

# SUSTAINABILITY OF PSNP HOUSEHOLD GRADUATION

## BACKGROUND

Strengthen PSNP4 Institutions and Resilience (SPIR) is a USAID-funded programme being implemented from 2016 to 2021. SPIR shares Government of Ethiopia's Productive Safety Net Programme (PSNP) goal of "Resilience to shocks and livelihoods enhanced, and food security and nutrition improved, for rural households vulnerable to food insecurity." The programme seeks to address this through multi-sector interventions providing livelihood training and livelihood options, investment grants, capital transfers, access to micro-finance, natural resources management, adaptation to climate change, improvements to early warning systems and skills training. CARE Ethiopia is an implementing partner in a consortium led by World Vision, alongside Organisation for Rehabilitation and Development in Amhara (ORDA). CARE is responsible for implementing SPIR in East Hararghe and West Hararghe zones of Oromia region, reaching 124 kebeles and 106,181 direct beneficiaries.

This learning brief shares some of CARE's reflections on the sustainability of graduates to stay self-sufficient and if there should be other criteria beyond income and assets for selecting graduates. As these criteria are the basis for all PSNP4 programming in Ethiopia, these reflections are valuable for the current PSNP4 and future consideration.

**SPIR is a USAID funded programme from 2016 to 2021 complementing government's PSNP4 programme**

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## Introduction

Since 2005 under the Ethiopian Food Security Programme, the Productive Safety Net Programme (PSNP) has been supporting the poorest Ethiopians with cash or food transfers for six months of the year by participating in public works activities. From 2006 the PSNP was linked to efforts to provide livelihood support and reduce asset depletion as a negative coping strategy through the Other Food Security Programme (OFSP), which helped to develop household assets, livelihood inputs and loans to PSNP beneficiaries. In 2010 the OFSP evolved into the Household Asset Building Programme (HABP) and adopted the 'graduation' model<sup>1</sup> to help households 'graduate' from relying on productive safety net support towards self-sustaining livelihoods and income.

<sup>1</sup> At the time, the graduation model was being tested in eight countries, including Ethiopia, by the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation. <https://www.cgap.org/sites/default/files/CGAP-Brief-Creating-Pathways-for-the-Poorest-Early-Lessons-on-Implementing-the-Graduation-Model-Dec-2009.pdf>



## The key elements of the graduation model are:

### Targeting

Working with the community, selecting the ultra-poor households to include in PSNP.

### Consumption Support

Providing regular cash or food transfers to ensure households can meet their basic needs (through PSNP transfers). This removes the annual struggle for survival and allows time and financial space for ultra-poor households to invest in expanding livelihood activities.

### Savings

Helping households to build up savings as a buffer for difficult periods and for leveraging micro-finance.

### Skills training

Technical and entrepreneurial training on livelihood and income-generating activities, business skills, marketing, financial literacy, etc. to help increase their ability to be successful in their livelihoods.

### Livelihood transfer

Providing a subsidised asset or cash transfer to the household to help kick-start an economic activity.

The basis of the graduation model is to provide the poorest households with financial stability while enabling them to take small risks to increase their income generating capacity and diversify their livelihoods. "Graduation" within PSNP refers to: "A household has graduated from PSNP when, the absence of receiving transfers, a household can meet its food needs for all 12 months and is able to withstand modest shocks." In other words, they no longer require social safety net assistance—a household has the income security, stability and increased assets and wealth to be self-reliant.

Criteria are set by each region in Ethiopia to determine when a household can graduate and no longer requires PSNP support based on the above definition. Every local administration sets its own assessment criteria for graduation, as wealth measurement is relative and not uniform throughout all regions. Different livelihood zones<sup>2</sup>, differences in the wider enabling factors required to restore depleted assets (e.g. regulatory systems, market systems, resource ownership, e.t.c) and different market values of the same assets in different areas mean that what is required to meet food needs for 12 months can differ greatly between regions. The Programme Implementation Manual (PIM) provided by the Ethiopian government for implementing PSNP states that the key criteria should be that "households achieve food sufficiency in the absence of external support." Sample indicators are in relation to the productive assets (e.g. number of ox or

chickens owned), the value of those assets (e.g. assets worth >10,000 Birr), non-productive assets (e.g. iron sheet roofing on the home), annual earnings (e.g. 9000 Birr / year).

