

## FARM AFRICA'S MARKET APPROACHES TO RESILIENCE

### Presenter

Farm Africa

### Description

Lowland Ethiopians are some of the most climate vulnerable people in the world, relying primarily on rain-fed livestock and agricultural production as a source of income in the face of frequent and unpredictable droughts and floods. The little weather information available to communities is often not reliable due to the very localised nature of the rainfall and the generalised nature of forecasts. As a result, local governments have limited skills and capability to plan and respond to climate shocks. Due to the remote locations, there is also limited access to financial services, which is a critical factor in helping households diversify income streams in the face of climate shocks.

Few people are engaged in climate-smart agricultural practices, and communal systems to manage natural resources such as forests and rangelands suffer from the 'tragedy of the commons' as natural resources are treated as a common good. All of this combined exacerbates vulnerability to climate shocks both for agro-pastoralists and pastoralists alike. The traditional migration to urban centres, which might relieve stress on rangelands, is hampered as few employment opportunities exist, especially for rural migrants.

Farm Africa's Market Approaches to Resilience (MAR) project has made rangeland-dependent agro-pastoralists better able to cope with natural shocks such as drought in the Afar, Somali and SNNP regional states of Ethiopia.

The MAR project has taken a "systems" approach that aims to bring about transformative changes in the ability of people in lowland Ethiopia to deal with climate shocks. The project, which was part of the £140 million (around 180 million \$) Building Resilience and Adaptation to Climate Extremes and Disaster (BRACED) programme funded by the UK government, simultaneously addresses multiple drivers of climate vulnerability.

The MAR project supports households, businesses and communities in better managing their resources and everyday risks. It works with private investors to address climate risks by promoting appropriate economic opportunities and designing financial models that help smooth risk. It also stimulates the appropriate diversification of economic activity among the most vulnerable, through public and private sector partnerships.

These include:

- Promoting insurance by providing support to the innovative design, pricing, marketing and outreach of services to communities;
- Building local government capacity for green towns;
- Helping establish village savings and loans associations;
- Supporting microfinance institutions to incorporate climate risk into their risk management portfolios and help them develop innovative credit products;
- Strengthening rapid-onset emergency response by working with the private sector to manage contingency funding;
- Supporting financial institutions to expand mobile banking to remote areas and exploring the potential for other mobile applications to improve information flow;
- Strengthening climate information by funding weather station infrastructure;
- Supporting participatory rangeland and natural resource management.

## Results

Between 2015 and 2018:

- 6,284 people were helped to set up 327 Village Savings and Loan Associations (VSLAs), which issue loans to finance the start-up of small businesses. Estimation of benefits of income generated from the loans to be nearly five times the costs of setting up the VSLAs;
- Pastoralists were able to access livestock indemnity insurance for the first time;
- Project participants diversified their incomes by undertaking new green jobs in urban areas, adopting new farming practices, such as vegetable farming and beekeeping, and investing in new businesses;
- Food supply was increased for a third of project participants through access to VSLA loans during emergencies, improved natural resource management and investments in livestock and farming practices;
- Livelihoods were made more climate resilient through the regeneration of depleted grazing lands, increasing the availability of food for livestock. Radio weather broadcasts and advice from 224 Early Warning and Environmental Committees means farmers are better able to anticipate, prepare and respond to shocks;
- Most of these outcomes relied on multiple interventions, highlighting the benefit of taking a holistic approach to building climate resilience.

## Climate smartness

The promoted practices in this project are mainly focused on financial services as a mechanism to strengthen adaptation to climate change, especially in terms of guaranteeing access to resources to respond to climate events that have impacted producers. Similarly, it focuses on the implementation of a meteorological network that allows producers to monitor climatic conditions on their region. Therefore, this initiative contributes in terms of increasing the producers' adaptation and improving the stability of their income, which is part of the CSA approach.

However, it would be important to guarantee the optimal use of the information collected from the weather stations, as well as strengthen the capacities of the producers in the interpretation and use of the data, making emphasis on linkage of climate and crops to support them in the decision making processes to better manage agricultural systems. It would also be useful to prioritize practices that may be funded through the financial mechanisms (some of them in CIAT and BFS/USAID, 2017), as well as to understand whether the approach is post-event or also aims for preventing crop-losses prior to the climate extreme events.

Moreover, it would be interesting to include financing alternatives in the future that encourage producers to adopt CSA practices that in addition to increase adaptation and increase income from productive systems, also contribute to emission reductions or to the capture of greenhouse gases as a co-benefit.

