeit bearing in mind the need to remain economical.

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### 3.1.3 ROLES, RESPONSIBILITIES, AND IMPLICATIONS

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As noted above, the Minister, Regional Bureau Heads and woreda Office Heads of Agriculture and Rural Development are the managers of the programme.

The Food Security Coordination Directorate in the Disaster Risk Management and Food Security Sector of MOARD and the equivalent bodies at Regional and woreda levels will play a critical facilitating role across the FSP and in each of the programme components, in defining systems and procedures, providing guidance to implementing partners and coordinating bodies, managing programme monitoring and evaluation, and generally, in ensuring the smooth functioning of the management and coordination structure of the FSP and of its components outlined above. As such, building on the BPR structures (for instance, the Federal FSCD has two case teams working on the PSNP and Household Asset, and on Resettlement respectively), the Food Security bodies will act as Secretariats for the inter- and intra-sectoral coordination bodies and the Technical Committees at all levels.

The Ministry of Finance and Economic Development will be responsible for managing the programme finances and will take the lead in ensuring that adequate systems are in place to enable timely transfers. Case teams for donor-financed programmes within the Treasury and Accounts Departments have been established. These teams will provide technical assistance to Regions, as needed, for donor-financed programmes.

Roles and responsibilities of each agency involved in the implementation of the FSP are further detailed in the relevant programme documents<sup>24</sup>. They will be clearly defined in a Memorandum of Understanding between Government and Development Partners, be signed by the Ministers of MOARD and MOFED. Similarly, Memorandums of Understanding will be signed at each level between Regional and woreda ARD bodies managing the programme and other agencies involved in implementing programme components. This process will be led by Heads of Regional BOARD and woreda ARDO, and endorsed by the Regional and woreda Councils.

This phase of the programme will formally acknowledge the critical role played by zones in accordance to each Region's policy in this respect. Memorandums of Understanding and component programme Implementation Manuals will elaborate their roles and responsibilities while capacity building efforts (see below) will ensure that necessary zonal structures will receive the training, staffing and support then need.

The government also recognises that NGOs may have specific areas of expertise which may improve programme implementation in specific areas or through technical support. Therefore the government welcomes the participation of NGOs in the Food Security Programme. Such participation should adhere to FSP procedures and should be financed through resources additional to the Government Food Security Programme resources.

On the basis of the institutional structure outlined above, a strategic capacity building plan will be developed which ensures that, in line with Output 5 of the Food Security Programme, the relevant structures have the capacity to fulfil their responsibilities. The plan will give due attention to the much increased workload of the FS bodies with regard to their role of facilitator of the strategic and technical coordination bodies at all levels.

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### 3.1.4 LINKS WITH RELEVANT BROAD POLICY AGENDA

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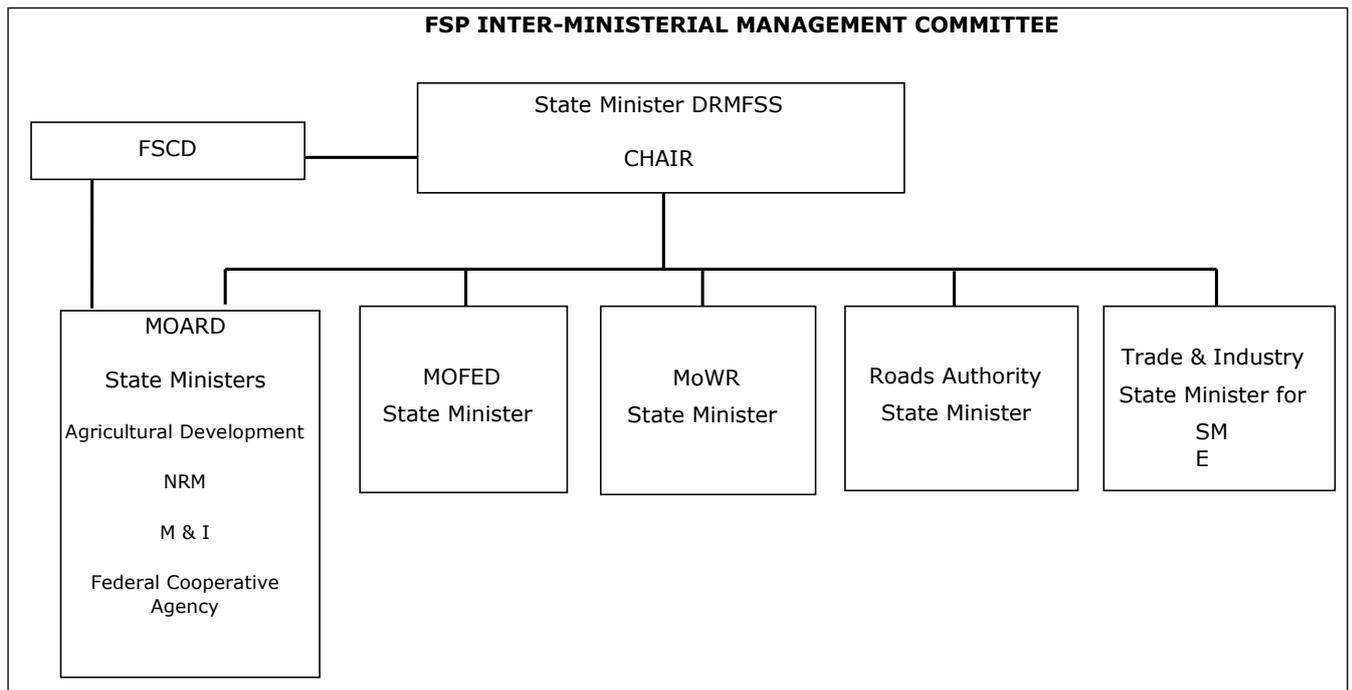
The Food Security Programme represents one of the critical activities implementing the three-pronged agenda of the Rural Economic Development/Food Security (RED/FS) Platform. As noted earlier, the FSP cuts across all three RED/FS pillars namely: agricultural growth (through the HAB focus on transforming subsistence farming); improving the natural resource basis (through the PSNP PWs and CCI); and ensuring food security (through all its components). As such, progress in implementing the FSP should be of interest for all three RED/FS Technical Committees and regular information on the FSP implementation should feed in the policy dialogue of the RED/FS Sectoral Working Group as a whole. To facilitate this there will be representation from the FSP Joint Strategic Oversight Committee on each of the RED/FS Technical Committees. Further linkage and coordination arrangements will be put in place as required with a view to ensuring synergy and complementarity with other programmes implementing the RED/FS agenda, like the Sustainable Land Management programme. This is expected to be an evolving process, alongside the process currently under way to develop other 'RED/FS programmes' focusing for instance on agricultural growth.

