



# EVALUATION OF OFDA CASH FOR RELIEF INTERVENTION IN ETHIOPIA

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## EXECUTIVE SUMMARY

**Background:** As a result of insufficient rainfall in 2002 and 2003, the Ethiopian Disaster Prevention and Preparedness Commission (DPPC) issued an international appeal for food assistance in December 2003. Some 7.2 million people were estimated to be at risk in 2004. An OFDA/DART's response to this crisis resulted in more than \$31.9 million in support of humanitarian assistance in FY 2003 and a commitment of \$17.4 million in FY 2004. These funds helped meet Ethiopia's priority relief needs, which included assistance with: health and nutrition, agriculture, water and sanitation, local NGO capacity building and strengthening livelihoods. Part of the livelihoods intervention was a new and innovative Cash for Relief (CfR) program. This program was designed to provide small cash grants over a three to six month period directly to the most vulnerable households (HH). The objective of these grants was to assist beneficiaries to rebuild HH assets lost as a result of the drought and to help improve their livelihoods. Four NGOs with long experience in Ethiopia were selected to implement pilot CfR projects.

**Scope of Work:** The purpose of the evaluation was to determine the effectiveness and overall impact of the CfR activities, and compare implementation approaches. After a rapid review of documents in Washington, the evaluator carried out fieldwork in Ethiopia from August 13 to September 10, 2004. The methodology employed standard rapid assessment procedures, and included document review, interviews and focus groups. Site visits were made to completed CfR programs in the SNNP, Oromiya and Amhara regions. Samples in each region of all primary participants and stakeholders were interviewed.

**Key Findings:** The CfR intervention is one of the most powerful and elegant relief techniques available. Used in coordination with food relief and under the right conditions which include: (a) local availability of food, (b) proximity to markets, and (c) adequate transport infrastructure, the intervention has a strong multiplier effect. It saves lives, it gives people dignity, it empowers women and it maintains and helps rebuild HHs. The cash grant reduces dependency on food aid and stimulates local markets, and the distribution of cash is 40% more cost-efficient for donors and NGOs than the traditional distribution of imported grain. The use of government mandated Employment Generation Schemes (EGS) as part of the CfR projects has the potential of creating long term, sustainable environmental and public works improvements. The evaluation found no substantive problems with any of the implementation programs.

### **General Recommendations:**

1. CfR is a powerful tool in preserving and rebuilding household assets, and should be added to OFDA's traditional approaches of emergency assistance.
2. To understand the long term impact of the CfR intervention on asset creation and its effects on HH food security, a follow-up assessment needs to be made in one year.
3. The use of the CfR intervention in pastoral areas of the country should be explored and tested.
4. CfR may not be an effective relief intervention in some cultural, social or religious environments.
5. To be most cost effective, CfR needs to be co-coordinated with the agricultural cycle.

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## Acronyms

CARE	Cooperative for Assistance & Relief Everywhere
CfR	Cash for Relief
CfW	Cash for Work
CISP	Comitato Internazionale per lo Sviluppo dei Popoli
CRS	Catholic Relief Service
DART	Disaster Assistance Response Team
DFID	Department for International Development/United Kingdom
DPPC	Disaster Prevention and Preparedness Commission
EGS	Employment Generation Schemes
EOC-DICAC	Ethiopian Orthodox Church-Development and Inter-Church Aid Commission
ESAC	Economic and Social Asset Creation
FEWS NET	Famine Early Warning System Network
FAO	Food and Agricultural Organization
GFDRE	Government of the Federal Democratic Republic of Ethiopia
GOE	Government of Ethiopia
GR	Gratuitous Relief
HH	Household
JEOP	Joint Emergency Operations Plan
NGO	Non-governmental Organization
OFDA	Office of U. S. Foreign Disaster Assistance
PA	Peasant Association
REST	Relief Society of Tigray
SC/UK	Save the Children/ United Kingdom
SNNPR	Southern Nations, Nationalities and Peoples Region
TFC	Therapeutic Feeding Center
TSFP	Targeted Supplementary Feeding Program
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USG	United States Government
WRDO	Woreda Rural Development Office
WV	World Vision, Inc.

“Man shall not live by bread alone,” he also needs cash.

## EVALUATION OF OFDA CASH FOR RELIEF INTERVENTION IN ETHIOPIA

### 1.0 Purpose of the Evaluation

To help address the serious drought situation in Ethiopia during Fiscal Year (FY) 2003 and FY2004, the United States Agency for International Development’s Office of U.S. Foreign Disaster Assistance (USAID/OFDA) provided over \$50 million for emergency relief assistance. In addition to the traditional emergency interventions for assistance in health and nutrition, agricultural, water, sanitation and livelihood activities, OFDA provided funding for a new and innovative Cash for Relief (CfR) program. Four million dollars in grants were given to five non-governmental (NGO) partners to implement a variety of CfR programs in the severely drought- effected areas of Tigray, Southern Nations, Nationalities, Peoples Region (SNNP), Oromiya and Amhara Regions. These programs provided small cash grants over a short term (3-6 months) directly to vulnerable households (HH). The objective of these grants was to assist beneficiaries rebuild HH assets lost as a result of the drought and improve their livelihoods. The purpose of this evaluation was to determine the effectiveness and overall impact of CfR activities and to compare implementation approaches of four of the NGOs.

### 2.0 Background

Ethiopia has never recovered from the disastrous droughts that struck the country in the 1970s and 80s. Not only were they the cause for the overthrow of the Emperor and his replacement by a Marxist inspired regime, but they initiated what has now become a condition of chronic food insecurity for a vast number of the population.

Some 85% of the country’s population relies on subsistence agriculture for its livelihood. These farmers have been plagued by periodic droughts, irregular rainfall, traditional agricultural practices which have caused soil degradation and erosion, overgrazing and deforestation. Moreover, a high population density, under-developed water resources and poor transport infrastructure have handicapped the ability of farmers to produce an adequate food supply and hindered the development of national grain markets.

In 2002, insufficient rainfall again threatened famine. The *belq*, or secondary rains which normally occur from February through April, were below average, and the main rains, the *meher*, which normally fall between June and September were delayed and sporadic. The lack of rain effected agricultural and pastoral areas, especially in SNNPR, Tigray, Oromiya, Amhara, Somali, and Afar Regions. In August 2003, the Disaster Prevention and Preparedness Commission (DPPC) of the Government of the Federal Democratic Republic of Ethiopia (GFDRE) issued an international appeal for emergency food assistance. The DPPC estimated that some 13.2 million Ethiopians

faced food insecurity and would require 1.8 million metric tons (MT) of emergency food commodities for the remainder of 2003. The Feinstein Center at Tufts University reported that even if the rains returned to normal for the remainder of 2003, the downward spiral of chronic food insecurity would continue due to increased farmer debt, decreased seed stocks, degeneration of general health, depletion of livestock, and widespread loss of general HH assets. In December 2003, the DPPC/GFDRE estimated that 7.2 million people were at risk in 2004, and issued another international appeal for food assistance.

In light of this overall situation, the U.S. Embassy in Addis Ababa declared a disaster in October 2002. In May 2003, OFDA deployed a DART (Disaster Assistance Response Team) to assess the need for a non-food response to the humanitarian crisis. This mission resulted in more than \$31.9 million in support of humanitarian assistance in FY 2003. OFDA has further committed over \$17.4 million in FY 2004 to support Ethiopia's priority relief needs, which include health and nutrition, agriculture, water and sanitation, livelihoods, and local NGO capacity-building activities. OFDA also posted a long-term OFDA humanitarian response team to Addis Ababa, headed by an Emergency Disaster Response Coordinator (EDRC).

Since the crisis was initially announced in 2002, USAID's Office of Food for Peace (FFP) has provided more than 1 million MT of food assistance, valued at more than \$500 million. This food was provided through the PL 480 Title II Emergency Food Assistance Program. In fiscal year FY 2004, FFP pledged an additional 275,160 MT of food valued at some \$123 million. These commodities include cereals, pulses and vegetable oil, and corn soy blend (CSB) for therapeutic and supplementary feeding for infants.

As of April 8, 2004, the US Government has committed some \$140,508,207 in humanitarian assistance to Ethiopia. OFDA provided some \$50 million of this total.

