The market-based approach to resilience in Ethiopia: qualitative evidence from South Omo

BRACED KNOWLEDGE MANAGER

By Gil Yaron, Adanech Dutu and Dave Wilson

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Front cover: Women's focus group discussion in Hammar woreda, photo: Gil Yaron

Abstract

Participatory discussion with two pastoralist communities in South Omo and key informant interviews with project staff and government officials provided an insight into the effectiveness of the Market-Based Approaches to Resilience (MAR) project in Ethiopia implemented under the Department for International Development (DFID) Building Resilience and Adaptation to Climate Extremes (BRACED) programme. Though all stakeholders thought that BRACED project interventions had partially mitigated the impact of the 2015/16 drought and helped with recovery, communities and project staff scored the effectiveness of interventions differently. Community members particularly valued Participatory Natural Resource Management (PNRM) when the drought struck while project staff also accounted for the huge amount of work required to secure these benefits and saw village savings and loan schemes (VSLAs) as the most efficient way to build resilience. Community participants ranked their VSLAs second to PNRM in terms of drought resilience but identified clear livelihood benefits. Weather information was also valued by users, but it was less useful for more remote communities. Our findings also suggest a number of changes that are likely to make the thresholds used to calculate the resilience index adopted by the project more useful.

Note to the reader

This report is intended for those interested in the effectiveness of resilience building interventions. The primary intended audiences are DFID advisers in the climate and environment department and relevant country officers as well as the BRACED MAR implementing partners. Other audiences who may be interested in the lessons generated include other NGOs or practitioners operating or designing programmes in Ethiopia or those focused on VSLA, microfinance and NRM work more generally. The report is not highly technical in nature as it is intended for a broader audience but an understanding of the types of interventions under discussion is beneficial.

Key messages

1. **Community members scored rangeland management as the most important BRACED intervention, while project staff ranked VSLAs first. Both have good reasons for doing so.**
   The male Hammar focus group emphasised that some of their tribe members, who had been forced to take their cattle near the national park during the drought, had come into conflict with other tribes and people had been killed. The feeling was that having BRACED PNRM at the time meant fewer men had to do this and thus saved lives. PNRM was the most highly rated resilience intervention among communities. Project staff also recognised the benefits of PNRM but highlighted that it required a significant time investment to secure them in South Omo's pastoralist communities. Taking these costs into account, project staff scored VSLAs more highly than PNRM.

2. **VSLAs combined with basic business training have provided new livelihood opportunities by supporting micro-businesses (typically producing and selling local food and drink), petty trading and animal fattening for sale. This is sustainable, but scaling faces some constraints.**
   Some community members felt that profits generated from VSLA loans had made them significantly more resilient to the drought. This was not articulated by most focus group participants, but this may reflect the fact that their VSLAs had only been in place for a year or less when the drought hit. More general results have been that women members have gained autonomy, recovery from the drought has been faster, and the benefits of income generated, are nearly five times project costs, even with very conservative assumptions. There are some challenges in scaling VSLAs in this context, including:
   - The need to find a financially sustainable model for VSLA creation and support.
   - Graduation of VSLAs to rural savings and credit cooperatives (RuSACCOs). Cooperative legislation on minimum group size and loss of flexibility over loan purposes are likely to be constraints.
   - The potential need for additional business training when VSLA loans become larger, longer-term and lower interest as a result of RuSACCO or Omo MF linkage.

3. **Focus Group Discussion (FGD) participants were clear that they had used weather forecasts, both to more effectively plan agricultural activities and to avoid storm impacts. However, reaching a wider group has been difficult.**
   Project staff scored climate information less highly than the community FGDs (unambiguously lower than the VSLAs or PNRM), as they accounted for factors that had limited the reach of broadcasts to a number of communities. These factors included:
   - The time lag resulting from the subsequent transmission of radio messages by word of mouth.
   - Limited coverage of radio broadcasts in some areas.
   - Communities speaking other languages than the four used across partner FM radio stations.

