



Amarch Worku, one of the project participants in Kochere Woreda, who has resumed sheep fattening following cash transfers support by the project.
Photo: Masresha Tadesse/CARE Ethiopia

Livelihoods for Resilience Activity

The Feed the Future Ethiopia – [Livelihoods for Resilience Activity](#) is a five-year USAID-funded project running from December 5, 2016 through December 3, 2021. Building on lessons learned from the preceding project (Graduation with Resilience to Achieve Sustainable Development [GRAD]), the Livelihoods for Resilience Activity supports chronically food insecure rural households to build resilient livelihoods with improved food and nutrition security, even in the face of shocks and stresses. The project works closely with the livelihoods component of the Government of Ethiopia’s Productive Safety Net Program (PSNP), and targets nearly 100,000 PSNP households in 37¹ woredas of Amhara, Tigray, and Southern Nations, Nationalities and Peoples’ Region (SNNPR), with the aim of enabling these households to graduate from the PSNP with resilience. A consortium led by CARE and comprising the Relief Society of Tigray (REST), the Organization for Rehabilitation and Development in Amhara (ORDA), Agri-Service Ethiopia (ASE), and the Netherlands Development Organization (SNV) implements the project.

¹ The project started out in 27 woredas, but governmental administrative decisions led to the splitting of woredas, so that the project’s coverage has grown from 27 to 37 woredas, but without expanding in geographic scope.

Learning brief #2

Cash transfers for livelihoods recovery

This brief explores the project’s experience with a crisis modifier intervention in Kochere Woreda, where households were affected by Guji-Gedeo ethnic conflict. The project provided cash transfers to households affected by the conflict to help them resume livelihood activities. The brief explains why the project decided to use cash transfers, how the implementation went, and the learning from the process.



Background

In April 2018, ethnic conflict broke out between the Guji and Gedeo communities in southern Ethiopia, resulting in large-scale internal displacement, as Gujis living in Gedeo Zone fled to Guji Zone of Oromia Region, while Gedeos living in Guji Zone fled to Gedeo Zone of SNNPR. At the peak of the crisis in July and August 2018, over 860,000 individuals were internally displaced. The conflict forced community members to flee with nothing but the clothes they wore, leaving their household assets—houses, grain stores, and livestock—behind, many of which were destroyed. Other households were not displaced themselves, but ended up hosting displaced relatives for weeks or even months.

Kochere Woreda (District) was one of the most significantly impacted areas. By April 2018, the project had been working there for over two years and had formed 86 village economic and social associations (VESAs) in Kochere Woreda, with a total of 1,731 member households. These VESAs were critical sources of saving and credit, access to information, and social capital for these vulnerable households. However, as the crisis hit, many project households were displaced and had to stop their livelihoods activities—activities such as petty trade, livestock rearing and fattening, and haricot bean production—and VESAs temporarily stopped convening.

By January 2019, displaced households had returned home. By this point, however, most households had lost key assets and exhausted their resources, including their savings. They had nothing left to invest in restarting their livelihoods activities.

The Livelihoods for Resilience Activity typically provides technical assistance to households, rather than grants, and facilitates access to loans for livelihoods activities. Faced with this crisis, however, the project opted to enact a “crisis modifier” and redirect a portion of its existing funds to provide cash transfers for conflict-affected households to use as start-up capital for new livelihoods investments.

Why cash transfers?

The project received requests to support conflict-affected households by providing in-kind transfers (such as chickens or sheep) or vouchers (which households could redeem at nearby markets or agrodealers). However, neither of these approaches would have provided the flexibility required to address households’ multiple needs.

Like other conflict-affected households, households in Kochere Woreda had a variety of needs and priorities. Some households had little land for agricultural production, or needed cash quickly, and wanted to engage in petty trade to

earn a quick income. Others were keen to plant haricot beans and vegetables for the coming agricultural season. Still others wanted to invest in poultry production or sheep to fatten for the Easter or Ethiopian New Year markets. Many households prized a diversified livelihood strategy, opting for multiple investments with different risks and speed of financial returns. Still others had urgent needs to rebuild their homes or roofs, buy medicines, or repay debts incurred during the crisis.