### **3.0 Methodology**

Fieldwork took place in Ethiopia during a three week period in August and September 2004. The methodology consisted of rapid assessment procedures (RAP), and included a combination of document review, interviews and focus groups. Site visits were made to CfR programs that had been implemented in SNNP, Oromiya and Amhara Regions. Primary participants and stakeholders in the program were interviewed—beneficiaries and non-beneficiaries, representatives of implementing partners both in Addis Ababa and the field, local government officials, USAID and OFDA representatives, and a representative of The Government of the Netherlands.

### **4.0 Evaluation of the Cash for Relief Program**

Four NGOs participated in the CfR program during FY2003/FY 2004: CARE, Save the Children/United Kingdom (SC/UK), World Vision (WV), and the Ethiopian Orthodox Church (EOC). One other NGO, *Comitato Internazionale per lo Sviluppo dei Popoli*/International Committee for the Development of Peoples (CISP)/Relief

Society of Tigray (REST) received funding for a cash program, but the cash was only used for the purchase of local seed. That project was not part of this evaluation.

The scope of work for this evaluation requested that a series of questions be addressed under the following general criteria:

- i. General Questions
- ii. Efficiency/Cost-Effectiveness
- iii. Effectiveness
- iv. Impact
- v. Relevance/Appropriateness
- vi. Sustainability/Connectedness
- vii. Coverage
- viii. Coherence

#### 4.1 General Questions

4.1.1 What were the methods and criteria used for targeting HHs, the role of the community in this process, and the advantages and disadvantages of the various approaches to the targeting?

Targeting of beneficiaries was at two levels: administrative targeting and community targeting. Each involved different processes. Ethiopian government representatives played an integral role in each of the processes.

Administratively, the modus operandi for the implementation of the CfR program for all of the four OFDA partners was roughly the same. After being alerted by the GFDRE/DPPC that there was a situation of food insecurity and after some negotiation between *woreda*\* officials of the region and higher levels of the government administration (zonal and regional), the most severely effected *woredas* in the zone were identified and the amount of food aid available to the region from the central government was determined. Generally, the need for food aid in these *woredas* was also confirmed and verified by the NGOs. The partner NGOs have all worked in their respective regions for several decades, and have an intimate knowledge of the existing socio-economic conditions. All of the CfR programs were in *woredas* that were administratively targeted by the government to receive food aid.

Three conditions were critical for targeted *woredas* to receive CfR: (1) there had to be local food available, (2) there had to be market accessibility for the beneficiaries, and (3) there had to be an adequate infrastructure to transport food. These conditions were determined by the respective NGO monitors.

After the *woredas* most at risk were identified administratively, the NGOs conducted orientation workshops for the district DPPC committee on the goals and objectives of

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\* A *woreda* would be the equivalent to a county in the US. It has considerable autonomy from higher levels of government.

the CfR program. This committee included: district council representatives, rural development agents, finance and economic development agents and education representatives. In addition to these orientation workshops, the NGOs provided extensive training to their own staffs.

Once the specific *woredas* were selected for assistance, the NGOs, with their government colleagues, conducted intensive community orientations informing people about the CfR program. *Kabele* (village) screening committees were then selected. These committees usually consisted of: peasant association (PA) leaders, community health representatives, religious leaders, community elders, women representatives, education representatives, Ministry of Agriculture development agents (DA) and representatives of the NGO.

The selection of specific HHs for eligibility for CfR generally followed the “Guidelines” described in the government’s “Food Aid Targeting Handbook” (2002), produced by the DPPC. These guidelines provide four core principles for targeting beneficiaries in humanitarian interventions:

- The community shall play the leading role in the planning, programming, implementation and evaluation of all relief projects;
- Resources will be prioritized according to the most threatened lives and livelihoods;
- The interventions will be clearly structured and centers of coordination will be adequately empowered;
- Relief must be addressed to the most needy, and no free distribution of aid will be permitted to able-bodied individuals. [These individuals would have to participate in government sponsored Employment Generation Schemes (EGS), a program intended to build social and community assets and infrastructure.]

At this level of beneficiary selection, two methods were used by NGOs. One involved a beneficiary selection committee which selected categories of vulnerable people—HHs participating in Therapeutic Feeding Center (TFC) programs and Targeted Supplementary Feeding Programs (TSFP); women headed, resource poor HHs; orphans and vulnerable children; handicapped; elderly and chronically ill; child headed HHs; and the most poor. The second method involved a community wealth ranking procedure in which all HHs in the community self-selected themselves into three groups according to their assets and livelihood condition: very poor/vulnerable, not so poor, and better off. (The distinction between these groups was normally not very great.) The very poor and vulnerable were then carefully vetted by the community, so that the most needy among them were chosen. Depending on changing situations, beneficiary HHs were added to and subtracted from the lists.

Lastly, the final group of beneficiaries was divided into those who would receive cash relief gratuitously (GR) because they were unable to work, and those who were able to work would receive cash for work in EGS. EGS guidelines mandated that this division be based on a community ratio of 20% GR beneficiaries and 80% EGS beneficiaries.

Once selected, three of the NGOs conducted orientation/training programs for the beneficiaries which included such topics as: financial and micro-enterprise management, natural resource management, health management, and community governance. One NGO did not provide training or orientation to beneficiaries about how to use the cash.

#### 4.1.2 Discussion

This general targeting process worked remarkably well. None of the stakeholders—government officials, beneficiaries, non-beneficiaries or NGOs—were able to identify substantial abuses or patterns of abuse with the targeting process, and the process was widely accepted as being fair and equitable. While NGOs noted that there were some initial problems, such as committee members who tried to influence the selection of family relations as beneficiaries, HHs “borrowing” children to increase the number of HH members, and eligible HHs that were marginal to the community not being selected as beneficiaries, these problems were not widespread and were readily resolved. The general understanding and acceptance of the CfR program by the community, the integral use of the community in the selection process, and the regular monitoring of beneficiaries by NGOs provided an effective, self-regulating rigor in the targeting process.

Because of the constantly changing socio-economic conditions in communities due to local conditions, a formulaic process of targeting and selecting beneficiary HHs does not seem practical. The targeting process makes the community the final arbiter as to which HHs receive assistance and a close monitoring of the beneficiaries insured that the most vulnerable HHs were being selected. The process, however, can never be 100% correct.

While the “Food Aid Targeting Handbook” provided targeting guidelines rather than rules, there was a tendency to regard the guidelines as rigid, inflexible government mandates. Strict adherence to these rules, in some instances, meant that because of the 20% GR and 80% EGS ratio, some eligible beneficiaries were excluded from the GR lists. One NGO, however, had no EGS, and all cash disbursement was GR.

Nevertheless, some flexibility in the guidelines did occur, most likely because the CfR was a new program, and procedures surrounding cash distribution were different than those applied to food distribution. Also, as a result of the decentralization of administration, some regions exercised more flexibility in applying the guidelines than others. This flexibility allowed various NGOs to “experiment” with targeting different beneficiaries. One NGO, as noted above, gave priority targeting to HHs who had children in Therapeutic Feeding Centers (TFC), and to those who were in Targeted Supplementary Feeding Programs (TSFP). This special targeting had a significant impact on the health of children and their siblings in these HHs. Another NGO expanded the number of beneficiaries per HH allowed for food aid from five to include all members of the HH, regardless of family size. This change allowed the larger, at risk HHs, to receive more cash, and thus be able to fundamentally alter their conditions of poverty and food insecurity. Another NGO was able to alter the EGS

guidelines, and developed a program of Economic and Social Asset Creation (ESAC) activities, which were based on *kebeles* setting their own priorities for creating community assets. This resulted in school repair, the building of school latrines, fencing around a school and mosque, refurbishing of housing for the district development agent, as well as road construction and maintenance, terracing and pond construction. These activities were persuasive enough to attract non-beneficiaries to participate as well as beneficiaries, and to continue after the CfR program ended. And, as mentioned, one NGO provided all beneficiaries GR, without any EGS activities. All of these targeting differences were highly effective and offer options for future planning and programming, depending on the specific conditions in the targeted *woredas*.

