

Rural Resilience Enhancement Project (RREP)

Technical cooperation project between MoA and JICA

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- Duration:** April 2012 – February 2015 (approx. 3 years)
- Objective of the project:** To contribute to enhancing the resilience for those people living in drought prone areas such as southern parts of Oromia region and Somali region.
- Responsible Implementing Organization:** Ministry of Agriculture, Natural Resource Management Directorate Oromia Bureau of Agriculture Somali Livestock Crop Rural Development Bureau
- Background:** South-eastern and Eastern parts of Ethiopia fall into so-called the Horn of Africa where there is only meager rainfall presenting arid and semi-arid landscape. Droughts have taken place so far, resulting in acute food shortage. It was reported that as many as over four and half million population fell into food crisis due to the prolonged drought having taken place in 2010/2011. Of them, about 80% live in southern parts of Oromia region and also in Somali region where low altitude landscape prevails. Given above background, this Project has a 3-year term, during which it tries to respond to the needs of those vulnerable people who were hit by drought through the implementation of pilot projects, as well as tries to deliver guidelines on the development interventions of establishing resilience in drought prone societies. The process of the Project centers on the following which themselves are the major outputs of the Project:

Component-1: improvement of accessibility to water, rangeland improvement, livestock marketing improvement, will be implemented in the Borena zone of Oromia region

Component-2: establishing irrigated agriculture will be implemented in Gode area of Somali region

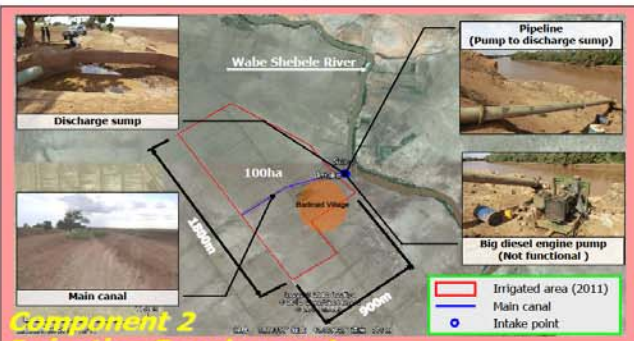
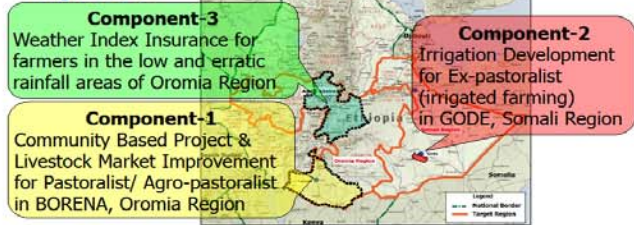
Component-3: Weather Index Insurance Promotion will be implemented in the low and erratic rainfall areas of Oromia Region

Component 1 Community Based Project & Livestock Market Improvement

Major development challenges identified through a series of workshops are to ensure water and pasture during the dry season. In order to solve these challenges, 1) Pond construction, 2) water and soil conservation in pond basin, 3) producing forage for dry season and building community based pasture seed production system, and 4) improvement of rangeland, are planned. In addition, farming would be one of important livelihoods in Borena zone in future, and residue of crops can be utilized as forage for livestock, therefore, 5) improvement of farming management is planned as one of the components. In the end, 6) capacity development of government officers is planned as the last component. In addition, this Project plans to construct 2 secondary livestock markets at Malka Soda and Elwaye.



Project Site



Component 2 Irrigation Development

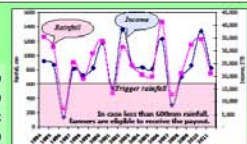
The major problems of the project kebeles were lack of access to irrigation, lack of experience in farming and livestock diseases. Therefore, the Project decides to select such 4 kebeles as; Godiray, Barsan, Hiddole, and Ilan for the pump irrigation scheme to put up. After the construction, the Team is to arrange on-site training courses for the promotion and improvement of irrigation agriculture.



To assess the existing situation in the project area, workshops were held in Gode.

Component 3 Weather Index Insurance

The overall purpose for this component is to enhance resilience those farmers who practice agriculture in the low and erratic rainfall areas. Insurance is one of the tools to hedge risks. Experiences of weather index insurance are still limited in Ethiopia. One of important roles for this component is to collect lessons learned through implementation to deliver recommendations and suggestions for further extension in this Country.



The team interviewed with Chairperson (Left) and secretary of local govt in Boset (Right) on 26th June 2012

Summary of Comparison between WII and Conventional MPCI

Particular	Weather Index Insurance (WII)	Multiple Peril Crop Insurance (MPCI)
Summary	<ul style="list-style-type: none"> • Payments based on weather based indices • Index trigger, exit, increments set to expected loss of yield • Can be complex to design • Limited experience to date 	<ul style="list-style-type: none"> • All perils, few exclusions • Field based policy • Measure harvested yield • Compare to a % of average yield • High cost, often requires subsidy • Many failed attempts
Perils	<ul style="list-style-type: none"> • Main: rainfall deficit and excess; high, low, or prolonged • Other: high wind, sun • Combinations of above 	<ul style="list-style-type: none"> • A wide list of perils • Difficult to exclude perils, as causes of loss cannot be identified • Occasionally includes some price risk
Benefits	<ul style="list-style-type: none"> • No adverse selection* moral hazard, • Can address catastrophic perils affecting group • Transparent, objective • Basis risk* is key challenge • Setting up the index parameters is • Technically complex • Need good meteorological and • Agonomic data, crop modelling • Difficult to correlate damage for sudden-impact weather 	<ul style="list-style-type: none"> • More easily made into a "universal" product type • Limited technical adaptation required for different crops • Guarantees farmer production and income • Individual farmer loss assessment, major loss adjustment task, impartial loss adjustment difficult • Adverse selection (worst farmers benefit) • Moral hazard (exploitation of policy) • Major work to set up yield history for each farmer, poor data • High premium and administrative cost

Summarized by RREP based on "Weather Index Insurance for Agriculture: Guidance for Practitioners" p.10, The World Bank, November 2011. Basis risk is the potential mismatch between contract payouts and the actual loss experienced by individual farmers. Basis risk occurs when the weather index does not adequately identify the losses for the losses. However, basis risk can often be minimized by effective and simple contract and claim design.



Japan International Cooperation Agency