4. **Zonal government officials felt their ability to support project interventions was constrained by lack of resources.**
   This was magnified by the political requirement for them to provide equal support to each of the 16 tribes in the zone, even though some woredas and kebeles needed more support than others. While this is likely to constrain scaling and replication, project interventions appear to be sustainable for those who have received them.

5. **The resilience index used for the MAR baseline survey needs review to adequately capture project contributions in pastoralist/agro-pastoralist communities.**
   This is because:
   - The target 15% increase in savings or 100 Birr threshold, is both arbitrary and appears to be far too low.
   - Many respondents in these communities may not be able to meaningfully answer whether savings have increased by 15%.
   - Questions on weather information and watershed management need to be modified to work effectively for pastoralist communities.
   - The weighting of the resilience index could better reflect community experience in different regions.

Contents

1. Introduction

Background

The Market Approaches to Resilience (MAR) project in Ethiopia has been implemented by Farm Africa and Mercy Corps from 2015 in 20 Woredas (districts) in the lowland regions of Afar, Somali and Southern Nations, Nationalities, and Peoples' Region (SNNPR). The project targeted primarily pastoralists, agro-pastoralists and unemployed youth and women in urban areas.

The project implemented four interlinked intervention packages: (1) Financial Services (e.g. Village Savings and Loans Associations, Micro-Finance, Mobile Banking and Insurance), (2) Natural Resource Management (e.g. Community-based natural resource management, Climate information production and use through early warning risk profile assessments), (3) Urban Resilience building and (4) National-Level partnership building and knowledge generation. The first two intervention packages are most relevant and are the focus of this report.

The BRACED Market-Based Approaches to Resilience (MAR) Ethiopia endline report LTSi (2018) provides qualitative evidence from more than 60 key informant interviews that programme interventions contributed to increased beneficiary resilience over 18-24 months. A key conclusion was that microfinance in combination with various other interventions was associated with an increase in capacities required for greater resilience to climate shocks. However, this increase was not sufficient to enable beneficiaries to adapt to or absorb shocks such as the 2015/16 drought.

Rationale for this paper and key questions

Working with the implementing partners and DFID, we designed a focused piece of follow-up qualitative research with project staff, pastoralist communities and government officials in South Omo to further explore some important issues. The aim is to:

1. strengthen the understanding of project impact on pastoralist communities;
2. help the MAR project team to get more from their quantitative evaluation work planned for 2019; and
3. provide useful starting information for proposed DFID programming on pastoralist use of VSLAs and microfinance.

Specifically, we address two key questions:

1. **Which interventions and combinations of interventions made the most difference**? This is a key question for DFID and the wider audience when considering programming and investment. The LTSi (2018) evaluation had to consider a large number of pathways from intervention to outcomes across all 20 project woredas in three regions. We were able to draw on the general findings and look in more depth at which interventions were most successful and why in one pastoralist and one agro-pastoralist community in the South Omo region. In these communities, the interlinked project interventions included:
    i. Financial services (primarily village savings and loan schemes (VSLAs) with some early examples of linkage to more formal microfinance);
    ii. Participatory natural resource management (PNRM)—particularly rangeland management to increase available fodder in the event of drought; and
    iii. Provision of 10-day weather forecasts via radios and subsequently, word of mouth in the broader community.

    We were particularly interested in village savings and loan schemes (VSLAs) and their linkage with more formal microfinance given the evidence of saving reported by the project and DFID Ethiopia

country office's desire for evidence on pastoralist use of VSLAs and microfinance to support new programmatic work[1].

2. **What are the thresholds for "sufficient" resilience?** Early in the project the KM evaluation team discussed with MAR staff what their stakeholder consultations suggested for the composition of a resilience index to track resilience capacities and thresholds for desired improvements in these components[2]. Based on the experience of trying to build resilience in the face of the severe 2015/16 drought, we were interested to know if the original thresholds would need revision for the 2019 BRACED extension final evaluation.

