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## Integrating public works and cash transfers in Ethiopia: Implications for social protection, employment and decent work

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# INTEGRATING PUBLIC WORKS AND CASH TRANSFERS IN ETHIOPIA:

## IMPLICATIONS FOR SOCIAL PROTECTION, EMPLOYMENT AND DECENT WORK

Working Paper number 84 August, 2011

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This paper has been produced in the context of a joint ILO-UNDP research programme aimed at understanding the implications of large scale social assistance programmes for the Decent Work Agenda (DWA). The research focuses on programmes implemented in the three IBSA countries (India, Brazil and South Africa), namely the National Rural Employment Guarantee Act in India, *Programma Bolsa Familia* in Brazil and the Child Support Grant and Expanded Public Works Programme (EPWP) in South Africa. The research is also complemented by a paper exploring the decent work implications of Ethiopia's Productive Safety Net Programme.

Given that there are few systematic reviews or assessments of the contributions of these programmes to the DWA in these countries, these studies aim to contribute to filling this gap and to identifying lessons and policy recommendations. Although these programmes were not necessarily designed to explicitly conform to a *Decent Work Agenda*, the reviews indicate that these programmes have had significant direct and indirect impacts on conditions of *employment*, the provision of *social protection*, mechanisms for building consensus and contributing to deepening *social dialogue*, and the promotion of *rights at work* which are at the heart of this agenda. The studies view the realization of DW as a dynamic process.

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# **INTEGRATING PUBLIC WORKS AND CASH TRANSFERS IN ETHIOPIA:**

## **IMPLICATIONS FOR SOCIAL PROTECTION, EMPLOYMENT AND DECENT WORK**

Maikel Lieuw-Kie-Song\*

### **1 INTRODUCTION**

#### **1.1 BACKGROUND AND KEY QUESTIONS**

What is the relevance of Africa's second largest social protection programme, Ethiopia's Productive Safety Net Programme (PSNP),<sup>1</sup> for other countries and especially for India, Brazil and South Africa (IBSA)? Are there policy lessons to be noted and operational innovations to be learned from? At least in part, this paper sets out to answer these questions by reviewing and analysing the employment and social-protection aspects of PSNP. Four aspects of PSNP were considered of potential interest and identified for further analysis, all of them interrelated to some degree.

The discussion of these four aspects will be guided by the following four questions:

- i. How is PSNP managing to integrate transfers and public works, and what are the implications and benefits of such integration?
- ii. What are the implications of PSNP for decent work in Ethiopia, and how is the goal of decent work approached in low-income settings generally?
- iii. How is negotiation and policy dialogue on PSNP taking place, and what are the implications of this for the prospect of broadening social dialogue from its current restrictive definition?
- iv. What is PSNP's role in the graduation of participants from the programme, and are there lessons in this for other countries?

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This working paper complements a broader research project looking at social assistance and decent work in the IBSA countries. A review of PSNP, with the aim of drawing relevant lessons, was seen to be useful because PSNP:

- is of a scale that makes it relevant for the IBSA countries;
- integrates (unconditional) transfers and public-works employment in one programme, while in the IBSA countries one or other of these two options was chosen or, in South Africa, these two interventions run in parallel without any integration;
- is generally seen as quite an innovative programme and some of these innovations may be relevant for the IBSA countries' programmes; and
- is generally not analysed from an employment or decent-work perspective, but typically from the viewpoint of how well it functions as a safety net and investment programme. It was thought that interesting insights would emerge from an analysis conducted from an employment perspective.

This paper aims to draw out useful lessons from PSNP's policy framework and design, but not to evaluate them. While it refers to some evaluations of PSNP, the main interest in this regard is to understand how these evaluations have influenced policy and design changes to the programme. The paper recognises that there are significant challenges to the implementation of PSNP, and that many of the operational challenges cannot be divorced from the programme's policy context and design choices. Because of the limited scope of this study, however, many of these questions cannot be explored further.

The next section of the paper discusses the integration of public works and transfers in PSNP. The third section introduces decent work as defined by the International Labour Office (ILO) and explores some of the challenges and lessons learned from putting the decent work agenda into practice in the context of the PSNP. The fourth section focuses on the importance of and mechanisms for social dialogue in PSNP and their implications for the conventional approach to this. The fifth section addresses the approaches to and challenges of graduation from PSNP. The final sections provide some lessons, conclusions and recommendations for further work.

## 1.2 A BRIEF INTRODUCTION TO PSNP

This section provides a brief introduction to PSNP. The initiative started in 2005 as a new approach after 30 years of emergency food programmes. It targets chronically food-insecure households in known famine-prone areas in rural Ethiopia. It is managed by the Ethiopian government but most of it is donor-funded and the government's contribution is the cost of the civil servants managing it. The programme started with 4.5 million beneficiaries in 2005 and now has about 8 million beneficiaries in around 1.5 million households. This is about 10 per cent of the country's population. The programme's budget is equivalent to around 1.2 per cent of Ethiopia's GDP.

PSNP provides transfers to food-insecure households equivalent to 15 kilos of cereal per household member per month for six months a year. Households that are required to work for this transfer must work for five days to receive the transfer for one person. Thus a household of

four members can receive a transfer equivalent to 60 kilos of cereal but has to provide 20 days of labour to earn it. The programme practically guarantees work and, through that, income to those who have been targeted.

PSNP targeting entails high levels of involvement on the part of the local community, which participates in the Community Food Security Task Force (CFSTF). This uses the prescribed process and criteria to recommend which households in the community should be beneficiaries, and whether those households should contribute their labour through public works.

Households that are not able to supply labour but are chronically food-insecure receive an unconditional transfer referred to as “direct support”. The size of the transfer is identical to the ones received by households that have to work. Households where adults members are too old or too sick to work, or that have no adults, are not required to work in PSNP. About 20 per cent of the beneficiary households in PSNP receive direct support. A labour cap that allows labour-constrained households to receive part of their transfer through direct support has also been introduced and is discussed in more detail later in the paper.

The transfers to households generally take the form of a combination of food and cash, and several factors are taken into account in balancing these two forms of payment. This is also discussed in more detail later. Some 60 per cent of public works projects are in soil and water conservation, with the main aim of improving agricultural and natural-resource productivity in these areas and thus helping to address one of the root causes of food insecurity: low productivity in agriculture in rural Ethiopia. PSNP also has a 20 per cent contingency budget that is used as a first-line response for the transient food-insecure.

## **2 INTEGRATING PUBLIC WORKS AND TRANSFERS**

### **2.1 ORIGINS OF THE INTEGRATION**

A prominent feature of PSNP is that it effectively integrates public works and unconditional transfers<sup>2</sup> (either in the form of cash or food) in one programme. Since very few other programmes have managed to integrate public works and transfers, both the policy and operational implications warrant further analysis.

From a policy perspective, combining these two instruments arose from two key principles that had to be reconciled. The first was that the programme had to be able to provide transfers to food-insecure households regardless of whether such households were able to work in the programme. The second policy priority was that the programme had to have a productive aspect. This second priority was driven by both ideological and investment-related considerations. It was thought that those who were food-insecure but were able to work in the programme should be required to do so, while at the same time there was recognition of the huge infrastructure deficits and need for investment in these same areas. These two policy priorities cannot be combined in either a cash transfer or a public works programme, and thus one programme with both these instruments was decided upon. An interesting aspect of PSNP is that these two instruments were combined into one programme, and that the programme was not split into two. This has happened in many countries where there are similar policy priorities, whereby those who are not able to work benefit from a separate welfare/social security programme and those who can work are

employed in public works. The dialogue and negotiating processes that helped define these principles are also relevant and are discussed in more detail in Section 4.