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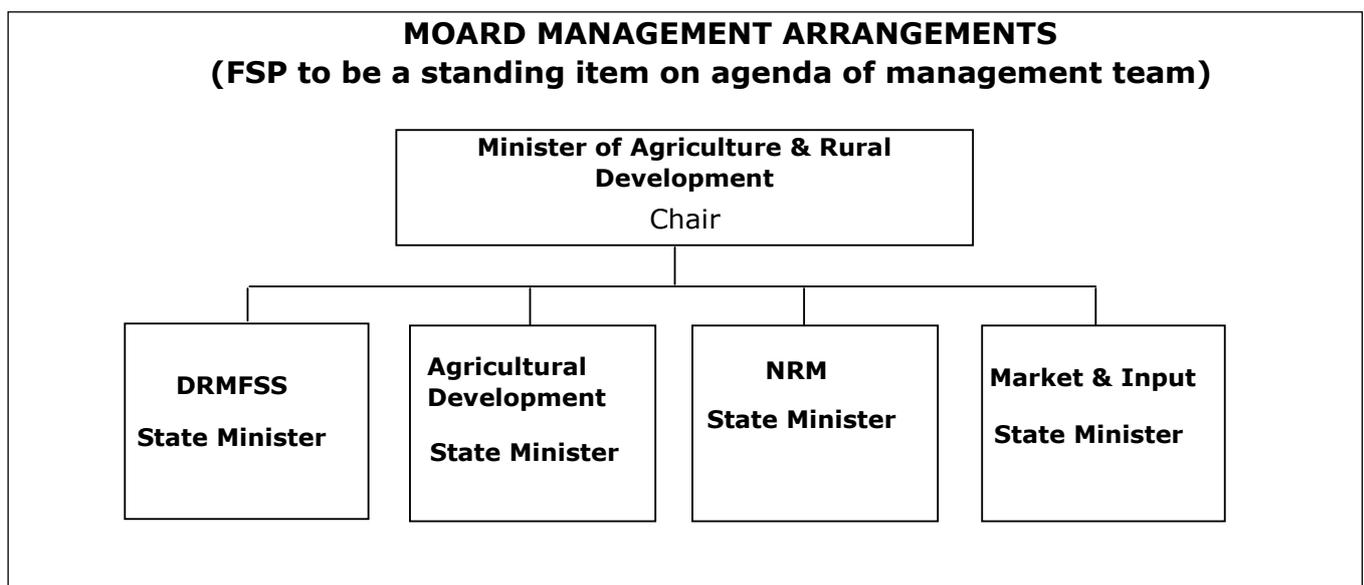
<sup>24</sup> Specifically, further detail on the functioning of the Joint TCs for Household Asset Building and on the role of the Extension Directorate and Extension bodies at all levels are found in the HABP document, as well as a description of the role of other agencies involved in the HABP. Similarly, the PSNP document includes further detail on the Joint TC for Early Response and Transfers and that for PWs and CCI, the roles of the EWRD and FSCD and that of NRD, and equivalent bodies at Regional and woreda level, in the former and the latter, and the role of other agencies involved in the implementation of these components of the FSP.

Moreover, it is expected that during the lifetime of the FSP further progress will be made in developing a broad policy framework for Social Protection. This, as noted earlier, is critical in the context of ensuring a transition from the programme for the PSNP Direct Support participants who would not graduate over the course of the programme. The FSP institutional arrangements described above provide for MOLSA to be regularly involved in the FSP strategic oversight and dialogue. These arrangements will be reviewed with a view to strengthening the links as required, depending on the directions taken by the development of the Social Protection agenda.

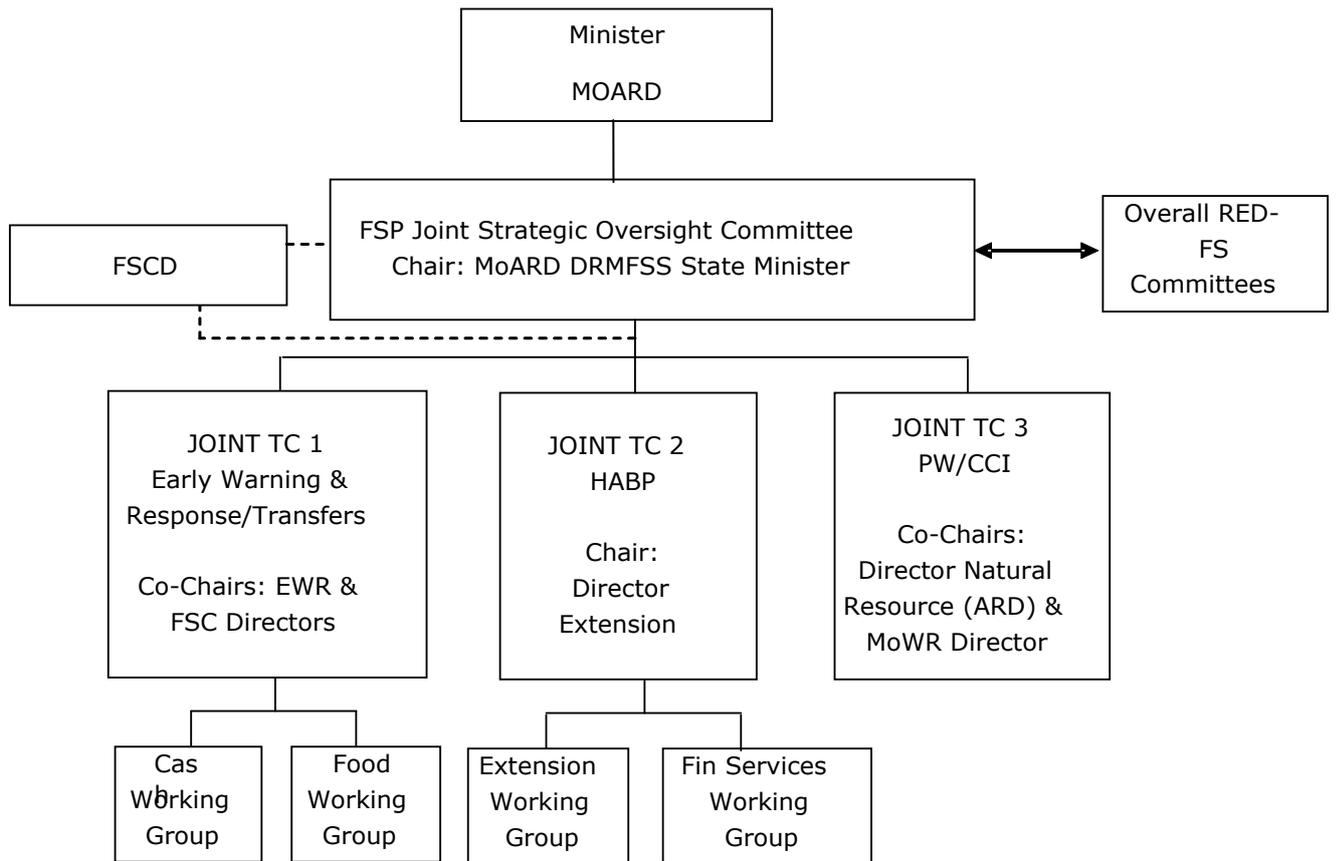
**Federal level Government management and Government-DP coordination arrangements**