Each year, woreda officials assess whether any PSNP beneficiaries have achieved the required food security status to graduate. These assessments were to be undertaken through a combination of a Graduation Prediction System (GPS)<sup>3</sup> and wealth ranking conducted at the community level by a Community Food Security Task Force to identify potential graduates.<sup>4</sup> In March 2019 the Government of Ethiopia Ministry of Agriculture produced a PSNP Graduation Guidance Note to help implementers, including woreda and kebele level officials, better understand and implement the graduation process. As the GPS system was not actively functioning, the guidance note recommends using Household Economy Analysis<sup>5</sup> (HEA) to assess household food self-sufficiency and determine graduation targets based on a graduation threshold (the cost of meeting minimum food and livelihood costs in an average year, but also includes a buffer for people to cope with some loss of income in a bad year). Community level wealth ranking exercises are then conducted by kebele and woreda officials to identify the specific households that have access to the productive assets and total income that meet or exceed the graduation threshold.

Example targets from the woredas where CARE delivers SPIR are Gernechis woreda which is expecting 329 households to graduate in 2020 and Chiro woreda is estimating 390 to graduate. There is strong emphasis in the PIM on avoiding premature graduation, reinforcing that households should be deemed ready to graduate based on the graduation criteria and not on meeting targets, and forbidding urging households to 'self-graduate' in order to meet targets.

However, even as people are graduating based on woreda-level agreed criteria and significant increases in their income and food security, some people graduate and are still at risk of needing consumption support. There are some graduates from the earlier phases of PSNP who require emergency assistance through the Joint Emergency Operations Program (JEOP) due to food insecurity in years with poor harvests.<sup>6</sup>

2 A livelihood zone is an area which has similar agro-ecology and production patterns and where the population follows common livelihood strategies and have comparable access to markets. Woredas can have two or three livelihood zones marked by different altitudes, varying levels of rainfall, different cropping patterns, and greater or lesser dependence on livestock. Productive Safety Net Programme Phase IV Programme Implementation Manual. Version 1.1, September 2016. Ministry of Agriculture, Government of Ethiopia

3 The GPS is an analytical tool to support the assessment of likely graduation rates for a woreda – it does not identify graduate households, but simply predicts the likely graduation rate within a particular livelihood zone.

4 Productive Safety Net Programme Phase IV Programme Implementation Manual. Version 1.0, December 2014. Ministry of Agriculture, Government of Ethiopia. [https://www.usaid.gov/sites/default/files/documents/1866/psnp\\_iv\\_programme\\_implementation\\_manual\\_14\\_dec\\_14.pdf](https://www.usaid.gov/sites/default/files/documents/1866/psnp_iv_programme_implementation_manual_14_dec_14.pdf). An updated PIM (Version 1.1) was released in September 2016.

5 The Household Economy Analysis is a livelihoods-based framework designed to provide a clear and accurate representation of the inside workings of household livelihood systems at different levels of a wealth continuum, and the connections between these livelihoods and the wider economy. Food Economy Group, 2015. <http://foodeconomy.com/wp-content/uploads/2015/09/HEA-Guide-for-Programme-Policy-Makers.pdf>

6 The Joint Emergency Operations Program, an NGO consortium of which CARE is a member, provides humanitarian assistance during emergency periods in Ethiopia. It is activated, in close collaboration with the Government of Ethiopia, when chronic food insecurity is exacerbated

Building resilience, which is the core aim of PSNP4, means helping people deal with current shocks and stresses as well as improving their ability to deal with shocks and stress they could face in future. Can we predict at what level of income or assets a household will be self-sufficient enough to deal with future shocks and economic stresses? Does our linear view of economic progression and the criteria we use to determine if someone is ready to graduate reflect the impact of repeated poor seasons and insufficient harvests on food security, or the cyclical nature of income highs and lows over the year, or the impact of saturated markets on commodity prices and therefore incomes?

