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## Market Approaches to Resilience

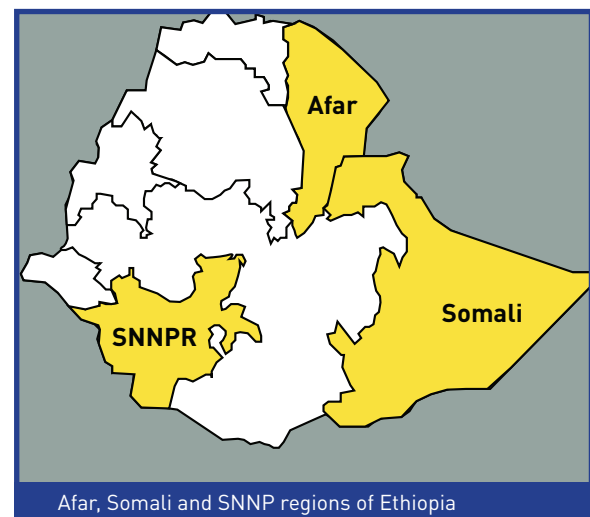
2015-2017, Ethiopia



### Ethiopia's lowlands are projected to become more vulnerable to the negative effects of climate shocks.

Market Approaches to Resilience (MAR) is an innovative three year programme that will test market-based approaches to improving the resilience of vulnerable pastoralist and agro-pastoralist households to climate change in the Afar, SNNP and Somali regions.

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



Part of the UK Government funded BRACED (Building Resilience and Adaptation to Climate Extremes and Disasters) programme, MAR is being implemented by a consortium led by Farm Africa. The other partners are Mercy Corps, Lion's Head Global Partners and LTS International Limited. It will directly benefit an estimated 340,000 people.

### THE PROGRAMME:

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

**42% of lowland households lack savings to cover one month's expenses. Improving access to savings and credit builds resilience to climate shocks.**

# DISRUPTION OF THE PASTORAL SYSTEM

**Increasing climate variability has brought many pastoralist and agro-pastoralist communities in Ethiopia's lowlands, who are heavily dependent on natural resources, to the edge of survival.**

Traditionally pastoralism is an adaptive livelihood based on the careful management of risk, but other factors are limiting its resilience. Land use change from rangelands to crop agriculture both decreases the resilience of the lowland ecosystems and inhibits the use of traditional risk management strategies, such as mobility. Deforestation and rangeland degradation decreases soil quality and increases erosion and run-off, increasing the potential for flooding. The increasing demand for scarce water resources has reduced the availability of dry season grazing and of water for livestock and human consumption.



The MAR programme will help households to cope, adapt and transform in the face of climate extremes and disasters, such as prolonged droughts.

Photo: Joni Kabana for Mercy Corps

Disruption of the pastoral system results in increasing distress migration to urban and peri-urban areas as people seek alternative incomes or support from government social protection schemes. Urban centres, ill-equipped to cope with such levels of in-migration, are growing without appropriate planning, draining the resources in surrounding rangelands. As populations grow, available land diminishes and climatic changes alter the pattern and availability of key resources, increasing competition for land and resulting in more frequent and intense conflict between neighbouring communities.

## A SYSTEMS APPROACH

The MAR project builds the resilience of economic, ecological and social systems, rather than focusing on building the resilience of individual households. This contributes to the ability of pastoralist, agro-pastoralist and peri-urban households to anticipate more clearly the risks associated with climate extremes and disasters, and to cope, adapt and transform in the face of risks. MAR will seek to engage communities and public and private investors in activities that reduce pressure on the natural resource base, and support their sustainable use and management. It promotes green technologies that reduce the unsustainable extraction of goods and services from natural ecosystems, whilst enabling growth and increasing urbanisation.

## LEARNING

The programme will work closely with regional research institutes and universities to document and share lessons. Learning outcomes will be used to inform implementation of the Climate Resilient Green Economy and the Climate Smart Initiative which aim to build the capacity of the Ethiopian government to mainstream climate considerations into its large scale food security programming.