This report presents the results of this work and is organised as follows: Section 2 briefly explains the methodology used; Section 3 sets out the findings and Section 4 outlines the lessons from this work.

2. Methodology

During a week-long field visit in Ethiopia in early July 2018, we undertook:

1) **Discussion and participatory scoring of interventions with groups of beneficiaries** - Focus group discussions (FGDs) were held with 13 men (FGD 1) and 10 women (FGD 2) in a project pastoralist community in Hammar woreda and a mixed but largely female FGD was held in with 12 community members in Benatsemi woreda (FGD 3). In each FGD, participants discussed the project interventions and whether these had made a difference to the way they coped with climate shocks[3]. They were then were asked to reach a consensus on scoring each intervention out of 10. As there were three FGDs, community scores (in Table 2 below) are presented as a range[4]. Discussions were held in local languages with separate translation to Amharic and English and detailed notes were taken by the two researchers and triangulated. Participants received a requested gift of kolo (roasted barley) and payment for refreshments.

   The main potential bias is that FGD participants were project beneficiaries responding to a project fieldworker request to attend a participatory discussion with refreshments. Logistically, this was the only feasible way of organising meetings but there is a risk that this recruited beneficiaries who were closely involved with the project rather than those targeted with limited success. To limit this risk, we checked that we had representatives of new as well as long-established VSLAs and asked respondents to think about all members of their VSLA.

2) **Key informant interviews with woreda officials and Omo microfinance representatives in Hammar and Benatsemi involved in project delivery.** These used semi-structured interviews covering: their involvement with the project, understanding of change and the role of the project interventions (questions given in the Annex to this report).
3) **Key Informant Interviews with zonal government officials who were familiar with the MAR project,** using the same interview structure.
4) **Discussions with project field and Addis Ababa-based staff**. This involved a discussion of change resulting from project interventions, the South Omo context, constraints faced in implementation, then scoring and reasons for scoring.

The Table on the following page summarises the numbers interviewed in each category.

[1] DFID has selected Ethiopia as one of the Component D2 (Policy) focus countries
[2] See Yaron and Wilson, Laying the Foundations for Measuring Resilience, 2016. BRACED working paper, UK (http://www.itad.com/reports/laying-foundations-measuring-resilience/) for more details.
[3] The discussion protocol, including questions used, is set out in the technical annex to this report.
[4] We initially planned to calculate scores from each FGD through the allocation of 10 sticks. However, it looked likely that this process would increase the influence that traditional hierarchies had (for example, through choice of the person to manage the scoring) and we were able to get broader participation by asking for verbal scores.

Table 1 – Research activity summary

Research activity	Summary reference	Numbers interviewed
Focus group discussions – Hammar woreda	FGD 1, FGD 2	13 men, 10 women
Focus group discussion – Benatsemi woreda	FGD 3	8 women + 4 men
Key informant interviews - Hammar woreda (Livestock & fisheries, Omo Microfinance)	KII 1	2
Key informant interviews - Benatsemi woreda (Cooperatives, Environmental protection, Omo Microfinance)	KII 2	3
Key informant interviews – South Omo zone (forestry, cooperatives, environmental protection)	KII 3	3
Key informant interviews – project staff (national and local)	KII 4	6

3. Findings

In this section we present the key findings (highlighted in bold text) organised by the two overarching questions.

3.1. Which interventions made the most difference?

Communities thought that BRACED project interventions had partially mitigated the impact of the 2015/16 drought and helped to speed up recovery. There was still widespread and significant loss of cattle (as pastoralists in these traditional communities would not accept the advice to sell in the face of drought). However, there were many examples of rangeland management producing essential fodder and reducing migration to areas that provoked conflict with other tribes[5]. VSLA loans combined with basic business training had generated new income sources from petty trading, making and selling local drinks and animal fattening for sale. In some cases, this had contributed to household consumption during the drought or had been used to buy fodder for cattle and there was agreement across FGDs and KIIs that this had increased the pace of recovery. Project staff made the broader claim that "Four BRACED woredas are no longer relying on food aid but the other 2 semi-arid woredas still rely on it".