## 2.2 KEY FEATURES OF INTEGRATION

The combination of public works and cash transfers into one programme has given rise to some interesting features. These were not all part of the original programme design but some were introduced in response to evaluations of PSNP and are part of the programme's evolution. The features that will be discussed in more detail are:

- i. primacy of transfers;
- ii. uniform benefits for programme beneficiaries;
- iii. uniform targeting criteria;
- iv. labour cap(s); and
- v. maternity and sickness benefits.

### 2.2.1 Primacy of Transfers

The primacy of transfers has been a principle of PSNP from the beginning, implying that transfers will continue to households regardless of operational problems on public works that may prevent participants from working their (full) allocated quota or from transfers stopping during appeals processes (if households are already in the programme). The principle is a rare feature of public works programmes but it is critical from a social-protection perspective in order to ensure reliable and predictable transfers.

Note that even though primacy of transfers is included in PSNP, the programme has not separated the transfer completely from the requirement that those in public works actually show up for work, and mechanisms are in place to reduce transfers for those who do not work the full allocated quota even though the works are organised. This has been a problem in other programmes that have included this principle.<sup>3</sup> The primacy of transfers is also important in that it improves coverage of borderline households that may be difficult to categorise. For these households, some level of transfer is more likely to continue while the categorisation is resolved, rather than the transfer being discontinued and restarted following categorisation.

### 2.2.2 Uniform Benefits Defined per Household Member

PSNP provides the same level of benefits whether a household undertakes labour on public works or receives a transfer, which is referred to as "direct support". The level of the benefit is based on the equivalent of 15 kilos of cereal per month for every household member regardless of age (Government of Ethiopia, 2010) and can be paid in cash or kind. While it is more common in transfer programmes to define the benefit on the basis of household members, it is much rarer in public works programmes.

Given the complex set of issues to be considered and the diversity of opinions that always arise when the level of transfer benefits and public works wages are decided upon, it is unlikely that, if PSNP had been split in two, the separate processes of setting the benefit level would have resulted in the same level of benefits for those participants in public works and those on direct support, even if the objective of both programmes was to address food insecurity.

A uniform set of benefits, however, has helped create space for innovations such as the labour cap and maternity benefits, which would have been much more difficult if there were different levels of benefits. If the benefits differed between public works and cash transfers, this could have become a potential source of tension for participants who are moved from public works to direct support or vice versa, since they might resist being moved to the component in which the benefits are lower.

What is problematic, however, is that the benefit is not only uniform in terms of its monthly level but also in terms of the total annual benefit. Currently, all households receive only six months of transfers, even though some may face more than six months of food shortages. Presumably, labour-constrained households in particular would have only limited sources of other income to supplement the six-month PSNP transfer.

### **2.2.3 Uniform Targeting Criteria**

Another feature is that uniform targeting criteria apply, regardless of whether households ultimately participate in the cash transfer, public works, or both components. If the programmes were separated, the risk of having different targeting criteria would have arisen, potentially resulting in more exclusions, since households that would have been more difficult to categorise would have been more likely to fall through the cracks and not benefit from either programme. Households that are labour-constrained, but not to the extent that they could not participate at all in public works, would have been at a high risk of being excluded from both programmes by the targeting process. These two features offer much greater flexibility to tailor the programme to the changing characteristics of the households, as will be discussed below.

### **2.2.4 Labour Cap(s)**

The combination of uniform benefits and of having both public works and cash transfers in one programme has also created space for the programme to introduce a labour cap. This cap was not part of the programme from the beginning, and was only introduced after two years of implementation on the basis of recommendations in one of the programme evaluations (Sharp et. al., 2006). The cap prevents adults in labour-constrained households from having to spend more than 15 days a month working on PSNP.<sup>4</sup> It was introduced to prevent household having to spend too much time on the programme, thereby crowding out other livelihood activities. Households to which the cap applies thus receive a combination of public works and direct support benefits, and may for instance contribute 15 days of labour a month but receive a total benefit equivalent to what they would have received if they had worked 25 days. Implementation of the cap also required that PSNP move towards a single registry, so that households could be categorised under both public works and direct support at the same time.

Although not referred to as a cap in the project documents, another feature of the programme could be considered a different type of labour cap, especially when analysed from an employment perspective. In the programme design the number of days that can be worked by those participating in public works is also capped at the level of benefit to which the household is entitled. A household of three is generally allocated 15 days of work per month during the months the public works component is active, and the adults in the household will



be expected to work 15 days per month. They do not have the option of working more days per month, even though they might be willing to do so. This cap also arises from the manner in which the benefits have been defined. This is quite different from most public works programmes, wherein the level of the transfer is generally defined by the amount of work the household member is able to do and the prevailing wage or task rate.

There is also a cap inasmuch as households can only participate for six months a year, even if their food requirements may exceed what they can earn in the six months. For households whose other livelihood options are limited and that have a food gap of more than six months, this cap may be extremely limiting. The proposals to institute variable levels of transfers and create the option to provide some households with a nine-month transfer partially acknowledge this limitation.

Hence there is a floor and ceiling to the benefits that PSNP participants can access. Though the origins of the ceiling lie in the uniformity of programme benefits, this does raise some concerns. The first, already mentioned, refers to those whose food gap is greater than six months and who are unable to earn additional income to meet their food requirements. The second is that PSNP cannot respond to households that have significant surplus labour but that have constraints on other livelihood activities and could benefit from working for longer on PSNP (be it more days per month or more months per year), thereby increasing their income and improving their food security.

### **2.2.5 Maternity, Sickness and Temporary Disability Benefits**

The integration of public works and direct support in one programme has allowed benefits to be introduced for people who are temporarily unable to work. PSNP offers pregnant women what could be described as a maternity benefit. When women working in PSNP become pregnant, they can be transferred to direct support if no other adult household members are available to undertake the work. This should be from the fourth month of pregnancy to 10 months after the birth. In essence, this is equivalent to 15 months of maternity leave, since these women can access the same benefits as they could if they were working, but without having to work. Similarly, if men or women are temporarily unable to work because of sickness or some other transitory disability, they should also continue to receive their income. This is perhaps unique in a public works programme. Two reasons why this is not normally the case are worth mentioning. First, most public works do not have a defined entitlement for each beneficiary, but rather define the income on the basis of the amount worked on the programme. The implication is that if no work is done, there is no entitlement to a transfer. Furthermore, most public works programmes do not operate in parallel with a transfer programme where households with pregnant women or sick adults can temporarily be transferred onto a system of direct support.

Because the level of the benefit does not change when people move from public works to direct support, the transfer from one instrument to the other can be done easily without resistance from the beneficiaries being moved. While the maternity benefits were introduced at PSNP's outset, there were implementation difficulties because of the initial operational difficulties of transferring households and beneficiaries between public works and direct support. The benefits became more widespread after 2007 following the merging of the public works and direct support registries<sup>5</sup> at the local and district level, so as to enable households to be transferred between the two.

## 2.6 OPERATIONAL ASPECTS OF INTEGRATION

From an operational perspective, the integration of both instruments into a single programme has been possible because three key functions of the programme have been combined. The first is the merging of the registries of those on public works and those on direct support into a single registry. Thus the registry is dynamic and can track changes within households that affect their entitlements to work and/or receive direct support. Initially, these two registries were separate and it was found that they had to be combined in order to make the maternity benefits and labour caps possible.

A second important element is that the institutional arrangements and processes for public works and direct support are the same for key functions such as categorising households (targeting) and appeals. Hence, whether a household should contribute through public works, receive direct support or a combination of the two is decided by a single process and set of institutional structures. Furthermore, the appeals process allows for appeals as to whether the right combination of public works and direct support was decided upon.

Finally, the third element is that the programme also has a single payment system for both public works and direct-support households. This is not only important for the efficiency of the programme but also, given the high costs of collecting payments, enables households that receive both direct support and public works-based benefits to receive them through one single payment and to address any issues through a single forum. If the two interventions had two separate payment systems, addressing incorrect payments would potentially become very time-consuming for programme participants, since the officials responsible for payment would probably blame each other for any mistakes. In principle, however, direct support payments are to be timely even if public works payments are delayed because of a holdup in public works implementation. This has not happened, and instead direct support payments are delayed along with public works payments.