4.2 How much money was distributed to HHs by each partner? What was the total amount distributed by each partner?

**Table I: Total Cash Budgeted by NGO Partners and Average Amount of Cash Distributed to HHs**

	<b>Tot Cash Budgeted</b>	<b>No. of Beneficiaries</b>	<b>Average Amount Distributed to HHs</b>
SC/UK (1)	\$949,938	9,946 HH/30,000 benef 9,946HH/77,500benef	\$37 (320 Birr) \$17 (151 Birr)
EOC (2)	\$259,703	2,634HH/15,800 benef	\$99 (855 Birr)
CARE	\$896,057	8,939HH/41,737 benef	\$100 (867 Birr)
WV	\$620,956	10,869HH/55,266 benef	\$57 (492 Birr)
REST (3)	\$344,372	43,693 HHs	N/A

(1) SC/UK had two separate programs in two separate *woredas*.

(2) The EOC program had been delayed in starting, and they have not evaluated their program yet, thus many of the details of their program are unavailable for comparison with the other NGOs.

(3) The REST program used the cash from this grant for a cash for seed program, not cash for relief.

Each NGO had a different formula for determining how much Birr each beneficiary received, which in turn determined how much cash each HH received.

SC/UK made three cash distributions during a three months project period from September to November 2003. In Sayint *woreda* in which all 9,946 HH/30,000 beneficiaries were intended to meet all of their nutritional requirements with their cash allotments, each beneficiary received \$4 (35 Birr) per month for a total of \$12 (105 Birr), and each HH received 105 Birr times the number of HH members, with no limit. In Debre Sina *woreda*, each beneficiary received \$2 (15 Birr) per month for a total of \$6 (5 Birr) per person to supplement their general food ration. There were 9,946 HH/77,500 beneficiaries in this *woreda*. The largest family size in both *woredas* was 12.

EOC made six distributions during a six months program from August 2003 to January 2004. A single beneficiary received \$9.33 (81Birr) per month, or a total of \$56 (486 Birr) for six months, while a HH of two received \$14 (121 Birr) per month or a total of \$84 (726 Birr). Additional HH members received \$2.33 (20 Birr) to a maximum of six or \$23.34 (202 Birr) per month, for a total of \$140 (1212 Birr) during the life of the project.

CARE made six distributions over a six months period, from October 2003 to March 2004. CARE provided each beneficiary with a flat rate of \$14 (20 Birr) per person per month. A HH of six members received \$97 (840 Birr) over six months.

WV's program ran for six months from September 2003 to February 2004. WV had the most complicated system for distribution of any of the partners. Payment was made based on family size and age groups. Total payment ranged between \$131 (1130 Birr) for an 11 member HH to \$19 (160 Birr) for a single member HH. For a single headed HH, either male or female, a total of \$23 (200 Birr) was allotted, plus \$8 (70 Birr) per child under five years. Children between 6-18 years, who had need of school supplies, were allotted \$10 (90 Birr). Couple-headed HHs received the same allotments as single headed HHs, \$23 (200 Birr) plus \$8 (70 Birr) for children under five and \$10 (90 Birr) for each child between 6-18 years. Cash disbursements were made in three tranches: 50% of the HH total was paid during the first tranche, and 25% each for the remaining two. This was done in order to avoid market inflation for food and other items.

#### 4.3 How was the money used by the beneficiaries? How much was used for consumption? How much was used for rebuilding assets?

A sample survey from CARE in West Hararghe showed that there were two aspects of cash utilization: the use of cash during the distribution period and total use of cash.

**Table II: Average Cash Utilization, % of Allotment** (Survey of 20% of CARE Beneficiaries)

Payment	Food	Clothing	Livestock	Medical	School	House rehab	HH Needs	Other
1	17%	39%	23%	5%	1%	2%	10%	2.7%
2	20.1	22	35	5	1	3	11	2.9
3	21.7	18	35	4	1	5	10	4.4
4	21	15	37	4	2	5	12	3.6
Average	19.95	23.5	32.5	4.5	1.25	3.75	10.75	3.4

(From: CARE, West Hararghe Cash-for-Relief, TERMINAL REPORT, June 21, 2004)

Overall, HHs made the choice to invest the greatest proportion of their allotments in rebuilding livestock assets, such as shoats (sheep & goats), chickens, donkeys, cows and oxen. The amount of this investment increased during the payment cycle, from 23% after the first payment to 37% after the 4<sup>th</sup> payment. This suggests that after the initial needs of the HH for food and clothing are met, people will make investments in livestock.

Their second preference was for clothing. The use of cash for clothing was highest after the first payment, some 39%, but was reduced to 15% after the last payment. For most people, clothing is a one time expense, and people initially had a high need for clothing, but after the need was satisfied, it dropped off. Another reason given for this spending pattern was that children needed clothing in order to go to school.

Food was the third preference, and with the exception of the first payment which used 17% of the allotment for food, cash spent for food and food supplements was

consistently around 20%. This would imply that there were two factors at work with HH food expenditure. One is that the food ration received by each HH fell short of its needs, thus requiring HHs to buy supplementary food to fill the gap. The other is that HHs were able to improve their nutrition by purchasing a wider variety and better quality of food.

Noteworthy is the fact that nearly half of the HH allotment (47.15%), if clothing is included, was spent on needs other than consumption and asset building. This suggests that a variety of livelihood expenditures, household needs (kerosene for cooking, wash basins, cooking equipment, and the like) and house maintenance, clothing, medical and school needs, are as important to HHs as maximizing food security.

The “Other” category of 3.5 % was used for land tax payment and debt repayment, petty trading, and the like.

World Vision found similar expenditure preferences, but significantly different emphasis than CARE.

**Table III: WV Cash Utilization** (% of Allotment from 564 HHs for 2 payments)

Payment	Food	Clothing	Livestock	Medical	School	HH needs	Debts	Saving	Income generation
1	3.72	5.38	83.5	1.23	.29	1.61	.87	.39	3.01
2	4.35	4.59	81.68	1.69	.24	3.29	1.82	.54	1.8
Average	4.0	5.2	82.59	1.46	.27	2.45	1.35	.47	2.4

(Source: World Vision Ethiopia, Cash Relief Project in SNNPR, Draft Report, August 20, 2004; p. 10)

Investment in livestock took a much greater proportion of the total allotment, averaging 82.59% during two cash distributions, while clothing represented only 5.2% and food 4%. The fourth largest category was HH utilities/house maintenance with an average of 2.45%. A small, but significant 2.4% of the cash went towards income generation activities such as petty trading. Medical and school expenses are small but consistent, averaging 1.46% and 0.27% respectively. As in West Hararghe, land taxes and debt were minor but important expenses, taking an average 1.35% of the total allotment. Lastly, people were able to put aside a small amount towards savings. The bulk of these savings were put into traditional “savings and loan associations” known as *iqub*.

SC/UK did not directly record cash utilization for the OFDA grant for their program in North and South Wello. However, an evaluation by the Ethiopian Economics Association of two similar CfR programs funded by the Department for International Development/United Kingdom (DFID) and the Government of the Netherlands in 2001 and 2002, contains comparable information. Using slightly different categories, beneficiaries in SC/UK’s program utilized the gross amount of money received during the four months that the program was active in 2003, accordingly:

**Table IV: SC/UK Cash Utilization** (Sample size was 646 HH with an average cash allotment of 220B per HH)

Food grains & ingredients	62.9%
Kerosene	1.2%
Clothing	12.5%
Livestock	3.3%
Medical	0.7%
Loan service	4.5%
Land tax	5%
Other	9.7%

(Source: Samuel Gebre-Selassie and Tesfaye Beshah, "Evaluation of Cash for Relief Project in South and North Wello Zones of the Amhara National Regional State, Ethiopia", Save the Children/UK, September 2003; p. 38.)

In the SC/UK program in North and South Wello, the spending pattern was considerably different from that of CARE and WV. In this program, expenditures for food were considerably higher, and for livestock considerably less than the other NGOs. This reflects the SC/UK's program priority of improving the food and nutritional status of the beneficiaries, while the priorities of both CARE and WV were more on livelihood and asset building, although beneficiaries were free to spend the cash as they wished. The importance of clothing for SC/UK beneficiaries is much more important than WV, but significantly less important than CARE. Loan servicing and land tax are also important expenditures for beneficiaries in the SC/UK project. More money was also spent in the "Other" category, and included costs of veterinary services, funeral expenses, petty trading and school supplies.