The project opted to provide cash transfers, as cash empowers conflict-affected households to set their own priorities and make their own decisions in livelihoods investments. Cash recipients may invest in a variety of livelihood options—which spreads their risk and provides multiple income streams—and may invest a portion of the cash in rebuilding their homes and meeting other immediate needs.

Cash transfers have the following benefits:

- **Efficiency:** By enabling households to make their own investments, cash transfers are more efficient than in-kind asset transfer or vouchers. For example, if a household wants to engage in poultry production but receives sheep, they are likely to sell the sheep in order to purchase chickens. Likewise, if a household desperately needs a new roof, they will likely sell their asset or voucher in order to get the cash to build the roof. Providing cash eliminates the need for households to transform the asset or voucher into cash to purchase what they really need.
- **Flexibility:** Vouchers and in-kind asset transfers can be effective in getting households to engage in specific project-promoted livelihoods activities. For example, in other areas, the Livelihoods for Resilience Activity provides poultry vouchers to minimize the investment costs needed for engagement in poultry, which has the potential to improve household nutrition as well as increase incomes. But in a crisis livelihoods recovery situation, vouchers for specific assets do not make sense for everyone. For example, many households—particularly those with limited agricultural land—engage in petty trading, buying small quantities of cabbage or coffee or other agricultural goods, and selling them in other markets. Asset vouchers would not be an effective mechanism for petty trade engagement.
- **Women’s engagement:** Related to the point on flexibility above, cash enables households to engage in petty trade and other activities that do not require large assets. Many of these activities are the types of activities that women engage in, and for which they control the incomes. Hence the provision of cash can enable women to engage in livelihood activities.

By providing cash, the project relinquishes control over what

people do with their money, and many skeptics of cash transfers worry that the money will be misused. However, as noted above, households in crisis are likely to use any resource—whether provided in kind, in voucher form, or in cash—to purchase what they really need, so the provision of cash simply helps them get there faster. Moreover, multiple studies conducted internationally have shown that the majority of people use cash transfers wisely and effectively.

The cash transfer process



The project followed several key steps for the implementation of the cash transfers:

Step 1: Finalize targeting and VESA formation. The Livelihoods for Resilience Activity had planned to target 1,920 households in Kochere Woreda. Although only 1,731 households had been targeted before the crisis began, the project knew that it would be difficult to conduct targeting of the additional households after the cash transfers had been provided—that there was a risk that households would join VESAs simply in order to receive cash transfers. Hence the project finalized the targeting of additional households and the formation of VESAs prior to providing the transfers.

Step 2: Provide training. The project used the VESA Discussion Manual to facilitate discussions on financial literacy, gender norms in household decision-making, and livelihoods selection and management. As households began to indicate preferences for specific livelihoods activities, the project also worked with the government’s extension service to train both husbands and wives in livestock fattening and poultry production (other livelihoods activities, such as petty trading and haricot bean production, were deemed to be fairly straightforward and sufficiently well-known so as to not require training).

Step 3: Develop a business plan. Project staff worked with households to develop a basic, one-page business plan in which they planned their livelihood investments. Households then told their fellow VESA members what they planned to invest in. This step helped households think through their investments and is believed to have been instrumental in helping them follow through.

Step 4: Provide cash transfers. CARE partnered with a private bank (Awash Bank) to disburse the cash transfers to households. Transfers were paused around the Orthodox Easter period to avoid the risk of misuse.

Step 5: Facilitate linkages to input suppliers. The project linked households with agrodealers for the supply of live-stock feed, seed, and other inputs, and with chick growers for the supply of 45-day-old pullets (young chickens).

Achievements and Key Learning

The Livelihoods for Resilience Activity disbursed a total of ETB 9.6 million (over USD 300,000) to project households in Kochere woreda through the crisis modifier intervention. The cash transfer was effective in supporting livelihoods recovery, and opened up space for participants to resume saving, attend VESA meetings, and engage in other project activities to further strengthen their livelihoods.