Communities and project staff scored the effectiveness of interventions differently, with PNRM valued particularly highly by targeted communities. However, project staff found these benefits could only be produced by investing a very significant amount of their time and saw VSLAs as the most efficient way of building resilience. Community participants ranked their VSLAs second to PNRM in terms of drought resilience but identified clear livelihood benefits. Weather information was also valued by users, but it was less useful for more remote communities (see 3.1.3 below) and this is reflected in scoring by project staff.

The scoring by communities and project staff is shown in Tables 2 and 3 below.

Table 2 – Community scoring of interventions

Intervention:	PNRM	VSLA	Weather information
Score	9-10	6–9	6-8
Notes:	Valued particularly during drought	Valued particularly outside drought & by women	Used to avoid flood and hail events. Thought to be less useful for more remote communities.

[5] FGD 1, FGD 2, FGD 3, KII 1 - 4

Table 3 – Project staff scoring of interventions

Intervention:	PNRM	VSLA	Weather information
Score	7.5	9	6

3.1.1. Participatory Natural Resource Management (PNRM)

Community members highlighted the value of rangeland management during the drought. The male Hammar focus group emphasised that some members of their tribe that had been forced to take their cattle near to the national park during the drought had come into conflict with other tribes and people had been killed. Having BRACED PNRM at the time had meant fewer men having to do this and was felt to have saved lives. The women's focus group noted that selling grass from the rangeland in non-drought times enabled them to buy coffee husks that are used to produce and sell a popular local drink.

The Benatsemi focus group also highlighted the particular value of rangeland management during the 2015/16 drought, valuing it above the VSLA because:

> *"it saved our lives and cattle during last year's drought even when we are forced to stop saving".*
> (FGD 3 participant).

They mentioned that:

> *"During last drought we sold 3 trucks of grass for other kebele".* (producing income and status).
> (FGD 3 participant)

Some women mentioned social benefits from PNRM:

> *"We also allow the disabled and poorer to cut and sell grass from our range land. Now, when someone dies, we can help the family. Before, we just went and ate the food at the funeral".*
> (FGD 3 participant)

Project staff also recognised the benefits of PNRM but highlighted the huge amount of work required to secure them. As there was often no tradition of communal land management, a great deal of time was spent brokering agreements and rotational use of private rangeland. Nigussie et al. (2018) highlighted the institutional challenges facing soil and water conservation interventions in mixed farming systems in other parts of Ethiopia and LTSi (2018) correctly noted that pastoralist communities would need "…a clear understanding of how these mechanisms will benefit them" (p16).

The significant investment in time to produce PNRM benefits for targeted communities—an implicit cost-benefit analysis—explains the lower scoring of PNRM by project staff relative to the communities. Woreda officials also highlighted how time consuming it was to establish valuable PNRM with pastoralists. In Benatsemi woreda, officials and the Omo MF representative ranked PNRM as the most important resilience building intervention to the drought and VSLAs second but emphasised the linkage between the two:

> *"Saving depends on forage management. If we do only one, we will possibly fail".*
> (KII 2)

Zonal government officials who had been involved in the LTSi (2018) evaluation noted a number of programme benefits across the categories in the Tables above but did not attempt to score them. They thought programme activities would need support going forward but had two major concerns over their ability to do this. Firstly, they lacked resources to provide the kind of field-level intensive support that BRACED provided. Secondly, as the government, they had an absolute requirement to provide equal support to each of the 16 tribes in the zone even though some woredas and kebeles needed more support than others. They felt this would significantly constrain their effectiveness in supporting BRACED interventions.

3.1.2. VSLAs and microfinance

Focus group discussions in both communities indicate that VSLAs combined with basic business training have provided new livelihood opportunities by supporting micro-businesses (typically producing and selling local food and drink), petty trading and animal fattening for sale.

