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

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

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

Main findings

**Household-level impacts**

- **Schooling and child labour:** When PSNP payments were low, participation in the programme lowered grade attainments for both boys and girls. Child labour on the family farm also increased. However, an increase in PSNP payments led to increased grade attainment for girls and reduced farm labour for boys.

- **Child nutrition:** PSNP did not reduce either chronic undernutrition (height-for-age Z-scores, or stunting) or acute undernutrition (weight-for-height Z-scores, or wasting).

**Economy-wide impacts**

- **Local:** A local income multiplier is the increase in income per Ethiopian birr transferred to a poor household. In five of the eight kebeles included in the study, the researchers found an increase in local income. In kebele Joro Geta, local income increased by ETB2.5 (approximately USD0.09) for each Ethiopian birr transferred to PSNP participants.

- **National:** The PSNP raised the national gross domestic product by 1 per cent by stimulating production (agricultural and non-agricultural) and demand both within and outside participating kebeles. Agriculture production increased by 1.33%, and total production by 0.76%.
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