And for those who have been selected based on the locally agreed criteria, is it purely a factor of assets and income levels which determine those who will be able to succeed without social support? Are all people who have achieved the graduation criteria likely to become self-reliant? What makes the difference between people who are able to graduate and be successful, and others who are not?

### Purpose and Approach

These questions were investigated in September 2019 during key informant interviews with a small sample of individual PSNP beneficiaries who have been selected to over the past seven years or who are going to graduate in the forthcoming year. Most of the interviewees had graduated prior to the SPIR project, but lived in the woredas in which CARE delivers the SPIR programme. The interviews lasted between 1-2 hours, using open-ended questions to gather qualitative information. Participants were asked to share their experiences of how they have graduated, what they feel has enabled them to succeed where others have not, what are the risks they face to continued success, and how they feel about their future prospects.

#### The seven PSNP graduates<sup>7</sup> were:

- 1 male in the current PSNP4 due to graduate in a year
- 1 female widow in the current PSNP4 due to graduate in a year
- 1 female graduated 2 years ago, after 5 years in PSNP
- 1 male graduated 2 years ago, after 5 years in PSNP
- 1 male graduated 3 years ago, after 5 years in PSNP
- 1 male graduated 7 years ago, after 5 years in PSNP, now receiving JEOP assistance
- 1 female widow, husband graduated from PSNP 9 years ago, now receiving JEOP assistance

As there were a very small number of people interviewed, this brief is not intended to provide robust analysis or quantitative findings on the questions raised. Rather, the

aim is to discuss and share graduates' perspectives on these issues that are fundamental to the durability of the positive impact of PSNP and HABP. Further investigation is needed to more deeply understand household and individual motives, factors and risks around graduation, and to understand how the wider system drivers influence graduation. There are many other factors which influence a household's ability to succeed which were not raised by the interviewees (e.g. number of productive household members, contingency cash, remittances, natural resources, access infrastructure [e.g. communication, transportation, electricity, markets], reliable market information, culture, religion, quality of the agricultural extension service delivery, etc). These factors differ from individual to individual, and also need to be understood further – particularly those enabling factors which are not directly supported through PSNP interventions.

### Findings

**Factors for graduation success:**  
at the household level is there more beyond  
assets, income and livelihoods?

To achieve the goal of PSNP4 the PIM outlines the following indicators to be measured regularly through programme impact assessments:

- % of children age 6-23 months of age who receive minimum acceptable diet
- Household dietary diversity
- Average value of asset holdings
- Number of different income sources

The criteria for graduation in each woreda are developed through a community level wealth ranking exercise and assessed annually which PSNP beneficiaries have an income that without PSNP is above the graduation threshold. This is generally based on amount of productive assets, income generated through public works participation, other income generated through related livelihood business activities. Some examples provided in the PIM of wealth criteria are size of family, number of goats, sheep, cattle, chickens, number of hectares cultivated, etc.

In discussions with PSNP graduates, they all had significant improvements in these areas which led to their graduation. They shared similar experiences of what support they received to achieve these improvements: technical training on the livelihood they selected to pursue, business and financial skills training and receiving a cash grant or loan to invest in productive assets. After graduation, they continued to invest and grow their assets and diversify their livelihoods. They continued saving and using whatever money they could earn to reinvest into their livelihood activities. Some used the profit from buying and selling ox to purchase more ox, others were able to increase their livestock to include sheep, goats, cows, heifers and chickens. Some purchased additional ox and ploughs to be able to plough their own land (rather than renting it out for crop-sharing), and some were able

by emergency shocks, requiring additional coverage and emergency food relief. PSNP graduates are sometimes recipients of this support during times of acute food insecurity. <https://www.ennonline.net/fex/40/joint>

7 Their ages were estimated between 30 and 65 years – it was acknowledged by the interview facilitators that these ages are estimates as many people do not have accurate birth records.

to increase their profit on livestock by directly accessing markets without going through brokers.

