



# INSIDE STORIES

## on climate compatible development

Climate & Development  
Knowledge Network

October 2020

### Key messages

The Market Approaches to Resilience (MAR) project extended credit and savings facilities to communities in remote rural areas of Ethiopia, providing them with the means to diversify their assets and livelihoods. This helped to buffer them from climate-related stresses and shocks.

The communities were lacking in the most basic services, and people's survival was precarious. Each week's food and water for people and livestock depended on unpredictable rains and a degraded natural environment.

Rural women traditionally have less access to finance. Therefore, the MAR project set specific targets for women's participation, to redress the balance. They reached out intentionally to women, some of whom also suffered the social disadvantage of widowhood.

The project found that extending microfinance services to women in these marginal communities created a powerful 'multiplier effect' – not only considerably improving the wellbeing of the women themselves but also of their families.

To consolidate the project's short-term achievements, the MAR team found it was essential to work simultaneously on strengthening the enabling environment. This ensured that project gains would be locked in, for the longer term.

One of the enabling factors was financial institutions' willingness to serve poor women and work with pastoralists. The project helped financial institutions build trust in the community members, irrespective of the potential risks related to people's lack of permanent settlements. Furthermore, the project built a sound relationship between government authorities and the community, providing a foundation for future cooperation.

#### Authors:

Medhanit Gebremichael and Befikadu Ayele, Farm Africa and Arsema Andargatchew, SouthSouthNorth/CDKN and Mairi Dupar, ODI/CDKN

## Rural Ethiopian women diversify livelihoods and boost entire communities' climate resilience

**In rural Ethiopia, pastoralist households traditionally accumulate livestock as an asset to buffer them against shocks and stresses. These shocks and stresses can take many forms, including personal and social stresses (such as bad health, bereavement and conflict) as well as economic and environmental stresses and shocks.**

**Now, climate variability and change are making vegetation and water less predictably available. Households are pressured to migrate further afield to find suitable grazing lands for their animals. In this context, the strategy of accumulating livestock alone – without other forms of savings and investment – can be a risky one.**

To help families diversify their risk and bolster their resilience, Farm Africa and Mercy Corps' Market Approaches to Resilience (MAR) project (2015-19) offered access to appropriate financial services, such as loans, savings and credit, in order to start

alternative businesses and develop links to profitable markets. Farm Africa and Mercy Corps provided the financing and teamed up with regional Microfinance Bureaus to screen applicants and channel finance to them.

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In the past, during the dry season we used to trek to Awrah woreda, hundreds of kilometres away. We remained there as long as there was pasture for the livestock. And when news of rain in our village reached us we came home again. But from now on: no more migration!



Medina Hummed,  
MAR participant<sup>5</sup>

The microfinance scheme targeted pastoralist communities who live in areas frequently affected by adverse climatic effects. Geographic areas were targeted according to their sensitivity to extreme weather and climate events, such as heatwaves, floods, and drought, and their lack of basic services, such as healthcare, education and banking, etc. As well as financial services, the project restored depleted landscapes by enriching the natural environment with healthy trees and vegetation. In this way, the MAR project aimed to provide a 'systems approach' to bolstering rural people's resilience.



Members of Anfa VSLA, Degehabour district, Somali region, Ethiopia. Photo: Farm Africa/ Medhanit G/Michael

The project's microfinance and banking services helped families to transition into livelihood activities with fewer economic risks arising from environmental and other shocks.

Every one of the project's interventions was designed to be gender-responsive. For instance, the membership of many of the VSLA facilitated by the programme was up to 80% female. The rationale was to empower rural women financially which, in turn, builds the economic resilience of entire households.

For example, one woman, Medina Hummed used the loan to establish a small retail business that enabled her to develop a steady cash income. This gave her more options for withstanding shocks and stresses, and for the livestock she retained, she was able to

purchase feed rather than migrate up to hundreds of kilometres to find natural grazing land.

Hamdi Ahmed, a woman living with disabilities in Gode town, Somali region, used a loan to set up a small retail business, the revenues from which now enable her to access healthcare services for her family. She and fellow members of the village saving and loan associations (VSLA) have used the loans to establish a variety of enterprises: "We sell clothing; some of us have vegetable shops in town. We bring various commodities and sell them in the local market, our life has markedly improved."

At the end of its first phase, the MAR project had reached a total of 188,902 people of whom 70,825 were female. Although still less than half

of the total, women in rural Ethiopia have traditionally had less access to financial services and this was judged a considerable achievement in context. Women's financial empowerment had transformational effects for them in their family and community settings.