**Table V. Summary of Total Expenditures by NGOs**

	CARE	SC/UK	World Vision
	As a % of total CfR received		
Food	20.0	62.9	4.0
Clothing	23.5	12.5	5.2
Livestock	32.5	3.3	82.85
House Maint./Util.	14.5	N/A	2.45
Debts	N/A	4.5	1.35
School	1.25	N/A	.27
Medical	4.5	0.7	1.46
Other	3.5	9.7	2.42

(NA-not available)

There could be several reasons for the differences in expenditures between these NGOs. The average amount of money distributed to HHs differed considerably, as Table I showed, which may have had an effect on spending patterns. The aggregate level of vulnerability of HHs may differ between targeted groups, requiring HHs to spend more on necessities in one region than another. The influence of the orientation provided by the NGOs for the beneficiaries may have influenced them. And, the

cultural differences between the beneficiaries in the different regions could have influenced their decisions about how to spend their allotments.

## **5.0 Efficiency and Cost Effectiveness**

### **5.1 Which of the projects were most efficient in delivering cash to beneficiaries?**

One of the most significant differences between the NGOs was in the method of delivering cash to beneficiaries. CARE, EOC, and WV managed the actual distribution of cash through their internal systems. They withdrew the cash from the bank and transported it to the distribution site. They also hired special cashiers and accountants to manage the actual distribution of cash. Special security was engaged to safeguard the distribution. Per diem for food and lodging was also provided for these extra personnel.

SC/UK employed an entirely different mechanism for cash distribution, using the financial facilities, accountants and cashiers of the local Woreda Rural Development Office (WRDO) and Agricultural Offices. SC/UK deposited funds in the WRDO's bank account each month, and the WRDO's financial unit was responsible for transferring the cash through a specially designed system of accountability to the field distribution sites. Government police provided security on site. No supplementary pay was given to any of the government officials who participated in the project, although SC/UK provided per diems for food and lodging, when it was needed. Other miscellaneous expenses, like a strong box, file boxes, fuel costs, and so on, were also paid by SC/UK. SC/UK provided training to WRDO officers on cash management and responsibility. SC/UK monitored the cash distribution closely, and had an agreement with zonal and WRDO officials that if any mismanagement of funds took place, SC/UK would immediately take over the full administration of the cash payments.

It was not possible for the evaluation to determine which system of cash distribution was the most efficient. Since the CfR programs were pilot projects, and involved the distribution of a large amount of cash in rural areas, all NGOs were very prudent and cautious about how the cash was managed. Their distribution systems were designed with this consideration in mind, rather than efficiency. All systems involved special training for cash management and monitoring, special insurance, the involvement of armed police or militias, special transportation arrangements, and in the case of the EOC, CARE and WV, the hiring of project cashiers and accountants. CARE and WV also had internal financial management regulations that had to be accommodated. Additionally, the projects were in three different regions of the country, there was a wide range in the number of beneficiaries served by each NGO, from 9,000 to over 100,000 and the size of the grants varied from \$168,000 to \$950,000. The lack of a common denominator makes comparison difficult.

### **5.2 Was there any misuse of funds by either beneficiaries or implementers?**

Initially, there was great anxiety about how large amounts of cash could safely be transferred from Addis to the countryside, transported around the countryside and

distributed to thousands of people. As noted above, all of the implementers took out special insurance, and armed police or local militia always accompanied the transportation and distribution of the money. In one case, the distribution was delayed for several weeks because of insecurity in the region. With the exception of one incident involving a small amount of money, which was quickly recovered, there were no reports of theft or fraud connected with the cash distribution. While the partners took all available precautions, the fact that so much cash was paid out to so many people without incident, is a favorable comment on the level of responsibility and competence of the NGOs and the government officials involved in the distribution.

Another anticipated problem that did not arise was the fear that male heads of HH would take the family allotments and drink them away, or otherwise misuse the cash. This occurred rarely, and when monitors were made aware of it, the men were remonstrated, and the next payment was given to the woman in the HH. Several NGOs avoided this potential problem by making the payments directly to the women who were often acknowledged by their spouses as being better money managers than men. Whether the decision about how to use the cash was made jointly by the head of the HH and his wife, or by the woman alone, all evidence is that the money was used appropriately by the HH, i.e., the money was used for HH asset building and /or immediate needs such as food, medical, clothing, and so on.

## **6.0 Effectiveness**

### **6.1 How effective was the CfR technique in preserving and/or rebuilding HH assets?**

The evaluator knows of no other relief intervention that is more effective in both preserving and rebuilding assets than CfR. After land, livestock is the most important asset for nearly all of the beneficiaries, and virtually every HH was able to buy some form of livestock. This could be as minimal as poultry or as significant as plough oxen. This stocking and restocking of the most valuable assets in the society was directly a result of the cash that was received through this intervention. In some instances, it enabled people to acquire animals that they could never have hoped to acquire, even before the drought. Using the *iqub*, the traditional savings and loan association mentioned above, or using all of the allotment, HHs were able to buy an ox, and with the help of a partner and another ox (in a traditional relationship known as *mekenajo*), plough his own field and his partner's field. These men can also rent their plough animals to those who had no draft animals. The ox asset could also be sold if the HH needed cash. Additionally, the HH had the socially recognized prestige of owning an ox. Women also were able to acquire animals that they could never have owned without the cash. Several women could jointly purchase a heifer or cow, which could be used for milk, sold when the price was high, or when there was a need for cash. The animal was also an investment that paid interest in the form of calves.

The cash meant that HHs were able to pay off debts incurred as a consequence of the drought, and thus avoid paying interest rates which were often as high as 100%. HHs were also able to regain their land that was put up as collateral for loans. In addition, HHs were able to pay their yearly state land taxes, and thereby avoid having to sell

other assets, including livestock, to pay these taxes. The cash allowed HHs to acquire more intangible social assets such as participation in traditional funeral and burial societies (*iddir*) and traditional work groups (*debo*), as well as to make contributions to mosques and churches.

## 6.2 Which implementing projects were most effective in preserving and rebuilding assets?

As previously noted, the most important assets that rural Ethiopians have are livestock. As Table V shows, nearly 83% of the allotments of beneficiaries in the WV program were used to purchase livestock and 32.5% of the beneficiary allotments in the CARE program were used for livestock. Beneficiaries in the SC/UK program, in contradistinction, used only 3.3% of their allotments for livestock. However, it must be remembered that the priority of the SC/UK program was for the purchase of food and food supplements, and not livelihood and asset building, which were the primary program goals of WV, CARE and EOC. Also, a much large proportion of SC/UK beneficiaries used their allotments to pay debts, which could be seen as a means of preserving and rebuilding assets, primarily in land.

## 6.3 How does the CfR technique compare with the more traditional relief approaches such as food distribution, seed vouchers, etc., in preserving and rebuilding HH assets?

The CfR technique is far superior to any of the traditional relief approaches in preserving and rebuilding HH assets. All of the traditional interventions such as food distribution, food for work or seed vouchers, involve converting commodities into cash, usually at a loss, and then using the money to buy needed HH assets. When conditions are right and there is local food available, nearly all beneficiaries report that they prefer receiving cash instead of food rations, food for work or even seed vouchers. CfR, including cash for work (CfW) in EGS, allow beneficiaries the freedom to buy what they need most and buy it when it is most economically advantageous. Cash can be used to buy immediate needs of the HH such as clothing, school, medical, debt payment, payment of land tax, and the like. Satisfying these immediate needs help preserve HH assets. The cash can also be saved when the price of grain in the market is high, and then used when the price of grain is low, allowing the beneficiary to profit from seasonal market fluctuations.

After their immediate needs are met, people can begin investing in productive assets such as livestock, house construction and repair, starting petty trading, and so on, and begin to build HH assets which will help them get through the next drought period. Traditional savings associations, like the *iqub*, also function better when each member can contribute cash, and alternatively receive the group total. An *iqub* does not function well with food rations.

Another reason that beneficiaries prefer CfR is based on a cultural distinction that most rural Ethiopians make between food and cash. While grain is something that must be shared freely with extended family members in need, there is a different attitude about cash. Cash is considered more private than grain, and beneficiaries feel

freer to use it for their own HH rather than give it or loan it to extended family members.