> *"Previously when we are in need of money we beg our husband. After [Farm Africa staff] teach us we engaged on different business like prepare and sell local drinks, we bring the coffee husks from market and sell in local market. We made local drinks and sold previously but it did not change our life, because we don't have saving. Now I am saving and have one cow".*
>
> Female FGD 2 participant

> *"We have four fenced forage areas to use for fattening and selling grass. We are fattening in group and individually. The idea is to sell a fattened ox and buy one female calf for milk and one male ox for fattening or to buy goats. So, we have more milk for the children and can spend to access health care".*
>
> Male FGD 1 participant

> *"We didn't buy for breeding animals as this takes too long. We bought for fattening, it is 3 months to fatten a goat. So, when we took the loan we only buy 2 goats and we run petty trade with the remaining money to pay the interest".*
>
> Male FGD 3 participant

VSLA members save 10Birr/week plus 2Birr/week for a social fund[6]. Loans are made from the group savings and the maximum size of each loan is three times the accumulated individual savings over the year. The VSLA decides how much interest to charge (we found examples of between 4% and 10% per month with the principal repaid after one to six months). High interest rates are seen as a way to rapidly generate capital for loans.

Some FGD participants said that VSLA savings had helped their households cope during the drought (by purchasing fodder, for example). In one of the three FGDs (FGD 3), some VSLA members had clearly been able to purchase supplementary grass and said that "60,000 Birr saving for 15 people was enough to provide resilience"[7]. However, the majority focused on post drought recovery—noting that savings had stopped during the drought (a point corroborated by project field staff interviews)—but that the VSLA had enabled them to improve livelihoods post drought. It is important to note that this finding may reflect that some VSLAs had been running for less than a year before the drought hit and the planned 2019 project evaluation should explore perceived resilience to a drought "like that of 2015/16 event" for VSLA members with one to three years of post-drought savings.

Overall, VSLAs are viewed as valuable although there are some instances of attrition and failed investments with loans.
The Hammar woreda FGD noted that out of 25 VSLA members, three withdrew (although are now asking to join again) and five people had not paid the loan back. The group thought that some of these five might be unwilling to give up profitable trading opportunities with loan funds and would repay while others just wanted to be helped by government. One participant noted that she had used a loan to purchase an ox that had lost weight and lost money when it was sold but the overwhelming majority saw VSLAs as providing new and valuable income sources. The fact that two "copycat" VSLAs had been set up in this project kebele initially without project support provided additional evidence of VSLA benefits.

Even if VSLAs only last for the duration of the programme, discounted benefits are likely to be nearly 5 times greater than discounted costs. It was possible to cross-check qualitative evidence on the returns to VSLAs with quantitative data (see Table 4 below). Taking the most conservative estimates of benefits from

[6] This VSLA model allows for one member to have up to 3 shares but FGD participants described having one share.
[7] 15 VSLA members

all the FGDs and project costs based on field office records, we have shown the estimates in Table 4. These costs are the local ones that we might expect to be involved in replicating VSLAs in *this area* post programme using local institutions.

Table 4 – VSLA costs and benefits

Cost/VSLA over 3 years	Birr	Source		
A. Field agents and equipment (mainly in year 1)	4,954	Project data		
B. Share of South Omo office, travel and admin costs	17,140	Project data		
C. Failure to repay 5/25 loans each of ETB 1500 (in year 1)	7,500	FGDs		
Benefits/year				
Min profit of 2 goats per borrower per year x 20 successful borrowers	48,000	FGDs		
				Year
Scenario 1 - VSLA operates for 3 years (programme life)		1	2	3
Total costs (A + C in year 1, B over 3 years)		18,167	5,713	5,713
Total benefits		48,000	48,000	48,000
Net benefit		29,833	42,287	42,287
NPV (at 12% discount rate[8])	90,446			
Discounted costs (at 12%)	24,842			
Discounted benefits (at 12%)	115,288			
B:C ratio	4.6			

Source: Authors' analysis

Constraints to scaling out VSLAs in pastoralist communities in South Omo

The MAR project approach involved the recruitment of community-based field agents paid by BRACED for 9 months to establish and support VSLAs. The intention was for them to graduate to become private-sector service providers, paid by communities for services including VSLA support. However, project field staff have found that communities led by traditional elders do not believe they should have to pay their own community members for this type of support. Partly in response to this, after the first round of training and VSLA creation, most field agents became local government staff or primary school teachers.