However, they all mentioned that there were other people in their PSNP cohort who received the same support but were not able to graduate. When asked why they were able to succeed when others didn't, responses were:

#### Personal drive and motivation

All mentioned that they wanted to take the skills and knowledge they received through the programme and do better for themselves and not be dependent on PSNP. Each of them expressed the desire to succeed and be self-reliant, to not to continue struggling year after year, and the willingness to work hard to make it happen.

#### Perseverance

When things did not work out they would try other activities, in other words they were not discouraged by failure. Where investments were not increasing their income, they stopped and tried other ventures with the desire to keep progressing. E.g. one interviewee spoke of taking a loan to purchase sheep and goats and sell, but when he was only able to pay back the cost of loan, he took another loan and switched to calves and heifers.

#### Entrepreneurial spirit and confidence in their ability to succeed

All of them felt that they had strong business acumen, including the ability to operate successfully in market environments (e.g. buying and trading) or mobilising others for business ventures (e.g. setting up producer collectives)

#### Aspirations

Interviewees all had aspirations and goals they were working towards (e.g. eventually owning a shop, renting a house in Chiro town, sending their children to college)

#### Willingness to explore different options and take calculated risks, not limited only to what they have done before

Interviewees who were trying different things and aspiring to new livelihood options appeared more confident in their ability to succeed. E.g. one interviewee after being inspired through PSNP4, started different businesses and earned income through her trading. When some ventures did not work out, she tried selling other items or producing other goods for sale. Eventually through her different ventures she was able to buy a motorised pump for irrigation and has now opened a shop kiosk as well as acquired more farmland.

#### Received a capital grant or loan for initial investment in productive assets, and continue reinvesting profits to increase income

All the interviewees have been able to generate profit from their investments and strongly feel the way to continue to succeed is to invest that profit towards increasing livelihood activity and asset-building. In any way that money can be saved or earned, people used it for reinvestment (e.g. an interviewee said when she attended technical trainings in the woreda town, she saved even her travel money and used it for more investment).

Evidence from resilience programming globally<sup>8</sup> demonstrates

8 Resilience Insights, Global Resilience Partnership – Lessons from the Global Resilience Partnership. September 2019. [http://grpinsightsreport.info/wp-content/uploads/2019/10/GRP\\_](http://grpinsightsreport.info/wp-content/uploads/2019/10/GRP_)

that a combination of multiple interventions rather than providing a single support activity (e.g. cash assistance, or training, or business loans) is required to effectively support resilience to shocks and stresses. Thus, the combination of consumption support and business/financial literacy training alongside livelihood skills training and asset/lump sum grant or loan should be the model for enabling graduates to progress after graduation.

However, we can see that there are also individual qualities, which go beyond the grants, training and asset transfer which are determinants of success. The tangible assistance are the building blocks, but what people do with that and how successful they can become differs from individual to individual.<sup>9</sup>

Some participants also mentioned that other beneficiaries who have larger families struggled because what was provided through previous PSNP phases was not enough thus all the extra income they earned went towards their unmet needs. These larger families did not have the ability to shift beyond meeting basic needs, even with increased income and livelihood activities.<sup>10</sup>

### Future shocks and economic stresses: what might make people fall back?

The interviewees who graduated from PSNP more years ago were finding it harder to maintain their positive direction. Their reasons for struggling again were:

- Frequent drought or poor rains and poor harvests (affecting their cash crops and food for their animals, not having enough excess food to sell and not enough to feed their livestock, all of their business ventures being dependent on good rains each season)
- Increasing costs of educating children as they progress to higher education (as their children are now older and go to college, they have to pay higher school fees)
- Rising costs of inputs without the same level of increase in incomes (costs of livestock feed increase significantly when PSNP graduates no longer receive