#### 6.4 Did the CfR reach the beneficiaries when they needed it the most?

Timing of relief interventions in agricultural communities is often critical to obtain the greatest impact. Unfortunately, none of the OFDA grants were implemented according to their original schedule. The approval process both by OFDA and the Ethiopian government, delayed the original project implementation for all NGOs. The lengthy orientation and training of NGO staffs about the goals and objectives of the new program also helped delay the beginning of some projects.

One significant unintended consequence of the late implementation plan was the discovery by SC/UK that cash payments were much more effective and useful when they were made during one of the harvest seasons. The project had been designed to provide beneficiaries with cash during the “hunger period”, when people had the least amount of food. It was assumed that the greatest need for assistance would be during this time. Because of delays, the project was not started until the middle of September. At this time there was a large quantity of food in the market and the price was low. Beneficiaries benefited from this market situation in several ways. They were able to buy grain in the market for a low price, and keep their own production for later use in the agricultural cycle, when they could sell their grain for a higher price. Also, livestock were often less robust at the end of the “hunger season”, and the price of the animals was also less. Lastly, after the harvest there was more fodder available to fatten the animals for a higher sale price later in the year.

Another significant advantage of CfR being implemented during a harvest season is that the state tax collectors normally collect the land tax during and after the harvest, and farmers are forced to sell their crops at a low price in order to pay the tax. The cash payment allowed farmers to pay the tax without being forced to sell their harvest for a low price. They were then able to sell their grain when the price had increased.

Beneficiaries clearly recognized the advantages of having cash during and after the harvest season. However, during the hunger season, when there was less grain on the market and the price was high, farmers said they preferred receiving food, rather than cash as relief.

## 7.0 Impact

### 7.1 What were the various socio-economic impacts of the CfR projects on individuals, HHs, communities, gender groups, age groups and local institutions?

The impact of the CfR program on all beneficiaries was multifaceted and powerful. Most fundamentally, it saved lives and reduced suffering of the most vulnerable members of the communities. One man commented that without the cash relief he and his wife would have died. The cash allowed people to improve their diets and nutrition, contributed to improving health conditions, and helped pay for immediate medical needs. Additionally, it helped to give people a cushion or buffer against

immediate demands on their assets. Such demands would have forced them into debt and into another turn in the downward spiral of food insecurity and poverty. After living on the edge of survival for years, owning livestock again gave people a great personal pride, as did being able to buy a clean new dress and/or buy clothes so their children could go to school.

The impact of CfR on individuals and HHs cannot be separated. Cash helped HHs to rebuild assets that were lost as a result of drought, and the individuals in the HH benefited from these improvements. Many HHs were able to repay debts that they incurred as a result of the hard times, and for which they were paying 50 to 100% interest. Nearly all of the HHs invested in some type of productive assets. Numerous beneficiaries were able to make home improvements such as buying new doors for their house, buying corrugated sheets for new roofing, and rebuilding the walls of their homes. Some HHs were more entrepreneurial. One head of HH bought a sewing machine and was making clothes for the community. Another group of HHs pooled their money in an association and rebuilt a grain mill to make flour for the community.

For many women, the impact of CfR was profound. Most cultures in Ethiopia are patriarchal. The male heads of HHs make the major decisions for the HH and have responsibility for the major assets such as livestock, primarily oxen, and land. Women are responsible for the majority of activities that take place around the house, the children and the compound. It seems widely acknowledged and accepted that women are better managers of HH and better managers of cash. The most vulnerable HHs, however, rarely had much cash. This was capitalized on by NGOs that targeted women to receive the cash for the HH. With few exceptions, the targeting of women worked very well, and was one of the reasons why money was not lost through misuse, fraud or corruption. The cash payments to women gave them a prominence and a responsibility for the management of the HH that they had not had before. As a result, the relationship between men and women was said to be altered in some HHs.

The CfR program also had an important impact on children and young men. A traditional coping method to deal with HH stress brought on by drought was to send children to relatives far away from the affected region. Cash allowed the children to remain with their families. As noted, children received improved diets and nutrition as a result of more and better food. School age children were able to attend school because they were able to buy school clothes and school supplies, as well as pay school fees.

The ability of HHs to pay debts and re-acquire full use of their land, buy agricultural inputs and draft animals, meant that many young men were not forced to migrate out of their region to find day labor. The cash thus allowed many of the most able-bodied youth and men to stay in the HH and work the family land. Many of these young men were also able to find day labor in the local community as a result of the cash allotments.

Communities also benefited in a variety of ways from the CfR program. Young people remaining in the community and children in schools were important assets for

the community. The economies of the communities were strengthened with more money circulating and a greater supply of goods and services. The increased money in the community benefited non-beneficiaries as well since they were the major suppliers of livestock, among other things.

Two other unexpected results of CfR benefited the community. As a result of creative management of an ESAC program by one NGO, several natural community leaders emerged who provided direction to the ESAC activities, and continued their leadership after the CfR program ended. In another community, it was claimed that the CfR helped provide security to the community because the people who received the cash were less likely to steal from the others.

One of the more remarkable social aspects of the CfR program was the revitalization and alteration of several traditional self-help associations, mentioned above, which had fallen into disuse because of the lack of cash for people to participate. One of the most important and widespread of these associations was the *iqub* (or *ekub*, *equb*). The *iqub* is a traditional “savings and loan” association in which the sum of each members’ small regular contribution is made available to each member in rotation, providing each contributor with a one time sum of money which was larger than they could possibly raise alone. It was these *iqubs* that allowed HHs to buy oxen, and women to buy cows. Another revitalized association was the *iddir*, a traditional funeral and burial association. Funerals and burials are communal activities in Ethiopia, and it is important that the community participate in the ritual. Members of an *iddir* pay a small fee into a fund that pays for kerosene lamps, canvas for the roof of shelter, a barrel to hold drinking water, and other necessities so that the family can grieve properly and the deceased can be buried in dignity. Another traditional institution which was not only revitalized but also fundamentally changed to reflect the changing economics of the community was the *guza* (also known as *debo* or *wenfel*). The *guza* is a traditional work group that comes together to help prepare fields for planting, weeding and harvesting. In the past, the man whose land was being prepared had to provide food, drink and *khat*\* for the workers, at a significant expense. With little money in the community to pay for the maintenance of the *guza*, few farmers could make use of it. As a result of the CfR, the *guza* was revitalized but fundamentally altered to take into account the fact that few farmers were able to pay the expense of the *guza*. The institution was reconstituted so that each member of the work team brought their own food, drink and *khat*, and the team rotated, working on each other’s land. The landowner was no longer responsible for providing the food and drink. Another major change in the *guza* was that women participated in the work, something that was never done previously.

An important institutional impact of the CfR was that a range of local government officials got experience and training in managing and accounting for large amounts of cash. Many of these people were experienced in commodity distribution, but few had experience with cash. One NGO was able to provide computer training to a *woreda* secretary, who had the hardware, but had no training in how to use it to keep track of the cash payment records.

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\* *Khat* is a mild stimulant that is grown and used extensively in Ethiopia. The psychoactive ingredients are similar to d-amphetamine.

7.2 Which were the most successful interventions, according to the beneficiaries, why?

All of the NGO programs were tailored closely to the local situation, and the targeting tailored the allotments to the needs of the HH. Since beneficiaries were generally not constrained in how they used their cash allotments, they were free to use them in any way they felt they needed to. As such, beneficiaries did not feel that one intervention was more successful than another. The cash was welcomed, appreciated and appropriate as far as they were concerned. Through the filter of three languages—Oromiya, Amharic and English—beneficiaries said, “It [CfR] is very nice”, and “There was no word to explain the impact of the cash for the family”.

7.3 What influence did the CfR intervention have on increasing or decreasing dependency of recipients on assistance? In what ways?

After some thirty years of food aid relief, the GFDRE is rightly concerned about a dependency syndrome being established by farmers who are unable to produce enough food to feed themselves, and have come to depend on food aid to survive. Some local level government officials expressed a fear that the CfR program would also create a dependency syndrome by providing cash to beneficiaries in the same way as food aid. The majority, however, did not see this as a problem. Given that the CfR is targeting the most vulnerable in the local society, providing a relatively small amount of cash over a short period of time, and requiring the able-bodied to work in EGS, it would seem unlikely that a dependency on this type of intervention could develop. Conversely, the flexibility that cash provides and the creative ways that people have used it, would suggest that they are making initial steps toward sustainability rather than dependency. The fact that between 80-90% of the beneficiaries have purchased and invested in livestock would be an indication of this.