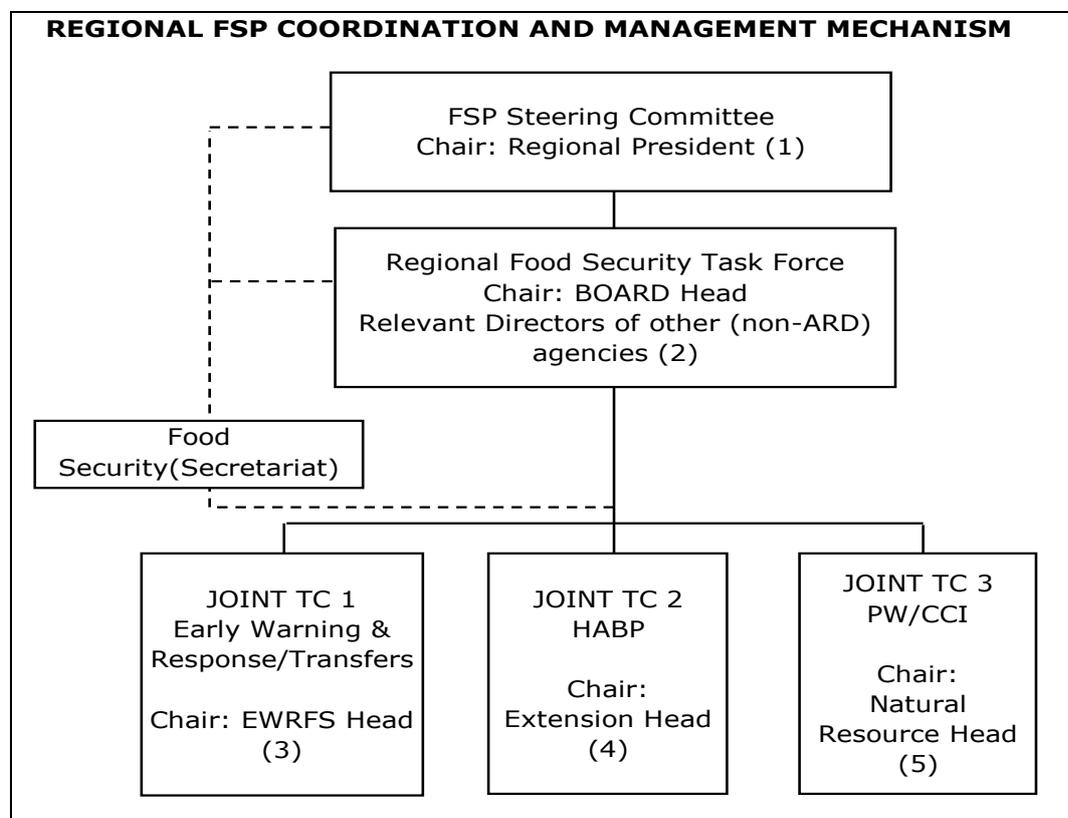
*DRMFSS (through FSCD) to ensure adequate documentation on FSP for MOARD management*



**FSP COORDINATION MECHANISM (JOINT GOE-DONORS)**



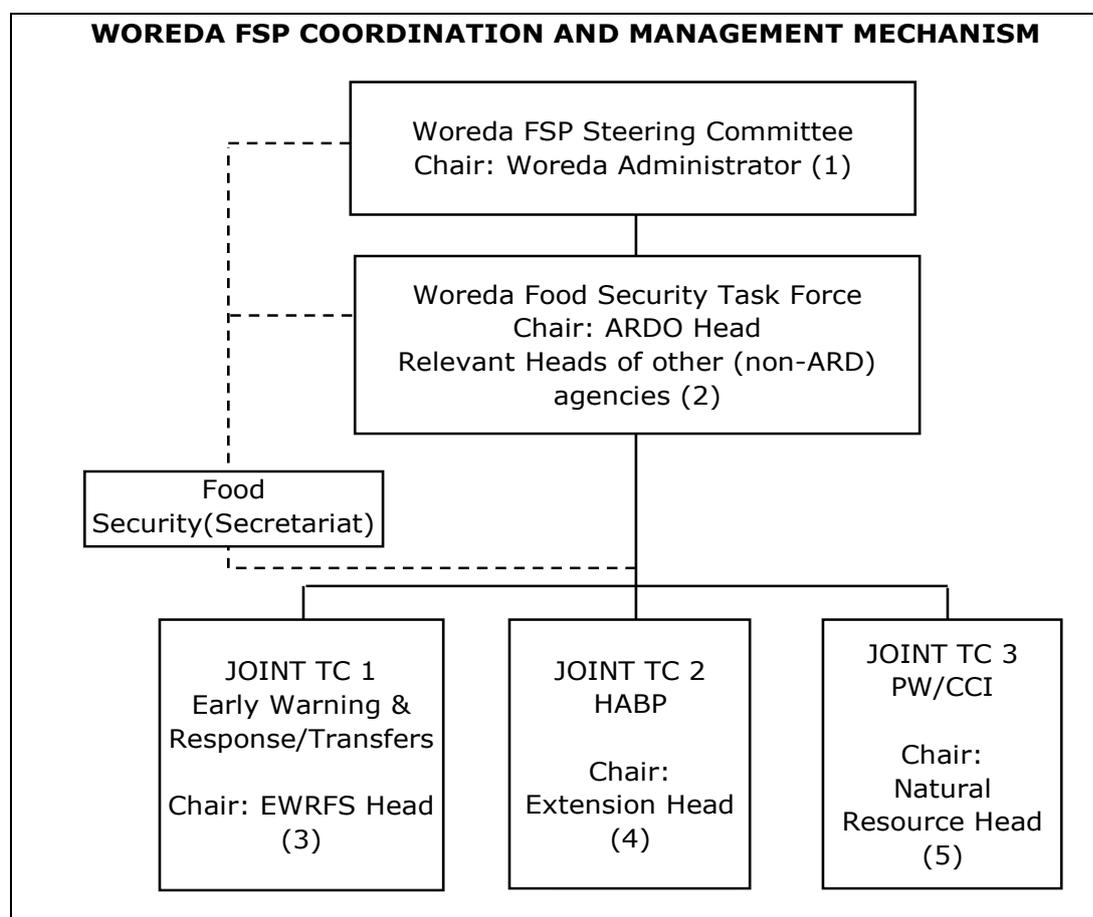
## **Regional level FSP coordination and management arrangements**