Resilience\_Insights\_Report.pdf ; Resilience Results – BRACED Final Evaluation, Synthesis Paper. September 2018. <https://itad.com/wp-content/uploads/2018/09/BRCJ6513-Final-Evaluation-report-1709-WEB.pdf>; What does resilience mean in practice? Collective learning from multiple agencies. BOND Interagency Resilience Learning Group. April 2017. [https://www.bond.org.uk/sites/default/files/resource-documents/ppa\\_learning\\_paper\\_resilience\\_in\\_practice.pdf](https://www.bond.org.uk/sites/default/files/resource-documents/ppa_learning_paper_resilience_in_practice.pdf)

9 It is important to note that there are many other circumstantial factors that help graduates to succeed which were not identified by the interviewees (e.g. number of income-earning family members, remittances, culture, etc.). However this brief is only able to reflect what has been shared by interviewees. Further investigation is needed to understand the contributions and interlinkages of these other factors.

10 This was due to a previous cap on providing assistance only up to five family members per household, even if the family was larger than five. The March 2019 Graduation Guidance Note now allows regions to determine how to better support larger families within the existing program caseload and budget, without having a predetermined cap on the number of household members that can be supported.

subsidised inputs – 50kg livestock feed increased from 50 Ethiopian Birr to 400 Birr (USD 1.50 to USD 12) over the past five years)

Irrespective of how long ago they graduated, all interviewees said they were hoping for good rains this season – otherwise their crop yields would be lower or could fail. They would struggle to feed their livestock because they couldn't afford to buy animal feed and they would not make any profit from their increased investment in their farms (e.g. most had increased their planting of chat, and some started haricot beans and other vegetables). They all indicated that they would have to start selling off the assets they had accumulated, and a few have already sold off their livestock to cover household costs. (e.g. "When having to choose between feeding an ox and feeding your children, the children come first.")

Sending children to higher education has meant some interviewees have had to reduce their numbers of livestock each year or had no more savings and were unable to save any longer. A couple of participants were able to earn enough money from the efforts of PSNP and HABP to buy land in the nearby woreda town (as part of their plan to build a house to rent for further income), but even with this additional asset recurring food insecurity means they still do not have enough to survive throughout the year, have not been able to do anything further with the land they invested in, and require additional emergency assistance.

Even with concerns about the potential risks and setbacks, the graduates still had hope for the future. Those who were most confident in dealing with the uncertainty said they had:

- Entrepreneurial spirit, and determination to continue after facing obstacles (when ventures and investments failed, would not give up and would continue to try different things)
- Other ways to earn money if crops did poorly (some graduates said if they had a poor harvest they could rely on day labour, making and selling cookstoves, pottery, shopkeeping, etc. for income)

### **Reflection on the current PSNP4 and for future consideration.**

This initial investigation has elicited some useful information to reflect on PSNP4 and to continue exploring these issues, gather more evidence on the sustainability of graduation at the household level, and the systemic factors that influence graduation success.

Among the range of graduates who were interviewed, those who were soon-to-be or soon-after graduating had a more positive outlook and passionate enthusiasm about their futures compared with those who had graduated many years before. It is worth considering if this reduction in optimism indicates that it is not as easy to stay financially secure as years progress and situations get harder, and people's economic improvements are harder to sustain after graduation. From a different perspective, this could be an indication that the comprehensive 'full package' graduation model of PSNP4 better equips people to deal with economic ups and downs than the earlier approach of PSNP which provide less complementary

support. There could also be other factors that are not related to the programme or people's circumstances (e.g. people who are more recently involved in projects do not want to speak negatively as they are still receiving assistance, different individual characteristics among those we spoke with, etc.).

It was clear through these discussions with graduates that in addition to the concrete support provided through PSNP and HABP, there are personal traits that drive people forward and enable them to weather shocks and stresses – in other words, that make them more resilient. It is worth exploring whether we can pay more attention to the personal qualities that lead to successful graduation, and consider in future if we should be finding ways to support these (e.g. as determinants for graduation readiness alongside income levels and asset building, encouraging these traits through coaching, having graduates mentors others, foster collective businesses with entrepreneurial leaders to encourage positive motivation).