The question of how to support new VSLAs post BRACED is important if this component is to be scaled successfully. Project staff mentioned an alternative VSLA model that has been used by another NGO working in the target woredas, which has involved the NGO making a matching donation to equal the savings of group members. Where communities had experience of this "matching" model they were reluctant to adopt the standard model used by MAR. It is unclear how widespread this matching model is and whether it is still in use.

Institutionalising sustainability through formalising VSLAs

1. VSLA linkage with Rural Savings and Credit Cooperatives (RuSACCOs)

The MAR project has encouraged VSLAs to register as RuSACCOs. This has a number of potential benefits for building sustainable resilience to climate shocks: firstly, to gain local support and oversight from an

[8] Discounting is the standard economic technique to express costs and benefits in future years in current or year 1 terms. With this method, the longer we have to wait for a benefit the less valuable it is. Development funds often use a 12% discount rate. The choice of discount rate makes very little difference over the three-year period used in Table 4.

established legally-sanctioned institution[9] intended to support Ethiopian agriculture[10]. Secondly, increased access to capital and hence larger loans allows micro-businesses to grow in size. Evidence across *all* our FGDs and key informant interviews suggest that the existing cooperative legislation has created a practical constraint to realising these benefits. Specifically, the legislation governing cooperatives requires that a SACCO has at least 50 members and so 2-4 VSLAs need to join together to become a RuSACCO. The challenge is that VSLAs established at different times will have different levels of savings and capacity and stronger VSLAs are typically unwilling to pool their capital with weaker VSLAs to become a RuSACCO. Once established, the RuSACCO is a legal entity with reporting requirements under the legislation and each VSLA has to be confident the others will repay loans and meet the reporting requirements in order to agree to join together. The institutional challenge is primarily finding similar, trusted VSLAs to join with at the outset because, once formed, the RuSACCO can make loans effectively to individual constituent VSLAs.

One of the strengths of the MAR project VSLA model is the autonomy given to VSLAs. Although the business training provided at the outset is designed to encourage income generation, groups have the flexibility to allow loans for a wide range of purposes (including access to medical treatment for example). The literature on microfinance for the poorest has found this to be important in other contexts[11]. In principle, new RuSACCOs are free to choose their own interest rate and business plan when they set their by-laws. However, key informants noted that there is a tendency of government partners to interfere to set these by-laws and, for example, rule out loans for non-business purposes.

2. VSLA linkage with Omo Microfinance

Omo microfinance (MF) started operating in the project woredas in 2017 and is currently working with 4 VSLAs in 4 kebeles. The Omo MF staff we spoke to, indicated a loan size to individual borrowers of 4,000 Birr/year compared to VSLA loans of typically 1,500 Birr or less (based on 3 times the savings). At the woreda level, MF staff highlighted the advantage of beginning with VSLAs to establish a savings culture and loan repayment. It was too early for them to say whether repayment rates were comparable to those for VSLAs although evidence from elsewhere in Ethiopia suggests this could be a challenge [12].

Participants in one of the community FGDs (in the Benatsemi woreda) described how one of their VSLAs had recently become a member of Omo MF and were earning interest on deposits of 0.7% per month. While this is a small fraction of the 10% monthly loan interest charged by this VSLA, community members saw it as worthwhile because VSLAs themselves could not pay interest on savings. For this group, membership of Omo MF increased the savings distributed to VSLA members at the year end.