- (1) The Regional FSP Steering Committee involves the Heads of BOARD, BOFED and Bureaus/Agencies in charge of Roads, Water/Irrigation, SME (Trade & Industry), Cooperative Promotion, Labour & Social Affairs, Women Affairs, and Youth and Sports. It meets formally twice a year. In addition the FSP will be a standing item on the agenda of the Regional Cabinet meetings to be discussed whenever needed.
- (2) The FS Task Force, chaired by BOARD Head delegated by the Regional President, comprises of the relevant Directors of ARD and other Bureaus/Agencies involved in the implementation of the programme. The Committee meets every two months at least. The minutes of its meetings are sent to the Regional President and to the Regional Council (through the relevant Council Standing Committee). Under the Task Force a number of Joint Technical Committees provide guidance to worda and Regional implementing bodies in their area of specialisation. They report to the FSTF and through it to the Regional Steering Committee.
- (3) Joint Technical Committee on Early Warning and Response and Transfers:
  - a. EWR and Food Security Head (delegated by BOARD Head) is chairing.
  - b. Members include other relevant Government and non-Government partners including NGOs and donors active in Region

- (4) Joint Technical Committee on Household Asset Building
- Extension Head (delegated by BOARD Head) is chairing
  - Members are: Food Security; Input, Output and Marketing; Cooperative Promotion; SME Agency; Women; Youth and Sports, Labour and Social Affairs; Representative of MFIs; other relevant partners as above
- (5) Joint Technical Committee on PWs and CCIs
- Natural Resource Head (delegated by BOARD Head) is chairing
  - Members are: Food Security; Road; Water/Irrigation; other relevant partners as above.

**Woreda level FSP coordination and management arrangements**



(1) The Woreda FSP Steering Committee is chaired by the woreda Administrator. It functions like a sub-committee of the woreda Cabinet involving all relevant offices at office Head level (Heads of ARDO, WOFED and offices/desks in charge of Roads, Water/Irrigation, SME (Trade & Industry), Cooperative Promotion, Labour & Social Affairs, Women Affairs, and Youth and Sports.

- (2) The woreda Food Security Task Force is chaired by the Head of ARDO, delegated by the woreda Administrator. Its members are the Heads of other offices/desks involved in the implementation of the programme. It meets monthly. The minutes of meetings of the woreda FSTF are sent to the woreda Administrator and to the woreda Council through its relevant Standing Committee. The Joint Technical Committees under the FSTF ensure coordination in their area of specialisation, among the woreda agencies implementing the FSP. The Joint Technical Committees report to the Woreda FSTF and through it to the Woreda FSP Steering Committee.
- (3) Composition of the Joint Technical Committee on Early Warning Response and Transfers (as for Regional level)
- (4) Composition of the Joint Technical Committee on Household Asset Building (as for Regional level)
- (5) Composition of the Joint Technical Committee on PWs and CCIs (as for Regional level).

### 3.2 FINANCIAL MANAGEMENT AND FLOW OF FUNDS

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As already mentioned the Ministry of Finance and Economic Development will be responsible for managing the programme finances. The FSP will remain on budget at Federal level, but the possibility of proclaiming the budget at Regional and woreda levels will also be explored. This could facilitate integration of programme activities at the woreda level and increase accountability.

The annual FSP budget will be prepared according to an agreed budget structure for the Programme (which will in turn be in line with the Government chart of accounts). Although there will be an overall programme budget, financing for the four individual components will be separate. This will both ensure that components which require more complex safeguards will not delay or impede other components of the programme; and will also maximise the potential to bring additional financing sources on line (new donors could be encouraged to finance different components of the programme). A detailed chart of accounts, accounting procedures (including the number of accounts needed) and reporting process will be worked out prior to the onset of the programme.

As outlined above, component managers will also be budget managers that is, they will receive an annual budget allocation for the implementation of the work plan related to the FSP component that they manage, at their level. They will therefore, be responsible for the preparation of such annual work plans and budget proposals. At all levels and for all programme components, FSP work plans and budgets will be aligned with the Ethiopian Fiscal Year. As also explained above, the Federal FSCD will be responsible to compile all work plans and budget proposals and propose a resource allocation schedule, taking resource constraints into account, for decision by the Minister MOARD. Following this decision, budget managers become accountable for the implementation of their work plan and the proper use of the programme funds to that effect.

The audit process for the PSNP will be reviewed to amalgamate the existing roving and annual audits into one streamlined audit process with quarterly as well as annual reporting. Based on the agreed accounting procedures this audit process will either be expanded to include other components of the FSP, or separate audit processes will be put in place for these components.

In the new phase of the programme all programme resources, including in-kind resources and resources transferred through NGOs and WFP will be included in financial reports (as aid in

kind). In addition an annual commodity audit will be put in place to ensure full transparency on the use of food resources.

### 3.3 PROGRAMME PLANNING

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As noted earlier it is critical to ensure complementarity and synergy between the Activities planned under the different components of the FSP, and between the FSP Activities and other development activities undertaken at the kebele and woreda level. Kebeles and woredas have a key role in this as it is at their level that FSP Activities will be planned in detail, as follows:

- For HABP: identification of investment opportunities suitable for household asset building, planning of Activities necessary to implement the HAB programme.
- For PSNP: targeting, PWs planning, contingency planning for risk financing
- For CCI: identification of needs/priorities.