Indeed, the Ethiopian government has adopted the idea of CfR as an acceptable food security intervention, and written guidelines and procedures for managing cash for relief in both “The Food Aid Targeting Handbook” (2002) and the “Programme Implementation Manual” for the “Productive Safety Net Programme” (2004) to be used by government relief agents and NGOs.

## **8.0 Relevance & Appropriateness**

8.1 Did the CfR programs meet the needs and priorities of the beneficiaries? Were the programs appropriate for each specific local context, and why?

To reiterate, the CfR programs met the needs and priorities of the beneficiaries beyond what any of the stakeholders anticipated. With cash, beneficiaries are able to prioritize their needs in a way that no other relief intervention—food rations, food for work, seed fairs and vouchers, and livelihood fairs—is able to do. Food aid required HHs to sell food for cash, usually at a disadvantageous rate. Seed fairs and vouchers, as well as livelihood fairs, restrict what the vouchers can be used for. CfR has empowered HHs in a way that has not occurred before. One woman was quoted as

saying that she had never had so much money at one time in her life. Men and women were able to use the cash, according to their HH needs, be it paying land tax, contributing to self-help associations, buying seed and other agricultural inputs or buying or renting oxen for field preparation.

OFDA's partners have had decades of experience working in the regions where the CfR programs were implemented. They had intimate knowledge of the regions where they worked, and the local people in turn had knowledge and trust of the partners. The NGOs knew which beneficiaries to target and how to target them. As a result of pre-implementation market studies and on-going monitoring during the program, the amount of the allotments per HHs and the frequency of the payments were well planned, and were tailored specifically for the region, the *woreda*, and the *kebele* or village. By carefully monitoring the local market, the NGOs were able to quickly know if prices were being inflated and if it was a result of a cash influx. SC/UK, for example, kept a reserve of grain available in case there was price inflation of local grain, beyond which beneficiaries could pay. If this occurred, the grain would have been made available as food aid for the beneficiaries.

## **9.0 Sustainability/Connectedness**

9.1 How sustainable are the positive impacts of the CfR once OFDA funding ends? Which project methodologies are more sustainable than others, and why?

The CfR has enabled people to recover and rebuild their lost assets, but it is too early to tell how sustainable these assets will be. The pilot programs were only three to six months long. Certainly there is short-term sustainability. The largest investment made by beneficiaries was for small livestock. The degree of sustainability depends on how well the livestock can multiply. The sale of the offspring can provide money for food and other necessities when there is need. The larger draft animals, such as donkeys and oxen, provide earned income as well as a higher market price if they are sold. Multi-year, long-term sustainability, however, depend on the agricultural conditions that, in turn, depend on future rainfall patterns. A drought or erratic rainfall not only means crop failure, but also depletes the livestock population.

As noted, the CfR interventions of CARE, WV and the EOC were designed to promote sustainability by building assets and improving livelihoods. SC/UK, which had the goal of improving the health and nutrition of the beneficiaries, and stimulating local grain markets, would appear to be less sustainable. However, to the extent that grain markets stimulate infrastructure development, the SC/UK intervention could affect long term sustainability and development.

9.3 Were long-term needs considered in projects, as well as acute and immediate needs, and how was this done?

The short time frame of the interventions and the relatively small amount of cash involved per HH dictated that the more immediate needs of the beneficiaries were the priorities. However, to the extent that rebuilding livestock assets can be considered long term needs, the projects helped satisfy these needs.

At the same time, an integral part of the CfR intervention was the requirement that 80% of all beneficiaries be able-bodied people who could work in EGS. As mentioned above, EGS are cash for work environmental and public works projects. If these activities were well conceived and well-built they could be the most important, long lasting and sustainable outputs of the CfR intervention.

All of the NGOs reported considerable success with the variety of activities and the amount of work achieved as a result of these EGS/ESAC interventions. All of the projects were planned, initiated and supervised by WRDO and the local agricultural and development offices. Many kilometers of roads were built and rehabilitated, water bunds and terraces were built, ponds constructed, check dams were built, springs were covered, and tons of sand and stone were gathered for these projects.

## **10.0 Coverage**

10.1 Did the CfR projects reach populations in the greatest need across the entire country? What regions would have benefited from additional support?

When the DPPC declared a drought situation in 2003, it targeted six of the nine states in Ethiopia, and estimated 13 million people to be at risk. OFDA's partners had worked for years and had much experience in three of the six targeted states. The CfR programs were designed as pilot projects, and by definition were not intended to be operative throughout the entire area at risk. The CfR projects could not reach all the populations in greatest need in the country.

The Somali and Afar Regions were in need, but were not included in the pilot areas for several reasons. In both of these areas the people are pastoralists and nomadic and the CfR intervention has not been tested under these conditions. The CfR technique has so far only been used in agricultural or agro-pastoral areas. Both the Somali and Afar regions are not well connected infrastructurally with the rest of the country, and security is a major problem.

## **11.0 Coherence**

11.1 Did OFDA's CfR projects complement other USAID humanitarian and development priorities and activities, and how?

The USAID Mission in Ethiopia has five Strategic Objectives (SO):

- Enhanced household food security in target areas
- Increased availability of selected domestically produced food grain crops
- Increased use of primary and preventive health care services
- Quality and equity improved in an expanded system of primary education
- Increased access to and participation in a democratic system

OFDA's CfR projects clearly complement and contribute to all five of these SOs. First and foremost, the CfR increases HH food security by providing beneficiaries with the means to buy supplementary food and to buy livestock, among other things, as a hedge against periods of food deficits. Cash allotments permit farmers to buy local seed that are adapted to local conditions, rather than having to borrow cash to buy the hybrid seed varieties encouraged by the government, and which are often not suited to the local environment. CfR had a significant impact on the general health of the beneficiaries by allowing them to have an increased quantity and quality of food. Furthermore, children benefited from improved nutrition. Both CARE and WV also had family planning and HIV awareness orientation as part of their CfR programs. Thirdly, an important part of the cash allotment of beneficiaries with children went towards buying school clothes, buying school supplies, and paying school fees, giving many children an opportunity to go to school. The transparent targeting process used by all of the partners in selecting beneficiaries was an important aspect of building an effective civil society. And, lastly, the creative use of building social assets in the ESAC programs allowed natural community leaders to emerge, whose influence continued after the end of the project.

## **12.0 CfR and Food Aid**

The CfR intervention not only empowers individuals and rebuilds HH livelihoods and assets, but it is significantly more cost effective than traditional food aid. All NGO partners remarked that in spite of an increase in personnel and training needed for the CfR projects, the distribution of cash was much more efficient and economical than the distribution of food, especially imported food.

A detailed evaluation conducted by the Ethiopian Economic Association and the Ethiopian Economic Policy Research Institute\* of a SC/UK CfR program in North and South Wello compared the costs of imported food, locally purchased food, and cash aid. The report concluded that food bought with cash aid is 39% cheaper than imported food and 34% cheaper than locally purchased grain. And, there is a 7% difference between buying grain on the local market and beneficiaries buying grain with CfR funds.

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\* Samuel Gebre-Selassie and Tesfaye Beshah, "Evaluation of Cash for Relief Project in South and North Wello Zones of the Amhara National Regional State, Ethiopia", Ethiopia Economic Association/Ethiopian Economic Policy Research Institute: Addis Abeba, 2003.

**Table V. Comparison of Costs Among Imported Food, Local Food and CfR**

Purchase 1.25 mt	Cost of Food Aid (Birr)		HQ Cost	Cost of Cash Aid (Birr)	
	Imported	Local Food		Field Off Expenses	Tot Cost Expense
Cereal Purchase	3110	2500		2500	2500
Shipping Transport Handling	1461	282.5		0	0
Personnel	318	348	174	174	348
Capacity Building	190	190		190	190
Monitoring / Evaluation	160	160	80	100	180
Banking & Insurance	3	3	12.5		12.5
Total	5272	3483.5	266.5	2964	3230.5
% difference between imported and local food		34%			
% difference between imported and cash aid					39%
% difference between local food and cash aid					7%

(Source: Gebre-Selassie and Tesfaye, "Evaluation of Cash for Relief Project in South and North Wello Zones of the Amhara National Regional State, Ethiopia", p. 43.)