As can be expected, the tensions between the productive and protective features of PSNP, which were already apparent at the programme's policy and design level, are also evident operationally. This has created some implementation challenges. An example is the resistance to transferring "too many" participants to direct support. There are many reports of this happening, and in some areas officials used quotas to limit the number of direct-support participants, even though such quotas did not exist (Sharp et al., 2006). It is also reported that in some regions the emphasis on the assets to be created is perhaps too heavy, and features such as the primacy of transfer, shorter working hours for women, flexible working hours and so on are not being implemented or are implemented only partially because the completion of assets is seen as the priority (World Bank, 2010).

## 2.7 PUBLIC WORKS AND CASH TRANSFERS: EMPLOYMENT AND SOCIAL PROTECTION?

The combination of public works and cash transfers into a single programme may give rise to the question of whether PSNP is an employment programme or a social protection programme. If PSNP must be categorised, most would classify it as a social protection programme and perhaps define it as a transfer programme with a work conditionality for some beneficiaries. While such a question may seem somewhat peripheral to the programme participants, the question is not merely academic because it has important potential policy consequences.

Once a programme is boxed into social protection, for instance, it often becomes acceptable to ignore its employment aspects—partially or at least selectively. Wage rates may be set lower than minimum or prevailing wage rates, safety standards may be ignored and rights at work are often not recognised, practices that are common in many public works programmes. Similarly, the investment aspects of the programme can also be more easily ignored, resulting in poorly planned and poor quality assets. But perhaps most importantly, at least from an employment perspective, the “work condition” can be questioned and options for replacing it with another condition or making the transfer unconditional can be proposed. This is especially important for public works programmes as policy instruments, which have a tendency to be interpreted and categorised in different ways (McCord, 2009; Lieuw-Kie-Song and Philip, 2010). Of course, similar concerns may also arise if an initiative were to be defined as an employment programme, inasmuch as transfers to those not working, for example, may be questioned and perhaps seen as the responsibility of other welfare programmes.

Both the employment and social assistance aspects of PSNP are indisputable, however, and so perhaps the most accurate description is that it is simultaneously a social protection programme *and* an employment programme. Certainly at the design and operational level, the programme fits comfortably into this dual categorisation; regardless of what it *is*, it certainly does entail both social protection and employment. Households do not have to fit into a single category of public works or direct support, but can be categorised as eligible for both. Interestingly, in essence the result is a programme wherein the households contribute according to their abilities but receive according to their needs.<sup>6</sup>

Perhaps the most important consequence of the integration of public works and cash transfers, however, is the ability to close gaps in coverage. The direct-support component enables coverage of those who are labour-poor, even if this circumstance is only temporary, as in the case of pregnant and lactating women. The public works component enables coverage of and regular transfers to the working-age population without the pressure for a reduced benefit that may have arisen if it were just a cash transfer. The labour cap, which is essentially a combination of the two, allows labour-constrained households to receive the full benefit to which they are entitled, without taking up the entire household’s labour supply. It is in cases where there are significant coverage gaps that the integration of PSNP has perhaps the most important lessons to offer.

While the investment and social-assistance aspects of PSNP have received considerable attention from evaluators, designers and researchers, little attention has been paid thus far to the programme’s employment aspects. The next section of this paper will try to and address this gap.

### **3 ANALYSING PSNP FROM AN EMPLOYMENT AND DECENT-WORK PERSPECTIVE**

#### **3.1 THE CONCEPT OF DECENT WORK**

The intrinsic value of employment (or work) is very difficult to quantify or measure. In current development discourse, “decent work” is defined by the ILO as “productive work for women and men in conditions of freedom, equity, security and human dignity”.<sup>7</sup> This perhaps comes

closest to capturing the concept. The notion of decent work aims to recognise the importance of employment beyond its productive and income generating benefits, and seeks to create a more holistic discourse on work and employment.

While the notion of decent work makes intuitive sense to many people, it defies a simple or straightforward definition. The ILO definition of decent work highlights its multifaceted nature. The ILO Decent Work Agenda comprises four equally important objectives, sometimes referred to as pillars of decent work:

- creating jobs (employment);
- extending social protection;
- promoting social dialogue; and
- guaranteeing rights at work.

The ILO stresses that the four decent-work strategic objectives are “inseparable, interrelated and mutually supportive” (ILO, 2008). In addition to these pillars, 11 substantive elements of decent work have been proposed, most of which cut across the four pillars. The main purpose of these substantive elements is to enable decent work to be measured, but these elements are also useful for analysis and comparison. The 11 elements and four pillars are essentially also “inseparable, interrelated and mutually supportive”, but in ways that are not easy to measure. Table 1 lists the 11 substantive elements and indicates the areas for which statistical indicators have been identified to measure, or at least give an indication of, the relationship.

The 11 elements and four strategic objectives give an indication of the complexity of decent work, and at the same time they facilitate some focused discussion of the issue. This allows a discussion to centre, for instance, on stability and security of work (indicator 6) and its importance for extending social protection (objective 3), and helps to clarify that discussions of decent work do not always have to tackle all dimensions and aspects of the matter.

Recognising that the achievement of decent work for all is a long-term objective that can only be achieved incrementally, the ILO also uses the term “decent work deficits” to describe situations where aspects or dimensions of decent work are not adequately present or not yet fully met. Approaching the debate in this manner also underscores that advancing towards decent work is a process and that most people’s work cannot simply be classified as either “decent” or “indecent”; rather, in the same context, some dimensions of decent work may be adequately met while other are severely lacking.

At the same time, there may be practical challenges as to how the concept of decent work can be applied in a context like rural Ethiopia. This is partially addressed by recognising the “economic and social context for decent work” (element 11). Yet it could be questioned how an objective like promoting social dialogue should be approached in a rural economy marked by an almost complete absence of formal employment and representative employers’ and workers’ organisations. Furthermore, some elements of safe work environments and social security may be difficult or unaffordable to implement in a low-income country like Ethiopia. This paper attempts to address some of these difficult questions. In the process, it not only offers some insights into PSNP but also into its application and the challenges of implementing the concept of decent work.

TABLE 1

**Strategic Objectives and Substantive Elements of Decent Work**

<b>Strategic objectives</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	<b>Guaranteeing rights at work</b>	<b>Creating jobs (employment)</b>	<b>Extending social protection</b>	<b>Promoting social dialogue</b>
Decent-work indicators				
1. Employment Opportunities	SI	SI		
2. Adequate earnings and productive work	SI	SI	SI	
3. Decent hours	SI		SI	
4. Combining work, family and personal life	SI		SI	
5. Work that should be abolished	SI		SI	
6. Stability and security of work	SI	SI	SI	
7. Equal opportunity and treatment in employment	SI	SI	SI	
8. Safe work environment	SI		SI	
9. Social security	SI		SI	
10. Social dialogue, workers and employers representation	SI			SI
11. Economic and social context for decent work	Defines the context for decent works and cuts across all objectives			

Source: Summarised by the author on the basis of on ILO (2009).

Note: Cells marked with "SI" indicate that statistical indicators that reflect the relationship between the substantive element and the strategic objective have been identified. Absence of "SI" does not mean that there is no relationship, but simply that it may not have been possible to define a suitable statistical indicator.

### 3.2 PSNP AND DECENT WORK: WHERE IS THE INTERSECTION?

Perhaps the first point to be made when discussing PSNP and decent work is that creating or contributing to decent work is not a stated objective of the programme. PSNP exists mainly to address the food insecurity of households in rural Ethiopia. The continued existence of food insecurity, however, could be seen as a decent-work deficit related to inadequate income and lack of productive work. From that perspective, preoccupations with decent work are not a trivial academic or institutional concern, but rather point to the key underlying cause of food insecurity.