Yet in the previous phase of the programme, planning for the PSNP was undertaken separately from planning for the OFSP and from the overall woreda planning process. Although efforts were made to harmonise plans, woreda staff often saw PSNP and OFSP Activities as additional to their core workloads, there remained gaps in plan integration and in integration of Activities actually implemented, and a lack of awareness in some woreda finance and sector offices of the content of PSNP and OFSP plans. In this phase of the FSP there will be a stronger focus to ensure integration of planning processes and plans in order to maximise the effectiveness of the use of all resources available to the kebeles and woredas. For this, it is necessary to strengthen both the overall woreda planning process, the FSP planning process, and the integration of the latter within the former.

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#### 3.3.1 INTEGRATED WOREDA PLANNING

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##### **Key Lessons Learned in Previous Phases:**

Issues to be resolved relate to (i) planning units, (ii) planning frameworks and data, (iii) planning methodology and processes and, (iv) institutional planning arrangements.

**Planning units:** For some of the FSP Activities kebele or woreda are not the most appropriate planning unit. Watersheds (PWs), livelihood zones and growth corridors/poles (HAB) are other relevant units. For medium-size infrastructure (e.g. CCIs) the relevant unit may expand to several woredas. Currently there is no clear guidance for woredas on how they should handle planning for multiple overlapping units.

**Planning frameworks and data:** Woredas and kebeles are supposed to use a number of planning frameworks linked to specific sectors (e.g. service delivery norms) or programmes (e.g. ERTTP rural road planning), several of which have direct relevance for FSP planning (e.g. roads and water for PWs and CCIs). The government has also endorsed watershed development as a critically important framework both in terms of methodology (community-based participatory) and as organising principle for natural resources linked development planning. Watershed development is the cornerstone for PSNP PW and CCI planning. With regard to HAB planning, livelihood options depend on watershed 'carrying potential' but also other factors such as access to markets etc.

Various data sets relevant for livelihood analyses and planning are regularly collected and some analysed data is available at the woreda level (e.g. market information, LIU livelihood zone data). However, at woreda level there is little use of planning data. There is also weak integration between the various planning frameworks or guidelines coming from the Federal/ Regional sector structures. Generally there is a tension between sector, and area development planning. These factors make it complex to (i) carry out woreda integrated planning and therefore to (ii) integrate FSP planning within an integrated woreda plan.

**Planning methodology and processes:** FSP planning is expected to be participatory, starting from the community level up to woreda. However, the articulation between kebele and woreda planning processes and plans is usually not very strong. Kebeles may be planning in an integrated (cross-sectoral) manner (including for PSNP PWs), but when their plans get to woreda level they are 'sectoralised', and kebeles are usually not given back integrated kebele plans once prioritisation and resourcing have taken place at woreda level.

The link between woreda planning and budgeting and between plans and budgets is usually weak. Woredas are supposed to conduct multi-annual strategic planning and this indeed takes place in some cases (e.g. strategic planning of watersheds in which PWs are carried out). Multi-annual planning is also important for the FSP risk financing contingency planning. Yet, there is little guidance on how annual planning should relate to multi-annual planning.

**Institutional issues:** There is a lack of clarity about who 'owns' the planning process at woreda level. Too often there is weak commitment and guidance from the woreda leadership. Moreover, the capacity of the woreda Finance and Economic Development Office for appraising technical proposals and priorities from sectors and its coordination capacity are weak, and its mandate as coordinating body is unclear.

Participatory planning is carried out as an ad hoc activity, as and when required by a specific programme. There is no framework to institutionalise it as part of the woreda planning process. It is not clear which sectors do use participatory planning, how this is brought together, and how in reality participatory plans influences the decisions made at woreda level in terms of prioritisation. Linked to this, the planning mandate of kebele bodies is unclear, and undermined by the fact that they often do not know the resources available for planning.

Non-government stakeholders' planning is un-related or weakly related to the woreda planning process. NGOs are hardly coordinated with the woreda government.

In this phase of the programme, planning for the Food Security Programme will be (i) integrated among the components of the FSP and (ii) part of the overall woreda planning process at both, strategic multi-annual level, and detailed activity-based annual level. For this to happen, the lessons learned above suggest the need to:

- Reconcile **planning units**, within and beyond the woreda, generally and for the purpose of the FSP; define who should plan for what and who should coordinate what (and the role of zones and Region, especially for CCIs and HAB)
- Reconcile planning **approaches/frameworks**, recognising the central role of the 'Community-Based Participatory Watershed Management Planning' approach while also integrating a number of other factors directly relevant for FSP planning (e.g. catchment areas)

for services, access/remoteness of kebeles and communities, market potential and the capabilities of food insecure populations)

- Identify the detailed steps required to integrate multi-sectoral planning at **kebele and woreda** levels in a two-way process reflecting transparently how community and kebele participatory plans are reflected in the woreda level prioritisation process
- Clarify the articulation between **annual and multi-annual** planning processes (frequency and scope of multi-annual planning, steps for and link between multi-annual and annual planning etc.)
- Clarify **roles, responsibilities and mandates** (e.g. of WOFED vis-à-vis sectors, of sectors vis-à-vis kebele planning bodies etc.)
- Devise a clear methodology to **integrate** FSP planning (overall and for each component) with the existing planning approaches/frameworks, better specifying concepts and data to be used, timeframes, activities/steps, stakeholders to be involved etc
- Establish and adhere to a clear **calendar** for kebele, woreda and Regional planning (including FSP planning) in relation to budget processes, and identify implications for FSP planning (availability of information on FSP resources etc.).

MoFED is currently undertaking a review of woreda planning guidelines. The Disaster Management and Food Security Sector of MOARD has begun to engage in this process. It will continue to do so (for instance, sharing the analysis above) during the final stages of preparation for the FSP and up to the conclusion of the MOFED-led process. The Outcome of this process will be reflected in the FSP Programme Implementation Manuals and other relevant documentation related to FSP planning.

Planning at the Regional level will also be strengthened. The Regions need to have the capacity to establish operational linkages between the FSP and other broad development programmes in CFI woredas. They are also best placed to mediate between the overall, Federally-determined, principles and priorities of the Food Security Programme, and the specific characteristics, requirements and institutions of the different geographical areas making up their Region. They will also have a key role in prioritising areas for CCI investments and supporting the increased technical requirements for planning interventions under this component.