In addition to CfR being the cheapest form of relief assistance, perhaps more importantly, CfR stimulates the market for local, regional and national grain producers. This directly addresses the dependency problem that has become so vexing for the government and donors.

### 13.0 Resettlement and Land Tax

Two problems occurred during these pilot projects that could have jeopardized their success. One had to do with the government's resettlement program, and the second with payment of land taxes. The government has a voluntary program to resettle some 440,000 chronically food insecure HHs on under-utilized land. There was concern by local government officials that the CfR intervention would act as a disincentive for people to move from their communities and resettle on new land. There were no reported cases of this happening, but there were incidents where distribution was delayed in order not to interfere with the resettlement.

In Ethiopia, the state owns all of the land, and farmers must pay a land tax for their farmland. Normally, this tax is collected at harvest time, when farmers have grain to sell and can pay the tax. The cash distribution for beneficiaries gave the tax collectors another opportunity to collect the land tax. The appropriateness of the government

collecting taxes from the most vulnerable HHs who have just received allotments intended for the purchase of food and asset replenishment was an unresolved issue with the implementing partners. There was a suggestion that CfR beneficiaries receive a tax exemption or a tax holiday while participating in a CfR program.

#### **14.0 Conclusion**

For decades, relief workers have seen hungry people take part of their food ration, immediately after receiving it, to the market and selling it in order to get cash to pay for necessities. While NGOs in Ethiopia, like SOS Sahel and REST, have used cash for work and cash for seed programs for some time, using cash for relief is a very recent innovation.

Pilot programs in Ethiopia have demonstrated that under the correct conditions, the CfR technique is one of the most powerful and elegant relief interventions available. A simple distribution of a small amount of cash to the most vulnerable people in a community not only satisfies their immediate needs, but has a vigorous multiplier effect in the community, which goes far beyond the immediate relief needs. When a sufficient supply of food is available from local producers, beneficiaries have access to local markets, and there is an adequate infrastructure to transport food, the cash will stimulate the supply of grain for immediate relief. Perhaps, even more importantly, the cash gives beneficiaries the ability to make their own decisions about what they need most without having to sell their food ration. CfR programs have also empowered women, by directly giving them the cash for the HH and enabling them to spend it on the needs of the HH. Most of these needs are immediate, such as clothing, medical, school, debts, taxes, veterinary costs, condiments and HH necessities. Additionally, there are longer term investments that allow beneficiaries to rebuild lost assets, and to build future food and livelihood security. Most of these investments are in small livestock such as poultry and shoats but also in larger animals such as donkeys and oxen, which are income generating as well as having a sale value. Home improvements like new roofs, new wall plaster, doors and windows are also significant investments. Cash also allows beneficiaries to make social investments in churches and mosques, as well as traditional funeral and burial associations, savings and loan associations, and work groups. Lastly, the CfR program helped slow the migration of young men to the cities, keeping them productive on their own HH farms. Similarly, heads of HHs are less likely to be forced to leave in order to find day labor in the urban areas.

Coupled with EGS, the CfR program has brought new life to government sponsored public works projects such as road construction and maintenance, environmental rehabilitation and water schemes. These activities contribute to building community assets and are long term solutions to some of Ethiopia's most complex and serious environmental and infrastructure problems.

The power of the CfR program goes beyond the beneficiaries. Non-beneficiaries profit from the cash distribution as they are often the suppliers of grain, livestock and day labor for beneficiaries. They benefit as well as from the revitalization of

traditional associations. Improved roads, anti-erosion activities and water harvesting interventions are assets for whole communities.

While the CfR programs required additional time, planning and training for the implementing NGOs, once the initial problems were solved, NGOs reported that the CfR programs were surprisingly efficient and effective. All of the partners mentioned the remarkable difference between the greater cost and effort to administer food distribution programs and the lesser cost and effort to administer cash distribution.

An essential aspect of the NGO implementation procedures is the continual monitoring of all aspects of the program. Having been through a learning curve, NGOs reported that new CfR programs could be now implemented in a relatively short time, after the signing of the grant.

With the exception of one or two government officials at the *woreda* level, government administrators appeared to be pleased with the targeting, implementation and impact of the CfR programs. Indeed, cash payments have become an integral part of the government's new "Productive Safety Net Programme".

In sum, the pilot CfR programs funded with USAID/OFDA money have been an unqualified success. There have not been any major or substantial problems reported with targeting, administration, or implementation by any of the stakeholders. The impact upon beneficiaries has exceeded expectations. The CfR intervention can make a significant contribution, under the right conditions, to both the relief and rehabilitation of vulnerable HHs in food insecure situations.

However, it remains to be seen what the contribution of CfR interventions will be on the long term rehabilitation and the development of a more food secure society.

## **15. Recommendations**

1. The CfR is a powerful, supplementary tool in preserving and rebuilding household assets, and should be added to OFDA's traditional approaches of emergency assistance.
2. In order to understand the longer term impact of the CfR program on asset formation in beneficiary HHs, and its effects on HH food security it is recommended that a follow-up assessment be made in one year.
3. The CfR intervention has only been used in agricultural societies. The use of the CfR intervention in pastoral areas of Ethiopia should be explored and tested.
4. The timing of the CfR intervention is crucial for maximizing its effectiveness. Attention must be given to the agricultural calendar. Cash is most effective when payments are time to coincide with the two harvest seasons.
5. Providing all members of a HH with a cash allotment, regardless of the family size, makes a significant difference in enabling large HH to make capital investments.

6. CfR is a powerful intervention during relief and rehabilitation. USAID should consider testing the idea of providing cash to HHs for longer term development initiatives.
7. There may be cultural and religious limitations on the use of CfR that need to be researched before the intervention is widely extended.
8. EGS are most effective when the community is consulted about what their real needs are for building community assets.
9. To the extent possible, OFDA and USAID should join with partner NGOs to lobby the Ethiopian government to provide CfR beneficiaries a land tax holiday, so that funds from their cash allotments are not immediately taken as taxes.

## Annex I

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Yohannes Gondalo, Head, Disaster Prevention and Preparedness

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**West Hararghe**

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Birru Zawede Deputy Regional DPPC Commissioner, W. Hararghe

Worde Hashim, Head of the W. Hararghe Zone DPPC

Ato Gosa, Head of Rural Development, W. Hararghe

**South Wello**

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Kebede Yimam, Head, Rural Development Office, Sayint Woreda

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## Annex II

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## Annex III

### SCOPE OF WORK

#### **Purpose**

The U.S. Agency for International Development's Office of U.S. Foreign Disaster Assistance (USAID/OFDA) seeks to evaluate two of its programs in Ethiopia. The first is its emergency seed response to the 2002-2003 complex drought crisis. This evaluation will determine the effectiveness, sustainability, and overall impact of OFDA's emergency seed activities and compare the varied implementation approaches used in terms of increasing food security. USAID seeks one Senior Humanitarian and Crisis Analyst to conduct this evaluation over an estimated period of 44 workdays.

The second program to be evaluated is OFDA's "cash for relief" projects in Ethiopia. This evaluation will determine the effectiveness and overall impact of USAID/OFDA's emergency "cash for relief" activities and compare the varied implementation approaches. USAID seeks one Senior Humanitarian and Crisis Analyst to conduct this evaluation over an estimated period of 44 workdays.

#### **Background**

In 2002, failed belg, or secondary rains from March through May, combined with delayed and sporadic meher, or main rains from July through September, led to severe drought conditions and widespread food insecurity in Ethiopia throughout 2003. A concerted international humanitarian response provided emergency health, nutrition, water and sanitation, agriculture, and food assistance for an estimated 13.2 million people and averted widespread famine-related mortality. Although rains have improved from 2002/2003 levels, USAID's Famine Early Warning System Network (FEWS NET) reports that a trend of insufficient rainfall during the past seven years has adversely affected crop production. Many households are able to cope with a single poor rainy season, but the cumulative effect of consecutive seasons of failed rains has led some households to experience chronic food insecurity while exhausting traditional coping mechanisms. The humanitarian situation for affected Ethiopians is further exacerbated by a livelihoods crisis due to a decline in world coffee prices, decreasing labor wages, insufficient livestock production, environmental degradation, and market instability. According to a co-funded USAID/OFDA and USAID/Ethiopia report by the Feinstein International Famine Center at Tufts University, even if the rains return to normal levels in 2004, affected populations will still face significant debt, poor overall health, decreased seed stocks, and fewer livestock. In December 2003, the Government of the Federal Democratic Republic of Ethiopia's (GFDRE) Disaster Prevention and Preparedness Commission (DPPC) issued the joint U.N./GFDRE emergency appeal, estimating that 7.2 million people will require food assistance in 2004. Although this figure represents a 45 percent reduction from 2003, Ethiopia faces ongoing challenges to recovery from the 2002/2003 complex food insecurity and health emergency.