Furthermore, the scale of PSNP is such that it is likely to have a significant impact on the nature of work, levels of income and the labour market in the regions in which it operates. Covering more than 1.2 million workers annually it is arguably the largest single employer in Ethiopia. Most of the evaluations of PSNP and the research into the programme has focused on

its effectiveness as a social assistance/safety net instrument or as an investment programme, whereby the value of the assets created by the public works programme is taken into account.<sup>8</sup> While some work has been carried out on the labour-market impacts, the initiative's employment aspects have received limited attention so far.<sup>9</sup>

Beyond the income for participants and the assets created, public works programmes have a third output: the employment created, though this is often not recognised explicitly (Lieuw-Kie-Song and Philip, 2010). Part of this concerns the intrinsic value of employment, which is difficult to quantify. In the context of PSNP, however, this value may be easier to identify, since the transfers to those who work and those who do not are identical. The value (and cost) of work is therefore the difference in benefit derived from PSNP for those who work on public works and those on direct support. This enables some comparison.

Some studies have looked at the costs of participation in particular for those with labour-supply restrictions, and the recommendations on instituting a labour cap have emerged from those undertakings (Sharp et al., 2006; Slater et al., 2006). But is the participation in the public works component of PSNP mainly a cost to the household, as seems to be the chief assumption in the above studies? Or are there also benefits, especially as compared to those with access to direct support only?

In this area, one finding so far has been that those on direct support have significantly less awareness of and contact with the Community Food Security Task Force (CFSTF) than do those in public works. Since this could at least partially reflect the "vulnerability and marginalisation of direct-support household within communities" (World Bank, 2010), the finding raises the possibility that those in public works have a better chance of influencing investments made in their community.

Other possible benefits, however, are worth investigating: do workers gain the skills and knowledge to improve the productivity of their own land by working on PSNP? There are indications that this is the case. One study<sup>10</sup> has indicated that almost half of those working in the public works component gain soil and water conservation skills that they are able to apply on their own land. If this leads to increased productivity of the land, it would imply that participation in the public works component has a significant benefit.

But does the work also increase the dignity and self-confidence of participants? Reduce hopelessness? Create a sense that people can play a role in shaping their destiny? Give ideas of other possible options for survival or livelihood? While some of these issues may seem somewhat peripheral in the context of chronic food insecurity, it is important to note that many of the most destitute households suffer from hopelessness and have no vision of alternative futures (Slater et al., 2006). These intangible factors also play an important role in enabling graduation from PSNP, since households suffering from hopelessness are unlikely to have the desire, vision and ability to invest in assets and their own long-term future. Additional research is required to aid further understanding of the significance of these issues and to provide answers to these questions. They are hard to quantify and capture, and none of the currently defined decent-work indicators manages to capture them.

Several decent-work elements of PSNP warrant further discussion, however; that is the subject of the next section. It first discusses the economic and social context, since that provides the background for the discussion of all the other elements of interest.

### 3.3 SELECTED DECENT-WORK DIMENSIONS OF PSNP

#### 3.3.1 Economic and Social Context for Decent Work in Ethiopia

What is the social and economic context of the food-insecure regions in Ethiopia? And is it even appropriate to talk about decent work in this context? If so, what would decent work look like in these circumstances? These are questions that must be discussed before a more detailed analysis of the decent-work elements of PSNP can commence.

Several issues stand out when we look at the social and economic context in which PSNP is being implemented. The first is that of deep and persistent poverty, with chronic food insecurity—the main problem PSNP is trying to address. This is generally well known and well documented. The second is a context in which economic activity is dominated by agriculture, especially subsistence farming. There is virtually no formal employment and a very small number of wage employment opportunities relative to the size of the population. Concepts like employment, unemployment and underemployment as usually defined does have limited applicability and need to be adapted. The third is a long history of government, donor and nongovernmental organisation (NGO) interventions to address food shortages through emergency and other programmes. In many ways these programmes have set precedents and standards that now also define the context for decent work.

#### 3.3.2 Adequate Income

Generally, adequate income is one of the most difficult element of decent work to assess. In the context of extreme poverty and food insecurity, this is perhaps even more difficult. Furthermore, there is no official minimum wage for rural Ethiopia, a circumstance that further exacerbates these difficulties. There is no real objective measure of adequate income, and the most practical approach may be to discuss PSNP income in relation to some benchmarks.

In 2005, PSNP started paying a daily wage rate of six birr, which at the time was equivalent to around US\$0.60 a day. Over the course of the programme this was increased twice, once to eight birr and then to the current level of 10 birr. The basis for this daily wage rate is that it is set to be sufficient to buy three kilos of cereal. Where transfers were in the form of food, the transfer consisted of three kilos of cereal. Since a household is provided with five days of work (or income) for every household member, the wage rate is such that the income of five days of work is enough to make one household member food-secure. If we assume that on average there are 30 days in a month, and with five days of work enough is earned to buy food for 30 days, then the daily wage rate is equivalent to six days of food requirements. Expressed differently, if the adults in a household consisting of two adults and four children together work 30 days on PSNP, they would earn enough to make the entire household of six food-secure. It also means that on average each adult would work only 15 days of that month on PSNP, and would have the rest of their time to engage in other livelihood activities or work.

If adequate earnings in a programme that aims to provide food security had to be defined in absolute terms, a possible benchmark could be the Sphere standards.<sup>11</sup> While the use of these standards as a possible benchmark could be criticised, since they are meant to apply to households that have no other form of livelihoods, there are PSNP households, especially those on direct support, that have very limited additional livelihood options. The Sphere

standards for Ethiopia prescribe the monthly minimum consumption of 15 kilos of cereal, 1.5 kilos of pulses (protein) and 0.5 litres of oil (fat). Given this, how does a wage rate that is based on providing 15 kilos of cereal compare?

In answering this question, it should be recognised that households need to work only part time on PSNP to meet their monthly cereal requirements, and that the remaining time available could be used to engage in other livelihoods that would enable a household to buy the additional required protein (pulses) and fats (oils). From a strictly food-consumption perspective, therefore, the earnings appear to address minimum food consumption needs, in line with the programme's objective of "ensuring adequate consumption among targeted households" (Government of Ethiopia, 2010).

At the same time, there are indications that in 2006, in many regions where PSNP was being implemented, the programme's wage rate was well below the prevailing market wage rate (Sharp et al., 2006). Yet it also needs to be recognised that the labour market is extremely thin, and available work is seasonal and of short duration, raising questions about what the "market wage" means in this context. In some areas the PSNP wage rate is estimated to be as low of 50 per cent of the market wage rate, although the market wage used as a basis for comparison by participants refers to rates paid in the closest town, not in the rural areas where PSNP is implemented (Sharp et al., 2006). At the same time, PSNP offers regular and predictable work that is very different from other wage employment offered in these areas. Furthermore, work is offered close to home, which means that the cost of participating is low and there is more scope for combining PSNP with other livelihood activities. These are factors that make PSNP attractive, as evidenced by the high demand for it, despite its low wage rate.

The fact that PSNP pays in both cash and food is also important, because it can help stabilise participants' income. Since the wage rate is not strictly indexed to food prices that fluctuate over time and regionally, paying in food can offset the loss in purchasing power. Although communities can express their preference for cash and food, in practice the programme does not respond to this preference, because in 2008 a decision was made to use the mix of food and cash strategically as a risk-management tool to stabilise the value of earnings. It now pays in food during times of predictable food shortages when cash payment may push up food prices, and pays in cash when there is better local food supply to encourage local markets. Especially in the context of increases in food prices, paying in both food and cash has helped stabilise the value of earnings.