### 3.4 PHYSICAL AND NON-PHYSICAL MEANS

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The major inputs related to Output 1 concern the transfers (both food and cash) to clients. In order for these transfers to occur adequate systems and procedures need to be in place, with staffing filled and adequately trained. In addition Food Security and Finance Departments at different levels need adequate equipment (particularly IT and communication equipment) and vehicles.

The inputs related to financial services in Output 2 concern the capitalisation of financial service providers and capacity building support for financial service providers and those who support and regulate them. This support will include technical support to improve service delivery and diversify the products provided, as well as material support to enable them to fulfil responsibilities. Investments in an improved input delivery system will large involve expenses related to supervision and support. Similarly support to market linkages will largely involve the development of technical skills with regard to market identification and the development of value chains and investment in functioning systems.

Public works implementation will require significant investments in non-wage costs (in addition to the transfers mentioned above). Investments in this area should be focused on improving the quality and sustainability of the public works created, for example using concrete culverts to enable a public works constructed road to function throughout the rainy season. In addition to the construction costs involved in CCI, significant investments needs to be made in undertaking detailed feasibility studies to ensure the functionality and cost effectiveness of the infrastructure built, and environmental risk assessments to ensure that potential negative environmental impacts are mitigated. In addition, proper implementation of both public works and CCI requires investments in physical capacity (vehicles, computers and management information systems) as well as human resources (staffing, training and running costs for supervision and management).

Output 4: “Confidence, knowledge and skills of food insecure people in CFIs woredas built” requires significant capacity building support to the extension department as well as the development of new extension approaches (supported through technical assistance). Rolling out the communication strategy will require the design, writing and printing of posters and newsletters as well as the preparation of broadcast materials for both radio and television. A communication specialist has already been seconded to the FSCD to support this process.

In addition to, and encompassing, the capacity building efforts mentioned above there will be three main areas of investment in Output 5: investment in human resources (both increased staffing and the training of existing and new staff), systems (including the development and revision of manuals) and physical capacity (computers, vehicles etc.).

Inputs into the resettlement programme will include investment in infrastructure, the food and agricultural inputs provided to resettlers and the management systems to ensure oversight and monitoring and evaluation.

Detailed component budgets will be worked out prior to the onset of the programme and will include various scenarios for different funding levels. Preliminary financing plans are included below as Annex 3.

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### 3.4.1 PROCUREMENT

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The first procurement audit for the PSNP is currently being finalized and the recommendations for this will be the basis for changes to procurement arrangements and capacity improvement action plans for the next phase of both the PSNP and the wider Food Security Programme. Among other efforts to improve procurement, the procurement planning process at all levels will be strengthened. Food procurement in the next phase of the programme will be undertaken by the logistics case team of the DRMFSS. Annual procurement audits will become a regular feature of the programme in the future.

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## 3.5 PROGRAMME MONITORING AND EVALUATION

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While building on the framework developed for the PSNP, the Food Security Programme Monitoring and Evaluation framework will be responsive to the broader scope and greater institutional complexity of the programme in this second phase. The FSP M&E framework will be comprehensive, covering all programme components and at the same time, consistent across components and economical in its approach.

The M&E system must capture the extent to which the programme is on track to achieve its purpose and overall objectives. For this, the M&E framework will be based on the Food Security

Programme integrated logical framework which clearly shows how the programme and programme component Activities should lead to achieving the expected FSP Outcome. Objectively verifiable indicators and means of verification at Goal, Outcome and Output levels are detailed in the logframe and will be an important foundation for the M&E framework.

The Food Security Programme M&E system will be directly useful for all FSP stakeholders that is, implementers, planners, decision-makers, oversight bodies, financiers and clients. Feedback on the programme performance must enable adjusting programme implementation or even design if required, and the M&E system will capture the relevant information for this. The M&E system will enable accountability at all levels that is:

- among Government agencies and between Government and Development Partners along the lines of the institutional arrangements outlined in section 3.1
- from the programme implementing agencies to the programme clients that is, the households eligible to benefiting from the FSP Activities

Three broad categories of programme achievements will be measured and monitored:

- ✓ Activity level: The extent to which the targeted clients and/or their institutional structures utilise the various forms of support provided (resource management and utilisation indicators focused at the activity level). Day-to-day supervision and records of programme and partner staff, along with quarterly reviews will provide the main opportunities to assess indicators at this level.
- ✓ Output level: The success of the programme in realising action plans or inputs and Outputs (Output indicators). Annual woreda level reviews will provide the main opportunity to assess indicators at this level and to ensure that the programme is on track to achieving its purpose and identify any adjustments needed. The results of various surveys will also inform adjustments in programme Activities.
- ✓ Outcome/impact level: The changes that are brought about for the direct and indirect clients and/or their institutional structures as a result of the Activities initiated by the programme (impact indicators). Measurement of performance at Outcome/impact will largely be the responsibility of independent assessments, including the biannual household survey and the public works and CCI impact assessments. This dimension of the FSP M&E framework will be significantly strengthened in this phase.

The revised and expanded FSP M&E framework will also address a number of technical and strategic gaps that characterised the M&E framework in the first phase, and have been identified in the course of the design of the second phase. Notably:

- ✓ There will be a greater focus on monitoring the quality of the results obtained through the programme, thus going beyond attention to 'numbers'
- ✓ Greater attention will be paid to monitoring issues related to vulnerability
- ✓ There will be greater focus on monitoring dimensions related to gender and other categories of clients including DS clients, the youth and the poorest households, in line with the programme attention to these. This will entail the collection of data disaggregated by sex and client category, and special analysis of these dimensions in the FSP reports and analytical work.

- ✓ There will be closer monitoring of the PSNP PW physical achievements (starting with basic information such as number of projects and areas of implementation)
- ✓ Similarly, the monitoring of NGO Activities will be strengthened
- ✓ Participatory monitoring and evaluation, which was mentioned in the existing framework but never operationalized, will be undertaken in this programme phase. Programme participants will assess the degree to which their needs have been met, and understand and own the impacts of the assets (community and household) that they have created.

A much greater focus will be on ensuring that existing and new M&E data and information will be analysed and used at all levels and stages of implementation of the programme.