Through project implementation and a post-distribution monitoring assessment of 175 households, the project team observed and learned the following:

Cash transfer companion trainings were important:

The facilitation of financial literacy, livelihoods, and business skills trainings before the first cash transfers was vital to help households decide on their livelihood options, and to use the cash transfers effectively.

Insisting on spouse participation in business planning helped lead to joint decision-making:

A simplified business plan that both spouses developed together contributed to wives and husbands discussing their cash investments (both expenditures and expected profits) ahead of time. This motivated households to plan responsibly and to invest the cash based on each spouse’s interest and capacity. In the post-distribution monitoring assessment, 89% of women from dual-headed households reported having inputs in decision-making on how to spend the cash, and on the choices of livelihood activity.

Cash disbursement timing is sensitive:

The project tried to space out the cash disbursements to different households over multiple weeks and even months to avoid localized inflation, and paused transfers in the weeks leading up to Orthodox Easter. Despite these measures, some households faced inflated prices when they went to livestock markets in particular. As a result, some households postponed their purchases or went to nearby markets, but others paid higher prices than they would have if the cash disbursement had been even more spread out.

Livelihood investments with quick returns were instrumental in helping households meet their daily needs:

Households have a variety of daily expense needs, including food, and these are particularly urgent during the livelihoods recovery phase. Households that invested their entire cash transfers in a single livelihood option (mainly livestock) struggled to cover their daily expenses as the return from their investment took at least three months, whereas households that engaged in activities with quicker returns, such as petty trade, were better able to meet their needs.

Households made good use of the flexibility offered by cash:

The cash transfer was intended to enable livelihoods recovery, and it was effective in doing so: 73% of households participated in goat fattening, 45% in petty trade, 31% in cattle fattening, 30% in poultry production and 11% in haricot bean production, with many households making multiple investments. But households benefited from the flexibility offered by cash. The post-distribution monitoring assessment found that 29% of the severely-affected households changed their minds and engaged in livelihoods activities that were different from those in their business plans. And 55% of households used a portion of the cash for critical expenses such as food, medicine, and home repairs.

We must let households decide: A sheep fattening cycle is typically three months long, and many households invested in sheep less than three months before the Easter holiday. Some VESA committee members advised households not to sell their sheep before the end of fattening cycle, trying to reinforce the good fattening practices they had learned, but households that listened to them missed out on a key market opportunity. Project clients are the best placed to make rational decisions about their own livelihoods, and while providing advice can be appropriate, it is important to allow them to make their own sales decisions.

Stakeholder engagement was critical: Engagement with local government offices was key to effectively facilitate training, disburse the cash, and follow up on implementation. In addition, linking input suppliers and agro-dealers improved household access to quality and timely inputs.

Group follow-up strengthened accountability: VESA meetings provided an opportunity for VESA members to exchange information on how they spent the cash, and to share the progress of their livelihood activities. These discussions enabled members to learn from each other and strengthened accountability amongst themselves.

“We are glad to be back in our village”

Tigist Mariam and her husband, Mariam Yohannes, and their three kids were one of the households displaced due to the Guji-Gedeo conflict. Prior to the conflict, they owned two sheep and earned an income from haricot beans and maize production from their small plot of land. In addition to crop production and safety net support from the PSNP, Tigist engaged in onion petty trade while her husband worked as a daily laborer to complement the meager production from their land.

“When the conflict happened, we lost our maize, haricot beans, and enset (a staple food in southern Ethiopia). We were at church when our house was burned and our sheep were taken. We ran away with the kids to a relative in a different kebele (sub-district). We stayed there for ten months. All our neighbors were displaced. We returned to our village with government and NGO support. We received 5,000 birr (175 USD) from CARE. We invested it in sheep rearing, kocho (food made from enset) and petty trade after we attended the training. Now the situation is better. We’ll finish constructing the house in a few weeks’ time,” says Tigist.



Disclaimer:

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