Finally, one interesting finding from a recent evaluation of PSNP is that many of the impacts typically associated with the level of the transfer are also related to the regularity and timeliness of payments. In particular, the manner in which income is used for food consumption versus the acquisition of assets, mostly livestock, is significantly influenced by the regularity of payments (Gilligan et al., 2009). This raises the question of whether the regularity and timeliness of payment, a critical issue on many public employment programme, should be included as an aspect under the adequacy of earnings element of decent work.

### **3.3.3 Productive Work**

Productive work and increasing the overall productivity of the people benefitting from PSNP is a critical element of its long-term strategy. In particular, investments in soil and water conservation are meant to increase local agricultural and natural-resource productivity,



and this was one of the main reasons for insisting that PSNP should include a productive component. This is based on the recognition that extremely low productivity lies at the root of food insecurity in these regions. The focus of the programme to increase productivity is therefore well aligned to the concept of decent work.

Two elements of productive work are to be discussed. The first is the productivity of work on PSNP itself. This will be discussed in more detail in this section. The second is how PSNP contributes to the overall productivity of the programme's participants and the regions in which it operates. Given the importance of increasing overall productivity for the graduation of households from PSNP, this aspect will be discussed in more detail in Section 5.

The work on PSNP is generally considered productive if one considers the outputs of the programme. The evaluation of the assets created is very positive about their value and the work done to create them (World Bank and Government of Ethiopia, 2009). Where possible, the benefit/cost ratios of these investments were estimated and they are presented below. Note that about 60 per cent of total PSNP public works investment is in soil and water conservation.

TABLE 2

**Benefit/Cost Ratio of Investments**

	Type of investment/infrastructure	Estimated benefit/cost ratio
1	Soil and water conservation	6.5
2	Water supply	3.7
3	Health posts	1.8–2.2 <sup>a</sup>
4	Schools	1.6

Source: World Bank and Government of Ethiopia (2009).

<sup>a</sup> These different values arise from using two different methods to estimate the benefit ratios for health posts investments.

### 3.3.4 Combining Work and Family Life

PSNP has several elements that are intended to enable a better combination of work and family life. The most obvious, and in many ways the most progressive, is the policy of transferring pregnant and lactating women in households that have no other available labour to direct support, a matter discussed above. The PSNP's Implementation Manual also recommends that working hours should be agreed locally, and allows for shorter working hours for women who have family duties to attend to.

One provision in the programme design and Implementation Manual that has not been implemented in practice is the provision of childcare at work sites. This provision allows for one person to be appointed to mind children, freeing the others to work in PSNP. The person assigned to childcare is paid the same rate as other participants. It is not clear why this provision has not been effected, but some indications are that there is a lack of clarity among officials as to how to implement it, and there are concerns that the provision does not contribute directly to the completion of public works projects, thereby representing an extra cost (World Bank, 2010).

All these features together highlight a significant degree of gender sensitivity in the PSNP's design, more so than is common in many other public works programmes. Implementation of some of these features is still lagging, but this perhaps reflects as much on the progressiveness of some of these features as it does on the overall challenges faced in implementation of PSNP.<sup>12</sup>

### **3.3.5 Social Security**

PSNP aims to provide income security to all those in the programme, provided that those in public works do the work allocated to them. Furthermore, through the contingency budget, many who are not part of the regular programme but face temporary food shortages can also be accommodated.<sup>13</sup> One concern from a social security perspective, however, is the exclusion of households that face food insecurity. The main reason for this is the limited resources available for PSNP. The programme targets households that have a continuous food gap, defined as a three-month food gap over the past three years. This raises questions about households with a smaller but still chronic food gap and how they can be supported.

### **3.3.6 Decent Working Hours**

PSNP makes significant provision for ensuring that working hours are not excessive. Work schedules are negotiated and decided upon locally, and hence work can take place at hours most convenient to participants. Work is generally allocated on a group basis, and the group has considerable flexibility in allocating individual tasks. The Implementation Manual encourages shorter working hours for women.

### **3.3.7 Stability and Security at Work**

One of the main aims of PSNP is to give participants a predictable income. Although the work is not legally guaranteed, in effect the programme's objective is to guarantee work to those registered as beneficiaries. Furthermore, beneficiaries cannot be dismissed from the programme.

In the current design, beneficiaries can only lose their benefit by being graduated from the programme. The basis of graduation is that households are food-sufficient, thus removing the need for them to be part of PSNP. If households are graduated without agreeing to having achieved food sufficiency, the decision to graduate them can be appealed, giving some level of protection to loss of the security that PSNP provides.

There is a setback to this security of work, however, in that some who are in PSNP may work the full number of days allocated to them, while in fact they might be better off working fewer days on PSNP and spending their time on other activities. They may fear, however, that if they worked less, or indicated that they would prefer to work less, they may be graduated from the programme without necessarily being food-sufficient.

The proposed amendments to create a differentiated level of benefits based on three, six and nine months of transfers is meant to address this issue, by allowing those households that are less needy to participate for a shorter period only, and those with greater needs to receive support for a longer period (Government of Ethiopia, 2009).

### 3.3.8 Standards and Rights at Work

PSNP also has features that address standard and rights. A charter of rights and responsibilities has been introduced for all PSNP participants. Though limited, especially in terms of specific rights at work, it stipulates rights to income and timely payment. The full charter is provided in Figure 1. The very introduction of such a charter is significant, since it creates a level of formality previously absent. As important as the existence of the charter are the mechanisms and institutions that support the realisation of the rights of participants:

- client cards that provide formal recognition to participants that they are part of the programme and therefore have to comply with both the rights and obligations, which are also stated on the card;
- a formal appeals processes through which violations of some of these rights can be appealed; and
- the Community Food Security Task Force (CFSTF), through which concerns and complaints can be raised.


Together, these give real meaning and credibility to the charter because they balance out the programme management structure, which is inevitably more focused on ensuring that participants fulfil their responsibilities.

### 3.3.9 Overall Implications

The aim of this study is not to evaluate whether or not work offered in PSNP is decent work. A separate evaluation would be required for that, taking account of the fact that decent work is not an objective of PSNP. The cumulative impact of all the employment and decent-work dimensions described above on the realisation of decent work in Ethiopia would appear to be significant, however. PSNP is arguably the largest employer in the areas where it operates, and has introduced a number of features and measures that were largely absent previously, and that support the reduction of a number of decent-work deficits. They include:

- formalisation of the relationship between PSNP and participants through client cards;
- a charter of rights and responsibilities that govern this relationship;
- an appeals mechanism to address disputes;
- maternity, sickness and temporary disability benefits for pregnant and lactating women;
- introduction of cash payments and the (limited) options of choosing between payment in food or cash;
- flexible working hours;
- security of work; and access to social security for those unable to work or with limited ability to do so.

FIGURE 1

**Charter of Rights and Responsibilities of PSNP Participants**


**CHARTER OF RIGHTS AND RESPONSIBILITIES**

**RIGHTS**

- ~ If you have been selected as a PSNP beneficiary you must be issued with a Client Card free of charge.
- ~ You have the right to receive your transfer on time. You should receive your transfer no later than 45 days after the month to which the payment relates.
- ~ You have the right to receive your full transfer. You will be informed of the transfer rates at the beginning of the year. No one should deduct any money for any reason from your transfer.
- ~ If you are more than four months pregnant, in your first 10 months breastfeeding your child, or weakened through age, illness or disability you should not participate in public works. If your status changes in the course of the year due to sickness or pregnancy, you have the right to shift between public works and direct support.
- ~ Your household should not provide more than five days of labour per household member per month. Furthermore, no one person should work for more than 20 days a month.
- ~ You have the right to appeal if you have been incorrectly excluded or have not been categorised correctly as direct support or public works.
- ~ You have the right to know the criteria for graduation and to remain in the programme if you do not meet these criteria.