### **Lessons learned and implications for other resilience programmes**

The programme's investments led directly to participants being able to cope better with the effects of climate change and variability. The programme team learned lessons about resilience-strengthening that could be replicated in other contexts. The project's final evaluation report showed that system-based resilience approaches, such as MAR, have the potential to address the drivers of vulnerability to climate shocks.



Systems approaches are challenging because many of the gains (especially institutional ones) can easily be lost if sustainability of the activities is not secured. The MAR project emphasised the need to avoid dependencies and focused on creating an enabling environment that could withstand the challenges faced by pastoralists and agro-pastoralists over time. The

project aimed to ensure the continuity of the VSLAs, for example, by training facilitators from the community to help others with ongoing activities such as book-keeping.

The trade-off of taking a systems approach is that the gains are sometimes not as immediate. Reaching resilience goals through projects such

as MAR requires a significant amount of time and intensive support from implementing organisations, such as Farm Africa and its partner Mercy Corps. Sufficient time and resources are also required to overcome often-significant implementation barriers, such as persuading microfinance institutions to work with such low-income households and help raise beneficiaries' financial literacy, and then strengthen the linkages between interventions to make them more sustainable. In MAR's case, a holistic approach was developed by combining financial services with improved natural resource management in rural areas along with employment creation or small business start-ups in urban areas.

Gender balance was an intentional part of every aspect of project design and delivery and was largely achieved. As shown by the above individual testimonies, women's economic empowerment and skills enhancement built their confidence and status within families and communities.



Dukan Hussein, member of Anfa VSLA, Degehabour district, Somali region, Ethiopia.  
Photo: Farm Africa/ Medhanit G/Michael



Members of Nashimeko fruit and vegetable group, Hamer district, Ethiopia.  
Photo: Farm Africa/ Medhanit G/Michael

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In the past I constantly quarrelled with my husband. Now, whenever our child is sick he says do what you can and take him for treatment. Nowadays, I am doing well. If I face any problem, I would be ready to pay and I have already managed to tackle my problems.

”

Muna Mohammed,  
MAR participant<sup>6</sup>







Members of a VSLA, Hamer district, Ethiopia. Photo: Farm Africa/ Medhanit G/Michael;

Typical funding and investment periods (e.g. three years) are not likely to be enough to boost systematic resilience and could potentially even be wasteful. The MAR project successfully signed on 80-90% of the women whom it reached in the first three years – a high success rate. This achievement persuaded the project’s donor, the UK Department for International Development (DFID), to provide extension funding for

the project to consolidate its initial achievements.

The project has shown that it is possible to support pastoralists to build their resilience without pushing them towards a non-nomadic lifestyle, as some interventions do in lowland Ethiopia. The project’s approach has been to provide pastoralists with options to improve their resilience that are suited to their current

nomadic lifestyle, while also improving employment options for them in urban areas if they choose to live in towns.

The MAR approach to linked interventions could potentially be replicated more widely across Ethiopia. It is unlikely that the exact combination of interventions will be suited to contexts outside of Ethiopia, but many of the combinations may be applicable and yield relevant lessons.

## Further reading

Farm Africa. (December 2018). ‘Medina’s new food shop spells the end of migration for her family.’ Retrieved from: <https://www.farmafrica.org/latest/news/post/896-medinaas-new-food-shop-spells-the-end-of-migration-for-her-family>

Farm Africa. (n.d.). Market approaches to resilience. Retrieved from: <https://www.farmafrica.org/ethiopia/braced-in-ethiopia>

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## Endnotes

- 1 Farm Africa (Dec 2018).
- 2 Farm Africa (n.d.).
- 3 Farm Africa (Dec 2018).
- 4 Farm Africa (2017).
- 5 Ibid.
- 6 Farm Africa (2017), page 11.



Funded by



Ministry of Foreign Affairs of the Netherlands



International Development Research Centre  
Centre de recherches pour le développement international



[www.cdkn.org](http://www.cdkn.org) e: [cdkn@southsouthnorth.org](mailto:cdkn@southsouthnorth.org)

The BRACED MAR project was carried out with the support of the United Kingdom’s Department for International Development (DFID). This publication was carried out with the aid of a grant from the Ministry of Foreign Affairs of the Netherlands and the International Development Research Centre (IDRC), Canada, as part of the Climate and Development Knowledge Network (CDKN) Programme. The views expressed herein do not necessarily represent those of the UK DFID, Ministry of Foreign Affairs of the Netherlands, or of the International Development Research Centre (IDRC) or its Board of Governors, or of the entities managing CDKN.

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Editing, design and layout: Design for Development ([www.d4d.co.za](http://www.d4d.co.za))