Further work will take place in the period preceding the start of implementation of the second phase of the FSP to develop the FSP M&E framework along the lines stated above. This will be a consultative process involving all current and potential users of the FSP M&E data and information. In-depth discussion will be held with those who will hold key responsibilities for undertaking regular monitoring as well as periodic assessments and evaluations. The work will include the final determination of indicators for the FSP as a whole and for its component programmes and indicators, as well as the development of the approaches by which information will be collected (monitoring formats, household surveys, qualitative assessments etc.) and the identification of the key institutions responsible for collection. One important aspect will be to assess the tools and reports already existing (see table below) in order to expand, revise, streamline and complement them as required to cater for the expansion of the scope of the programme but also to ensure that indicators tools and reports are integrated across FSP component programmes wherever possible, and to better indicate what their use will be (by whom and for what).

***Existing tool/report and envisaged information***

<b>Monitoring or Evaluation Tool/Report</b>	<b>Information it will provide</b>
<b>Monitoring reports</b>	Regular collection of information at Output and Activity level. Data collected will include information on clients, transfers, public works, uptake of financial services and extension support. There is also a need to ensure that data is collected in resettlement sites.
<b>Public Works Monitoring</b>	Public works monitoring will record the location, number, type and design of all implemented public works. Watersheds should be mapped at the beginning of the programme phase to enable comparison of the watershed at the end of the programme.
<b>Information Centre Reporting</b>	Bi-weekly information collection from a sample of woredas largely focused on timeliness of transfers, but also includes price data. The sample will be increased to include woredas from pastoral Regions. Information centre formats will be reviewed to assess the potential of including a key set of indicators on the Household Asset Building component of the programme. Information centres will be established five Regions immediately (Afar, Amhara, Oromiya, SNNP and Tigray) and will also be established in Somali Region when the programme is scaled up. Regional Information Centres will

<b>Monitoring or Evaluation Tool/Report</b>	<b>Information it will provide</b>
	report to the Federal Information Centre for consolidation of reports.
<b>Quarterly IFRs</b>	The quarterly (and annual) financial reports provide information on budget expended according to agreed line-items
<b>Purchasing Power Study</b>	Annual review assessing market prices of key cereals in PSNP woredas in order to inform an appropriate wage rate for the PSNP
<b>Annual Planning Review</b>	This review assesses the adequacy of integrated woreda plans, including the planning of public works. The review will assess the planning process and the quality of the resulting plans.
<b>Annual Public Works Quality Assessment</b>	This review, falling towards the end of the public works season, will assess the quality of works constructed during the season (have they been constructed according to technical specifications) and review the sustainability of the projects.
<b>Review of household asset building progress</b>	Many woredas are now conducting annual reviews of household assets to assess progress to achieving asset benchmarks/benchmarks. This experience will be scaled up and may be made more frequent. There is also a need to ensure that data is collected in resettlement sites.
<b>Review of Progress towards Graduation</b>	This tool will provide an independent assessment of progress towards graduation to complement the above review of household asset building progress
<b>Audits</b>	Audits will fulfil three functions: audit of accounts; systems audit; and review of transactions to clients to ensure that funds disbursed are used for purposes intended. Existing roving and annual audits will be amalgamated into one streamlined audit process with quarterly as well as annual reporting.
<b>Roving Appeals Audit</b>	This independent audit looks at whether proper procedures are followed and records kept in the appeal system.
<b>Commodity Audit</b>	Will review commodity management systems and will review transactions to clients to ensure that resources are used for purposes intended.
<b>Procurement Audit</b>	Will review procedures followed, adherence to guidelines and make recommendations on how procurement could be improved in future.
<b>Public Works Impact Assessment</b>	Periodic qualitative and quantitative assessments of a sample of implementation projects measuring not only the number of works undertaken, or the quality of their constructive but whether or not they are fulfilling their objectives (whether conserving soil or moisture, growing crops through irrigation, or providing market access through road networks).

Monitoring or Evaluation Tool/Report	Information it will provide
Panel Survey	Eight woreda survey, which includes repeat visits to households as the approach to assess progress towards Outcomes and impacts. Smaller sample size allows rapid calculation of results
Biannual Household Survey	The household survey assesses Outcomes and impacts of all components of the FSP in chronically food insecure woredas. There is also a need to ensure that data is collected in resettlement sites.
CCI Impact Assessment	Periodic qualitative and quantitative assessments of a sample of implementation projects measuring not only the number of works undertaken, or the quality of their constructive but whether or not they are fulfilling their objectives (whether growing crops through irrigation, or providing market access through road networks). Findings will be complemented by the above Biannual Household Survey.

### 3.6 ACCOUNTABILITY FOR PROGRAMME PERFORMANCE

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Experience over the past five years suggests that bottom-up accountability should be further strengthened as a way of pressing for programme performance. A variety of means will be used to address this challenge, notably: strengthening the implementation of the communication strategy, introducing a system of FSP client cards, further strengthening the appeal system, and the introduction of performance incentives. These measures will apply for the FSP as a whole, albeit some of them may be focusing on the PSNP to start with. Some further details are as follows:

As already noted, strengthening **programme-wide communication** is critically important to enhance bottom-up accountability by providing programme stakeholders with the information that they must have in order to hold implementers to account. The way in which the communication strategy will be strengthened and rolled out more systematically has been described in section 2.4.4.

Another measure aimed to improving transparency in programme implementation and strengthening accountability to programme participants will be the introduction of **FSP clients' cards**. Following the positive experience with this in the SNNP Region, the primary objective of the system is to provide clients with an increased sense of certainty over their entitlements, and a proof of what they actually receive. The cards will also help to ascertain the identity of the programme clients, and to communicate basic information on the programme. As the cards will record the services actually received by each client this will allow cross-checking with administrative records held at kebele or woreda level as part of auditing of the programme transactions. It will also facilitate the analysis of the timeliness and fullness of actual service provision against entitlements. Closer to the clients' and community level, the FSP clients' card system will strengthen the appeal system: the cards will bear evidence for the card-holders, and the appeal committees will be given the power to cross-check this evidence against kebele and woreda level records (e.g. PSNP PASS payroll held at woreda level).

The FSP clients' cards will follow a national format (translated in local language). A system of simple but strict rules will be developed with regard to roles and responsibilities for issuing, certifying and re-issuing cards, and for protecting the integrity of the information recorded on

the cards. It is likely that in the first instance, the system will focus on recording households' entitlements and payments actually received under the PSNP (see the PSNP programme document for further detail on how this will work). However, the intention is to broaden the system so as to include information on the implementation of the HAB programme too. Other possible use will be considered (for instance, nutrition monitoring) once the system will have demonstrated its feasibility and usefulness in a simpler version.