**RESPONSIBILITIES**

- ~ You must provide accurate and complete information to targeting committees.
- ~ Households with able bodied members must provide labour for public works and be committed to complete works to an acceptable standard.
- ~ You must not send a child under 16 to contribute their labour to public works
- ~ You must present your Client Card at the transfer site to record the receipt of payment.
- ~ Should you lose your card you must report its loss immediately to the Kebele Administration.
- ~ You have a responsibility to build your assets and work towards graduation
- ~ You must report any abuses of these rights whether affecting yourself or your neighbour to the Kebele Appeal Committee. If you are not satisfied with the response you may pursue your complaint up to the Woreda Council.

Source: Government of Ethiopia (2010).

The degree to which some of these will percolate into the wider labour market in rural Ethiopia is not clear, but is worth observing and tracking further.

With regard to helping define the boundary between what can be considered decent work and what cannot, PSNP raises some interesting challenges. While legitimate concerns can be raised about the programme's wage rate, in many other respects PSNP is very progressive, especially given the context in which it operates. It raises the bar with respect to almost every other employment aspect or standard. This then prompts the question of whether the government wants to use PSNP to broaden the use of these standards beyond the programme and use these to help define the boundary between decent and indecent work. Deliberately positioning PSNP as a programme of employer-of-last-resort (many characteristics of which it already has) would then help ensure that the employment conditions on PSNP become the de facto employment floor. This could then be the main legacy of PSNP for decent work in Ethiopia.

## 4 SOCIAL DIALOGUE, CONSULTATION AND PSNP

### 4.1 SOCIAL DIALOGUE IN RURAL AND INFORMAL CONTEXTS

The ILO has recognised the need to promote representation of workers and employers in informal settings and agreed to two approaches for addressing this: the first is bringing workers and employers respectively into existing trade union movements or employers organizations; the second is the formation of new organisations representative of these informal workers. The principle for both approaches, however, is that organisations should be "member-based, accessible, transparent, accountable and democratically managed" (ILO, 2002). This raises two questions about PSNP: (i) what organisations or structures could be supported and fostered to be representative and to support social dialogue? and (ii) what should be done in the meantime when there is an absence of such organisations but a need for social dialogue?

As regards the first question, the closest thing to some kind of structure of organisation that is representative of PSNP participants is the CFSTF, which includes elected community representatives. The current and potential role of the CFSTF is discussed in Section 4.2.

As regards the second question, while the past and present dialogue that affects work and working conditions is critical for PSNP, it is not social dialogue, at least not as a tripartite dialogue between employers, unions and government. Section 4.3 considers the dialogue processes that have been important for PSNP and discusses the extent to which they have shaped many of the decent work dimensions of the programme.

### 4.2 COMMUNITIES AND SOCIAL DIALOGUE

The main mechanism for community involvement in PSNP is the CFSTF. This could play an important role in the social dialogue because it meets several criteria that would enable it to act as a representative, or at least a voice of programme participants. The CFSTF is constituted as follows (Government of Ethiopia, 2010):

- representatives of the Kebele Food Security Task Force;
- a development agent;
- a health extension worker or volunteer community health worker;
- two or three elected female representatives;

- two or three elected male representatives;
- an elected youth representative; and
- an elected representative of the elders.

As a result, six to eight of the task force's members are elected community representatives.

The CFSTFs have no powers in terms of policy or programme design, but they do have a critical operational role as an interface between beneficiaries and the programme. Their role has been gaining importance and they are required to make increasingly sophisticated recommendations about targeting, combining direct support and public works, graduation and, probably in the near future, different levels of benefits. The CFSTF also makes decisions on the nature of public works investments, determining appropriate working hours and selecting public works supervisors. Because of this important role, even though the CFSTF is a more informal structure it meets regularly and records are kept of most meetings.<sup>14</sup>

Apart from community members being elected to be part of the CFSTF, community meetings also serve as accountability mechanisms. At these meetings key recommendations, such as who has been targeted, are announced and community members can demand explanations or contest the recommendations. Furthermore, through the formal PSNP appeals process individuals can appeal decisions made about their categorisation should they deem such decisions to be incorrect. CFSTF recommendations can thereby be reversed or corrected, and the appeals process thus functions as a mechanism to address grievances regarding recommendations.

When PSNP began, the CFSTF was to indicate the participants' preferences for payment in food or cash. While these preferences are still voiced, this role has limited practical meaning at present because of the way in which the decisions to pay in food or cash are being managed, as discussed above.

The CFSTF could also have a strengthened role in social dialogue if it were to play a part in setting the labour rules. Currently these rules<sup>15</sup> are agreed upon between "the implementing agency and the labourers, or representatives of the work teams in the presence of the representatives of the kebele task force council" (Government of Ethiopia, 2010).

The CFSTFs are obvious candidates to play a stronger social dialogue function given their importance within the programme, elected representatives' participation in them, the availability of mechanisms to hold them accountable, and universal presence. The role of the collective of CFSTFs could even be extended to giving feedback on programme design and policy. They would have to be recognised as having this role, however, and where necessary supported to play it effectively.

#### 4.3 DIALOGUE IN POLICYMAKING AND PROGRAMME DESIGN

When PSNP was being initiated and designed it was shaped by a complex set of dynamics and tensions, involving a range of different actors. Many of the actors had been involved in addressing food insecurity in Ethiopia in recent decades. The actors consisted of the government of Ethiopia, the donor community, international agencies, international NGOs

and one local NGO.<sup>16</sup> All these NGOs had previously been working on emergency food-security interventions in Ethiopia. In the context of PSNP this process served as the forum for discussions and decisions on working conditions, wages and other decent-work dimensions. In that sense, it continues to serve at least part of the purpose of social dialogue, even though it may not be defined as such. This is because the actors involved do not meet the representativeness requirements of usual tripartite social dialogue.

Agreeing on a programme framework and design has been described as a difficult process involving many differing views of what the programme should ultimately look like. One key point of contention mentioned was whether the programme should focus on protection or productivity, or in more practical terms whether it should be a (conditional cash) transfer or a public works programme (World Bank, 2010; DFID, 2009).

The result of this tension was that the programme became a hybrid of both. It could be argued that in the design process the most appropriate aspects of each of these types of programmes were chosen to be part of PSNP. The tension became a “creative tension”;<sup>17</sup> most beneficiaries, stakeholders and observers seem to conclude that the outcome is much better than what was in place previously or what was initially proposed. Indeed, this produced the combination of the public works and direct support described above.

From a dialogue perspective, it is worth discussing the question of why the programme was forced to reconcile these demands one way or the other. Why was a decision not made to have only a public works or cash transfer programme, as in so many other countries? Why did the parties in the end choose to live with this tension in the programme design? These questions are worth exploring, because it is not always the case in development that tensions result in outcomes that are innovative and better. They are also important, because it is this process of resolving tensions into better outcomes that is one of the rationales for promoting social dialogue.

From what has been captured of this process (and often only small parts of these process are actually documented), it appears that a few key issues can be identified.

- i. High absolute stakes: the stakes for the PSNP are very high and literally millions of lives are at stake. All parties are aware of this, which strengthens the sense that they cannot allow the dialogue to fail.
- ii. High institutional stakes: all the parties had huge institutional stakes in developing PSNP, given their long history of support for and commitment to preventing any famines from re-occurring, the democratisation of Ethiopia and thus the impact of food insecurity on the elections.
- iii. Consensus on the need for change from the status quo of emergency-driven responses.
- iv. Clarity among all participants that they needed each other and could not tackle the problem by themselves.
- v. No single party had the power to take executive decisions or overrule other parties.
- vi. A collective experience and knowledge about the complexity of the problem that PSNP is trying to address.

- vii. Establishment of structures for dialogue and negotiation that allowed a shared set of principles to be devised, thereby enabling the detailed design of the programme to proceed.

Without all of these conditions it might have been much more difficult or impossible to create a creative tension that resulted in some of the innovations of PSNP. At the same time, those who have been involved in formal social dialogue will recognise the issues above and will attest that these same conditions are also critical to successful negotiations in this traditional context.