## **Statement of Work**

The contractor shall perform in accordance with the following:

### 1. Evaluation of USAID/OFDA “Cash for Relief” Projects in Ethiopia FY 2003-2004

In FY 2003 and FY 2004, USAID/OFDA provided more than \$50 million in humanitarian assistance to Ethiopia to address the crisis through emergency health and nutrition, agriculture, water and sanitation, and livelihoods activities. As an alternative to more traditional interventions, USAID/OFDA provided more than \$5 million in support of emergency cash relief programs in fiscal years 2003 and 2004 through seven cash for relief initiatives in Tigray, SNNP, Oromiya, and Amhara Regions. USAID/OFDA would like to gain a better understanding of the impact of its funding and preferred implementation methodologies, specifically in the area of “cash for relief”. USAID/OFDA’s implementing partners use a variety of methods, but all provide short term (3-6 months) cash stipends directly to needy households, with the goal of replenishing depleted household asset bases.

This evaluation shall address the following series of questions, organized by the standard OECD/DAC evaluation criteria:

#### Overview

- Describe the structure and goals of the various “cash for relief” projects funded by USAID/OFDA. Specifically outline various targeting methods, the targeting criteria used, and the role of the local community in selecting beneficiaries. Discuss the advantages and disadvantages of each approach.
- What were the average sums of money distributed to beneficiary households under each intervention? What was the total amount of money distributed by each intervention?
- On average, what percentage of disbursed money was used by beneficiaries for consumption purposes, and what percentage was used to replenish assets?

#### Efficiency / Cost-Effectiveness

- Which of the various “cash for relief” projects proved most efficient, with the least apparent waste, in delivering cash to beneficiaries? Which projects were less efficient? What factors distinguished more efficient cost project approaches from less cost-effective approaches?
- Was there any evidence of misuse of funds by either implementers or beneficiaries?

### Effectiveness

- Overall, was the “cash for relief” approach effective in helping preserve or rebuild household assets in affected areas?
- Specifically in relation to individual projects, were some projects more effective than others in preserving or rebuilding household assets? Why?
- How does the “cash for relief” approach compare with other relief approaches (straight food distributions, seed vouchers, etc.) as far as effectiveness in preserving or rebuilding household assets?
- Did cash reach beneficiaries in a timely fashion?

### Impact

- What were the varying social and economic effects of the various “cash for relief” projects on individuals, communities, gender groups, age groups, and local institutions?
- Which approaches did beneficiaries prefer? Why?
- Did the intervention or any of the approaches impact the degree of dependency of the beneficiaries on assistance? How?

### Relevance/Appropriateness

- Were the “cash for relief” projects in line with local needs and priorities? Were they adequately tailored to the specific local contexts? Why?

### Sustainability/Connectedness

- Are the positive impacts of the “cash for relief” projects likely to continue after OFDA funding is withdrawn? Are some project methodologies more sustainable than others? Why?
- Did the various projects take into account not only acute and immediate needs, but also long-term beneficiary needs? How?

### Coverage

- Did the set of OFDA-funded “cash for relief” projects manage to reach populations in greatest need across Ethiopia as a whole? If not, what regions or areas might have benefited from additional support?

### Coherence

- Did OFDA’s support of “cash for relief” programs generally complement other USAID humanitarian and development priorities and activities in Ethiopia? How?

### Methodology and Estimated Timeline

The contractor shall start work immediately after award of the task order o/a July 2004. The contractor shall conduct the evaluation and complete the report in approximately 44 workdays.

Key informant interviews and document review in Washington, DC (4 days). The contractor shall meet with staff from USAID, the State Department, international NGOs, donors, and other knowledgeable parties. S/he may review strategic assessments, grant documents, situation reports, and other relevant documents. The USAID/OFDA Evaluation Coordinator and Ethiopia Desk Officer will assist with the facilitation of meetings and procurement of documents as necessary.

Fieldwork and data collection in Ethiopia (25 days). The contractor shall meet with representatives of the U.S. Government, other donors, international NGOs, local NGOs, UN organizations, other relevant agencies, and beneficiary populations, both in the capital and in project implementation areas. In terms of USAID/OFDA's partners, the contractor should meet with each partner that implemented "cash for relief" programs, its beneficiaries, and non-beneficiary members of the local communities. The OFDA Emergency Disaster Relief Coordinator and the OFDA Evaluation Coordinator will assist with facilitation as necessary, but the evaluator is expected to be as independent as possible.

Writing report (10 days). The contractor shall draft the report at a location to be determined.

Briefing OFDA staff (2 days). The contractor shall return to Washington to brief OFDA managers and staff on findings and to obtain feedback.

Final report revisions and printing (3 days). Following the final oral briefings and the inclusion of any new information, the contractor shall prepare and publish a final version of the evaluation report.

### Deliverables

The contractor shall provide the following deliverables within the stated quality standards:

*Work Plan:* Prior to departure to the field, the contractor shall provide, for OFDA review and approval, a 2-3 page written strategy detailing how the evaluation will be completed.

Standards:

1. The work plan shall include a list of potential interviewees, a draft list of interview questions, and a description of any other data collection instruments (e.g., surveys) to be used. The questions and instruments shall be tailored to individual categories of respondents such as implementing partners, beneficiaries, government officials, and other donors.
2. The evaluation methodology proposed shall be a combination of one or more internationally accepted standards.
3. As part of the field work, the contractor shall visit at least two sites each of 80 percent of USAID/OFDA partners implementing emergency seed programs. These visits shall include discussions with the partner, local government officials, beneficiaries, and non-beneficiary members of the community.
4. All quantitative results shall be statistically relevant within an acceptable confidence level.

*Field Debrief:* Upon completion of research in Ethiopia, the contractor shall provide a verbal debrief of preliminary findings to USAID staff in Addis Ababa, and shall request preliminary feedback which may be incorporated into the final report.

*Draft Written Report:* The contractor shall write and present for review a first draft of the evaluation report at least one week prior to the final oral briefings (below).

Standards:

1. The report shall include an executive summary, brief overview of the humanitarian agricultural context in Ethiopia over the focus period, description of methodology, and a detailed description of the evaluation's findings and recommendations.
2. The report shall be organized according to the international standards outlined above and address each of the questions outlined in the SOW.
3. Additional information including evaluator itinerary, interviewee lists, questionnaires, surveys, and bibliography shall be included in annexes. The annexes shall also contain summary quantitative information on the overall program such as the amount of seed distribution and number of beneficiaries reached.
4. The report should be no more than 20 pages, excluding annexes.

*Final Oral Briefings:* At least one week after the distribution of the written report to USAID/OFDA, the contractor shall conduct two oral debriefs to present the study's findings and obtain feedback. One debrief will be with USAID/OFDA senior management and the other to a broader audience, including both USAID and non-USAID employees.

*Final Written Report:* Following the final oral briefings and the inclusion of any new information, the contractor shall prepare and print a final version of the evaluation report, with the number of printed copies to be determined.

Standards:

In additions to the standards outlined above for the draft written report, the final written report shall:

1. Reflect the feedback received as part of the final oral briefings; and,
2. Contain no more than 2 typographical or grammatical errors per page.

Minimum Qualifications

The Humanitarian and Crisis Analyst should possess the following set of skills:

- Experience carrying out two or more major humanitarian evaluations for a major donor, international NGO, or international organization;
- Specific training and/or extensive practical experience in developing or implementing activities aimed at sustaining local livelihoods;
- Practical experience in humanitarian agricultural relief interventions;
- General familiarity with the humanitarian context in Ethiopia, particularly over the past 3 years; and,
- Experience implementing humanitarian relief programs in complex emergencies in various geographic regions around the world, preferably from several perspectives (UN/IO, NGO, donor).
- Basic understanding of USAID/OFDA grant management procedures.