The graduation model enables people to progress off the need for social safety nets, however measuring static indicators on an annual basis (e.g. amount of income over a year, number of livestock animals owned, etc.) even with a buffer and a 12-month preparation time to graduation does not always indicate if a household will be able to sustain their improvements. The people interviewed shared their concerns and the pressures they face, and how insecure their situation is even after years of sustaining themselves since graduating. For graduates to continue advancing, we need to improve our understanding of the progression and support needed to help people who are 'just out of poverty' towards better security of livelihoods, income and assets. Also, efforts to help graduates address and mitigate future risks (household, economic and climate shocks and stresses) is important to avoid falling back into cyclical poverty and secure their upward economic trajectory and income stability.

Specific interventions that could be explored further (or continued and strengthened) are to:

- Provide longer access to emergency funding for previous graduates to prevent from falling back when stresses or shocks mean they are no longer able to sustain themselves and prevent them from falling back (stronger implementation of the 'Post-Graduation Monitoring and Support' in the Graduation Guidance).
- Other mechanisms to meet the additional financial pressures a graduate household may face, such as education grants, subsidised rates for inputs or additional assistance for larger families.
- Emergency funds through savings groups to help people deal with economic shocks without having to resort to negative coping mechanisms.
- Diversification of livelihoods to support both on-farm and off-farm options, so there are alternatives people can rely on if agricultural productivity is low (in other words, diversifying risk across their livelihoods so that not all livelihoods are dependent on rain-fed agriculture for their survival).
- Consider the economic viability of income generating

businesses that are being promoted through the livelihood component – if the input costs are rising but the profit margins are reducing, then it could be reducing graduates’ food security in the long-term.

- Integrate climate risk assessments into livelihood options (both in selection of livelihood options for HABP implementation and in household level management), and ensuring livelihood and public works activities are reducing climate risk.
- Increase access to weather and climate information before and during seasons to help people plan for and make decisions to reduce their agricultural and livestock risk.<sup>11</sup>
- Support the personal qualities that drive individual success and include these as determining factors for selecting graduates (e.g. coaching, mentors, collective businesses with entrepreneurial leaders).
- Consider other factors which influence a household’s ability to succeed that are not typically counted in wealth ranking exercises. These were not necessarily raised by the interviewees but are circumstances which affect graduation readiness and success (e.g. number of productive household members, household dependents, remittances, quality of natural resources, access to infrastructure [e.g. communication, transportation, electricity, markets], reliable market information, culture

11 Refer to CARE learning on Participatory Scenario Planning in Ethiopia: [https://www.care.org/sites/default/files/documents/spir\\_learning\\_brief-ppsp.pdf](https://www.care.org/sites/default/files/documents/spir_learning_brief-ppsp.pdf); <https://careclimatechange.org/participatory-scenario-planning-helps-households-cope-with-weather-shocks/>; <https://careclimatechange.org/wp-content/uploads/2019/06/ALP-Ethiopia-CIS-Country-Report.pdf>

and religion, quality of the agricultural extension service delivery, labour demand, etc). Further investigation would improve understanding of how these factors affect people’s ability to graduate from PSNP and food insecurity.

## Conclusion

Substantial success has been achieved in reducing extreme poverty, supporting the most vulnerable, and increasing self-reliance in the 14 years of PSNP. PSNP4 has shifted support to the poorest households beyond humanitarian assistance and safety net transfers to a holistic approach to sustainable poverty reduction. However, with increasing impacts of climate change on agricultural production and natural resources and rising costs to sustain livelihood activities, we need to look more deeply at the factors that will help people to continue to improve after they have graduated, as well as the future risks that may undermine their progress. The risks to self-sufficiency are cyclical and if graduates are not well on their way to economic security, we have seen through these interviews how easily people can fall back and their assets and incomes quickly diminish. The graduates interviewed have also emphasised the importance of the personal qualities that are critical factors for success: motivation, perseverance and confidence to progress after graduation.

As programmes like SPIR continue to create positive impact, we encourage further learning from the perspectives and experiences of graduates and other actors involved in shaping graduation indicators and targets, to ensure people can continue to thrive long after graduating from PSNP.

Visit for more information: [www.care.org/spir](http://www.care.org/spir)

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