In the short to medium term it is unlikely that trade unions and employers organisations will emerge in the context of PSNP. This is not unique to PSNP; it is common to most public works and cash transfer programmes. It is important, therefore, that tools are identified to allow dialogue with programme participants. Perhaps the most relevant tools for this are open interviews of and focus group discussions with participants. If the outcomes of these discussions are fed into the programme's evaluation, as is the case with PSNP, and leads to subsequent amendments, this may be the closest thing to representation that is feasible in the short term.

But perhaps the most important lesson from this is that a structured dialogue, although between a completely different set of actors than is traditionally the case, was and remains critical to the success of PSNP. The participants in Ethiopia are unique to that context and hence this dialogue structure and process cannot be replicated in other countries. But making an effort in other countries to introduce structures and processes for this purpose will generally benefit the programme in the end.

## **5 GRADUATION FROM PSNP<sup>18</sup>**

PSNP in its current design makes a limited contribution to graduation, although the programme has set criteria for households to graduate. Currently, a household graduates when "in the absence of receiving PSNP transfers, it can meet its food needs for all 12 months and is able to withstand modest shocks. This state is described as being "food sufficient", which is a lower state than being "food secure" (Government of Ethiopia, 2010).

In practice, whether a household is ready to graduate is determined by assessing the household's assets against a regional benchmark of assets of food-sufficient households. If household assets are equal to or above this benchmark, households are allowed to remain in PSNP for one more year, after which they are graduated.

The main aim of PSNP is to smooth consumption and prevent distress sale of assets, not to graduate households. The main impetus for building assets and ultimately graduating is meant to come from the combination of PSNP and the other food-security programmes (OFSP) (now called the Household Asset Building Programme). Given that subsistence farming is the main economic activity in PSNP regions, increasing agricultural productivity is the obvious route to increased food security and subsequent graduation. This is the focus of the complementary OFSP interventions that include agricultural extension services, micro-credit for purchasing fertiliser and seeds, technical support for investment in irrigation and terracing, livestock and other activities such as beekeeping.



It has been reported that between 2007 and 2009, about 56,000 households graduated from PSNP.<sup>19</sup> This is not insignificant, especially given the rapid food price increases in 2008. With the experience gained so far, the rate of graduation may be able to increase, but it is also likely that the households that have graduated to date were those that were the least food-insecure to start with, and thus the easiest to graduate.

One of the more interesting outcomes of PSNP is that households that have access to land and labour supply are significantly more likely to graduate if they have sustained access to PSNP and OFSP *simultaneously*. The regular and predictable income from PSNP, combined with access to credit and guidance on investments, appears to increase the food production of these households, as reported by Gilligan et al. (2009):

A different story exists where we consider households receiving both Public Works transfers and access to OFSP irrigation services. There is a yield increase of 236.3 kg/ha, approximately a 25 percent increase in yield and a large increase in the proportion of households reporting that they invested in stone terracing.

These were figures found for households growing wheat, but similar results were found for those growing maize. These results are encouraging, since there seems to be a realistic pathway for graduation for some households—those that have access to land, sufficient labour supply to work the land, and sustained access to PSNP and OFSP simultaneously.

But is there room for PSNP itself to play a more important role in graduation? The main opportunity for PSNP in this regard is to enable the programme to direct some of its investments at the household level by investing on private land. There is growing recognition of the potential for increasing agricultural productivity by having investments on private land through PSNP (World Bank and Government of Ethiopia, 2009). But PSNP allows for only limited investment on private land and in practice makes hardly any, although significant changes are being instituted in 2010 to increase this.

The intention is to shift to an approach in which watershed development projects become the overarching guiding principle, since this requires implementation on all land—public and private—to be effective.<sup>20</sup> This would also positively affect the productivity of private land. The updated 2010 Implementation Manual contains a much-expanded guideline on what investments on private lands are allowed, but it still deals with investments on private land as a separate matter.

Key issues for enabling investment on private land are, first, that soil and watershed management interventions do not distinguish between private and public land, and that from a natural-resource perspective the most appropriate intervention may be one that cuts across both. Second, there is the question of fairness and the fact that the benefits of investments on private land will largely accrue to the owners of this land, who may thus benefit to a greater degree than others. In order to secure some balance, three principles are included in the guidelines. The first is allowing investment on private land of labour-poor, female-headed households that are not in a position to make such an investment themselves. The second is one of a self-help contribution from those who own the land. And the third is a declining required self-help contribution for poorer quality land.<sup>21</sup>

The degree to which these measures and new guidelines increase investment on private land will become apparent in the coming years. There are potential drawbacks to and criticisms of the approach chosen, but this may not prove to be large enough to significantly affect the level of investment on private land. It revolves around households without private land and the limited degree to which they could benefit from these investments. From their perspective, this raises a question about the fairness of the programme. Even considering that many of those who do not have land either sharecrop or work on the land of others, and so presumably would benefit indirectly from increased productivity, there are still fairness concerns that could be raised, especially if one considers that those without land have an added risk of vulnerability compared to households with land (Slater et al., 2006).<sup>22</sup> This drawback could be addressed by creating a mechanism that also supports investments for households without land.

## 6 POLICY LESSONS FROM PSNP

In drawing the policy lessons from PSNP, in particular for the IBSA countries, we have to revisit the questions that were posed at the beginning of this paper and assess the extent to which they have been answered or have raised additional questions worthy of further investigation.

*Question 1: How is PSNP managing to integrate cash transfers and public works, and what are the implications and benefits of such integration?*

What has emerged is a three-part answer to this question. First, PSNP has demonstrated that public works programmes and (cash) transfer programmes can be designed to be complementary and that they do not have to be alternatives to each other. Countries with a (cash) transfer programme could therefore consider a complementary public works programme, and vice versa. Such complementary interventions can result in broader coverage of the target group.

Second, closely linked to complementarity but extending beyond it is the scope for a degree of integration at the policy and operational level. This integration can allow an even higher degree of customisation of benefits to respond to the specific conditions that poor households face. At the policy level, programmes can be integrated so that individual households are able to benefit simultaneously from both these interventions, which can have a significantly greater impact than if participants can only benefit from one or the other instrument. At the operational level, integration can yield cost efficiencies if operations such as targeting, programme registries and payment methods can be combined. It can also allow transfers to be tailored so that they are more responsive to specific household conditions, and gives rise to the possibility of programmes that together are responsive to a household's entire lifecycle.

Third, an important feature of PSNP is the explicit recognition of a household's labour availability and structuring programme participation and benefits around this. Factoring this into the design of the programme enables it to:

- i. require a labour contribution from those households with surplus labour, and no labour contribution from those with no available labour; and
- ii. cap the contribution from those with limited labour supply.

It also allows recognition of the higher potential for supplementary income that labour-surplus households have, as opposed to those that are labour-constrained, even though this has not yet resulted in additional benefits for the labour-constrained households.

*Question 2: What are the implications of PSNP for decent work in Ethiopia, and how is the objective of decent work approached in low-income settings in general?*

PSNP as a whole was found to have important implications for decent work through its two components; cash transfers and public works, but perhaps more interestingly also through the two of them acting together. PSNP makes an impact by introducing several progressive employment and social security features, which by virtue of PSNP's scale in Ethiopia's rural labour market are likely to affect the market as a whole. Many of these features have little impact on programme cost, but significantly improve the programme's overall effect and credibility.

As regards the applicability of the notion of decent work in the context of PSNP—rural, informal and extreme poverty—it was found that many of the decent-work elements are useful and applicable, since they provide a framework to analyse many aspects of work and employment. Perhaps most importantly, they provide a framework that can look beyond income and earnings, and thus can demonstrate that despite possible concerns about earnings, PSNP has several fairly progressive work-related policies and standards.