In this phase of the Food Security Programme the **appeal system** will be further strengthened. Appeal committees will be provided with increased guidance on their roles and responsibilities and in particular, with more specific guidelines on the list and formats of records that they must keep. The clients' card system will help to settle appeal cases through providing more robust evidence. In order to facilitate women's access to the appeal process any appeal made to the Women's Affairs representatives (at woreda or kebele level) will automatically be lodged with the Kebele Appeals Committee. Independent roving audits of appeals procedures will be regularly undertaken. Greater attention will also be paid to strengthening the links between the appeals committees and the elected Councils at kebele and woreda level, as provided for in the PSNP PIM.

This will be supported by a broader effort to **empower kebele and woreda Councils** with regard to accountability for the FSP. As noted above, in this phase of the Food Security Programme Councils will be explicitly included in awareness-raising programmes, so that they better understand the programme and know the responsibilities of the government agencies that they are expected to oversee. Building on this, progress and issues with the implementation of the FSP will be a standing item in the reports of the kebele and woreda cabinets to the Councils, and on the agenda of the Councils' meetings. Based on an assessment of existing good practices a system will be designed which operationalises this intention, using the information generated by the relevant FSP M&E tools and reports.

**Performance incentives** linked to success in programme delivery will be introduced. Performance targets will be defined to enable implementing agencies to review their ability to meet key programme requirements and as a means to reward good performance through incentives. Incentives will be financial and non-financial and will target both individual members of staff or institutions (e.g. teams, or woredas). The intention is to develop the system over time so that eventually it covers all components of the Food Security Programme. It should be relatively easy to put a system in place for the PSNP, based on the existing performance framework and focusing on woreda performance (see further detail in the PSNP programme document). However, there is an opportunity that should not be missed, to start implementing the performance incentive system for the HAB programme at the same time as programme implementation begins. Further work will take place during the final stages of preparation of the HAB to identify how this could be done (i.e. what kind of performance indicator and targets could be used and for which 'level', individual or organisational, to start with). Particular attention will be paid to identifying indicators and targets that provide incentives for implementing agencies and actors to adhere to the demand-driven approach underpinning the HABP.

This will require the development of a performance management system which is manageable, robust and transparent (hence credible), and for which data requirements are met through simple and transparent mechanisms as part of the regular FSP M&E system. As a first, basic transparency measure, all FSP implementing agencies will be adequately informed about the performance and incentives system.

The system will be based on rewarding relative progress toward absolute performance benchmarks rather than rewarding the top best performance. This is to reflect the fact that implementing agencies face different levels of external constraints on their performance, and the system must avoid discouraging agencies that start from a low performance level because of acute constraints, but do well in improving their performance compared to their past performance level. The system will also be designed in such a way that it does not widen the gap between weakest and best performing agencies, through providing weakest agencies with means of building their capacity. For instance, the Regions will be responsible for putting in place a system which responds effectively to weak performance at woreda level, and the Regions would themselves be assessed and rewarded in relation to their performance in raising the performance of weak woredas.

## ANNEX 1: DETAILED ARCHITECTURE OF THE FOOD SECURITY PROGRAMME

<b>Components and their Outcome statements:</b>	<b>Output 1:</b> Food consumption assured and asset depletion prevented for male and female members of chronic and transitory food insecure households in CFI woredas	<b>Output 2:</b> Income sources diversified and productive assets enhanced for food insecure households in CFI woredas	<b>Output 3:</b> Access to adequate enabling infrastructure, services and natural environment secured by food insecure population in CFI woredas	<b>Output 4:</b> Confidence, knowledge and skills of food insecure people in CFI woredas built	<b>Output 5:</b> Institutional capacity to manage FSP and effectively link wider processes and other programmes achieved	<b>Output 6:</b> Access to adequate food, income and enabling infrastructure, services and natural environment secured for resettled households from PSNP woredas
<p><b>Productive Safety Net Programme:</b> In CFI woredas: Food consumption assured, asset depletion prevented for food insecure households; Markets stimulated, access to services and natural resources enhanced; Natural environment rehabilitated and enhanced</p>	<b>X</b>	<b>x</b>	<b>X</b>	<b>X</b>	<b>X</b>	
<ul style="list-style-type: none"> <li>• Output 1: Appropriate timely and predictable transfers (cash and/or food) received by households in response to chronic requirements</li> </ul>						
<ul style="list-style-type: none"> <li>▪ Output 2: Transitory cash and food needs addressed effectively in PSNP woredas, to the limit of risk financing resources</li> </ul>						
<ul style="list-style-type: none"> <li>▪ Output 3: Quality, new and existing, community assets with operational management mechanisms established</li> </ul>						
<ul style="list-style-type: none"> <li>▪ Output 4: Institutional capacity to manage the PSNP strengthened</li> </ul>						
<ul style="list-style-type: none"> <li>▪ Output 5: Coordination, complementarity and synergy promoted within Government systems and with other relevant programmes and organisations</li> </ul>						
<p><b>Household Asset Building:</b> Income sources diversified and productive assets increased for food insecure households in CFI woredas</p>		<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
<p>Output 1: Access to viable on- and off-farm income generating opportunities improved</p>						

▪ Output 2: Access to sustainable financial services enhanced						
▪ Output 3: Sustainable input sourcing, production and delivery systems enhanced.						
▪ Output 4: Access to effective product and labour markets increased						
▪ Output 5: Institutional capacity to effectively manage and implement the HABP achieved						
▪ Output 6: Knowledge, skills and confidence of food insecure people built.						
<b>Complementary Community Infrastructure:</b> Access to adequate enabling infrastructure by populations in food insecure woredas		<b>x</b>	<b>X</b>	<b>X</b>	<b>X</b>	
▪ Output 1: Access to enabling infrastructure						
▪ Output 2: Improved irrigation and water supply management						
▪ Output 3: Improved market linkages (along infrastructure)						
▪ Output 4: Management capacity of project implementers						
▪ Output 5: Management capacity of communities						
<b>Resettlement:</b> Access to adequate food, income and enabling infrastructure, services and natural environment secured for resettled households from PSNP woredas and triggering growth by serving as a nucleus for investors.						

Legend:  Strong contribution  Moderate contribution