*Question 3: How is negotiation and policy dialogue regarding PSNP taking place, and what are the implications of this for how social dialogue can be broadened from its current restrictive definition?*

The dialogue and consultations that preceded PSNP have been critical in making it a programme that by general consensus is a huge improvement over previous approaches to food security in Ethiopia. Given the actors involved, however, this process cannot be referred to as a social dialogue, at least if understood as a tripartite dialogue among employers, workers and government. It is also clear, nonetheless, that a usual tripartite social dialogue (at least at the policy level) was not realistically possible for PSNP, for reasons that also apply in most other similar contexts: there are no organisations that can be considered as true representatives of the target group, even though in the long term the CFSTF could at least partially play this role. This also raises the question whether social dialogue limited to tripartite representation is relevant in these contexts and, if not, which kind of actors should be involved in a broader dialogue process. This is not to deny the crucial importance of involving employers and workers organizations in policy dialogue where they exist and the need to promote the emergence of such type of organizations when they don't.

Despite these limitations and concerns, however, the process that did take place in many ways played the role that formal social dialogue is supposed to play in overall policy and design. Hence, whether or not such processes can be referred to as social dialogue, the need for and benefits of structured dialogue, consultation and negotiation between stakeholders persist.

*Question 4: What is PSNP's role in the graduation of participants from the programme, and are there lessons in this for other countries?*

The first lesson from PSNP in this regard is one that is now well known but often underestimated: graduation from social assistance programmes is difficult, because by definition it requires a change in broader circumstances that the programme may not be able to address. This is not surprising, of course, since the deficiencies that make social assistance necessary are the same as those that make graduation difficult. Graduation will only be possible, therefore, if the underlying causes of the need of social assistance are addressed. The second and perhaps more encouraging lesson is that complementary interventions that aim to increase the productivity of current economic and livelihood activities can be a feasible strategy, at least for those households that have labour supply and, in Ethiopia, access to land.

## 7 CONCLUSIONS

The scale and various innovative aspects of PSNP clearly hold lessons for any country considering interventions to improve social security and increase the productivity of the poor. In particular, countries considering social transfers and public works programmes can draw on the Ethiopian experience of not having to choose between the two. Their integration does lead to programmes wherein the distinction between social protection and employment becomes somewhat blurred, but perhaps this is an advantage, since it allows the programme to select the most effective and appropriate aspects of either. And while this hybridisation creates significant benefits and opportunities, it also creates operational challenges and complexities, which need to be taken into account in the overall programme planning.

Reflecting back to India, Brazil and South Africa, the three IBSA countries, the following questions emerge.

For India, which currently has the world's largest public employment programme, the main question this paper raises is whether cash transfers may be a complementary instrument to reach labour-constrained rural households that might be unable to benefit from the National Rural Employment Guarantee Scheme.

For Brazil, which in *Bolsa Família* has South America's largest conditional cash transfer programme, the question is whether some form of public employment programme can play a complementary role, especially for those households whose adult members have difficulty entering the labour market or are underemployed.

For South Africa, which at least in terms of expenditure now implements both the largest cash transfer and the largest public works programme in Africa, the Child Support Grant and

Expanded Public Works Programme respectively, the question is to what extent these programmes are currently complementary, and whether additional benefits may emerge if they were designed to be more so.

As regards PSNP, perhaps the most important conclusion of this study is that it has important positive implications for decent work in Ethiopia, mainly through its focus on productive work, income security and the introduction of basic standards, rights and levels of formalisation at work.

Finally, three issues emerge with regard to decent work. The first is whether decent work as captured using current dimensions and indicators sufficiently covers some of the intrinsic value of work—those benefits, besides income, that accrue to those who work. The second is whether the classical tripartite concept of social dialogue should be broadened for contexts such as rural Ethiopia. The third is that despite the relevance of many of the other decent-work dimensions, further research is required to offer guidance on the manner in which they are interpreted and used in contexts such as Ethiopia.

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## NOTES

1. The Child Support Grant in South Africa is the largest social protection intervention in Africa. It has more than 9 million beneficiaries and an annual budget of US\$5 billion.
2. The term "cash transfer" referring to programmes in which targeted beneficiaries (typically the poor) receive a transfer from the state but are not expected to make any form of financial contribution, has gained broader currency since their more widespread use across the world. As the transfer in PSNP can be in the form of food and/or cash, the term cash transfer was deemed inappropriate and "transfer programme" is used in this paper to refer to the "direct support" component of PSNP.
3. The *Jefes* programme in Argentina, for instance, also had a primacy of transfer but lacked the operational ability to monitor work attendance and ensure that the benefit was adjusted in line with attendance. One result was a steady decline in those receiving the benefit actually working, and the programme was often criticised in this respect. The unemployment benefit in India's NREGA aims to serve the same purpose as the primacy of transfers by guaranteeing income even if work is not being provided.
4. The cap was initially set at 20 days, but in 2010 reduced to 15 days per adult per month.
5. The registries of PSNP are still largely paper-based and the merging was done by combining the paper-based registries of public works and direct support participants.
6. Many will recognise this as Marx's famous credo, "from each according to his ability, to each according to his need" in the *Communist Manifesto*.
7. See: < [www.ilo.org/](http://www.ilo.org/) >.
8. PSNP has been the subject of numerous evaluations and studies, including Slater et al. (2006), Devereux et al. (2006), Sharpe et al. (2006), Gilligan et al. (2008), MA Consulting Group (2009), and Andersson et al. (2009).
9. Gilligan et al. (2008) consider whether PSNP has an impact on the labour supply of households and find none.
10. Campbell (2008) mentions that 55 per cent of PSNP beneficiaries have received training on soil and water technologies, and 47 per cent have applied this knowledge to their own land, but the source of this is not clear.
11. The Sphere targets were developed to set minimum consumption standards for emergency food programmes.
12. The 2010 version of the PSNP Implementation Manual will provide much more guidance to officials on how these provisions should be implemented, and it is anticipated that this will result in more widespread implementation (telephone interview with S. Coll-Black, 13 October 2010).
13. The contingency budget represents around 20 per cent of the overall PSNP budget and in 2008 accommodated an additional 1,486 million beneficiaries. These temporary beneficiaries are targeted using the same mechanisms, but only enter PSNP for a period of between three and six months. This duration is determined regionally and depends on the severity of the temporary food shortage. The contingency budget has also been used to provide additional support to existing PSNP beneficiaries in response to the severe food crisis in 2008 (World Bank, 2010).
14. Telephone interviews with S. Coll-Black and M. Abdullai, World Bank, on 13 October and 22 October 2010, respectively.
15. In the context of PSNP these refer to: actual hours of work (hours of starting and ending work each day) for male and female workers; number of days needed to complete a project, and the public and local holidays to be observed; frequency of payment; and arrangements to ensure that children will not be present at or working on public works sites and other practical aspects related to labour organisation.
16. Four international and one local NGO participated in this process and continue to work on PSNP, in many cases as programme implementers in specific regions (telephone interview with S. Coll-Black, 13 October 2010). None of these NGOs is member-based and thus the degree to which they can formally claim to represent the PSNP target group and participants is limited. They do, however, have a long history of working in these areas, and in the absence of other alternatives they are probably the ones best able to give voice to the PSNP target group.
17. Defined as "a situation where disagreement or discord ultimately gives rise to better ideas or outcomes" (Harper Collins, 2010).
18. The issues and challenges surrounding graduation from PSNP are covered in detail in World Bank (2010); this section aims not to repeat what is said there.
19. This is based on the 280,000 beneficiaries reported to have graduated and the reported average household size of five (World Bank, 2010).
20. Telephone interview with B. Woldu, World Bank donor coordination, 21 October 2010.
21. The main quality aspect considered here is the slope of the land, but extreme degradation and stoniness can also be taken into account.
22. While Slater et al (2006), in their identification of different categories of households, do not identify landlessness as the main source of vulnerability, those without land tend to be more vulnerable.



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