3.1.3. Weather information[13]

FGD participants used weather forecasts both to more effectively plan agricultural activities and to avoid storm impacts. Community members participating in the FGDs had received weather information through the MAR project radios on their weekly savings day. We were unable to ascertain whether this was shared at the weekly savings day meetings or heard in real time. Examples of the types of information received given in the FGD were “there will be heavy rain and flood so keep away your children and cattle from flood areas” and “useful advice to avoid a hail storm”. Community members scored this intervention highly for themselves (the male FGD in Hammar scored it above VSLAs while the other FGDs scored it below VSLAs) - but acknowledged that it was less useful for more remote communities who would get the information by word of mouth, many days after it was broadcast.

[9] The cooperative proclamation 147/1998 and by-laws have created an official structure to support cooperatives down to the woreda level.
[10] Tesfamariam (2015)
[11] Yaron et al. (2018)
[12] The final evaluation of ECMP, IMC, GY Associates and B&M, (2017) found repayment rates to RuSACCOs of below 50% in some communities.
[13] Note that the project may refer to climate information, but the information is short term forecasts rather than longer or medium-term climate trend data. The authors’ distinction is intended and important.

Project staff scored climate information less highly than the community FGDs—unambiguously lower than the VSLAs or PNRM). They took factors into account that had limited the reach of broadcasts to a number of communities. These factors included:

i. The time lag resulting from the subsequent transmission of radio messages by word of mouth;
ii. Limited coverage of radio broadcasts in some areas; and
iii. Communities speaking other languages than the four used across partner FM radio stations.

In addition, project staff noted their lack of success in convincing pastoralist communities to sell cattle based on the forecast of imminent drought.

3.2. Threshold values for a resilience measurement index

The focus group discussions with the two BRACED communities in South Omo on their experience of drought provide a useful opportunity to reflect on the resilience index used for the MAR baseline survey (Table 5 below).

Table 5: Resilience measurement index: pastoralists and agro-pastoralists

Domain	Used for baseline survey	Weighting at baseline
Savings	Increase of 15% or more or in the case of HH starting with <100 ETB, an increase to over 100 ETB	2
Insured	Insured (Y/N)	1
Assets	Increase of 15% or more	2
Information	Has improved livestock or crop productivity or minimised shock effects	1
Management	Watershed Management benefitted household (Y/N)	2
# of tropical livestock units sold in the past year	2+	1
Membership of a VSLA group with a social fund	A member	0.5

Source: LTS, Farm Africa and Mercy Corps (2016)

The key findings are as follows:

The savings threshold seems unlikely to adequately capture the contribution to resilience from increased savings in pastoralist/agro-pastoralist communities such as these for a number of reasons.

i. A 15% or 100 Birr threshold is both arbitrary and appears to be far too low. Those participants in the Benatsemi FGD who had used VSLA savings to purchase grass for cattle during the drought said “60,000 Birr saving for 15 people was enough to provide resilience”. This translates to 4,000 Birr per person. Given that a back load of grass to feed one cow/ox for 3-4 days costs 50-70Birr and last year’s drought lasted 9-10 months, even a savings threshold of 4,000 Birr for supplementary feed seems quite modest.
ii. Annual VSLA member savings will typically be 500 Birr per year and will be distributed at the year end. Hence, all VSLA members starting with <100 Birr will meet this threshold provided the question is asked after 10 weeks into the savings cycle i.e. the savings variable just tells us that that an individual was a VSLA member.
iii. Based on our experience, many respondents in these communities may not be able to meaningfully answer whether savings have increased by 15%.

Provided the question on assets will be asked in the 2019 endline survey "relative to this time last year…"it should work well in the sense of capturing profits from VSLA loans being converted into animals purchased. This is because livestock is treated as an asset and herd sizes are recovering after the 2015/16 drought. Comparison of 2019 with pre-drought baseline figures, however, would be likely to show a decline.

The baseline survey question on information appears to capture both weather information and advice on threats to livestock and marketing opportunities. There are a number of reasons why it is worth separating these out:

i. A supplementary question could be asked on how weather information was obtained and whether it was timely to help understand how useful it was;
ii. Work done on resilience of pastoralists to climate change and variability in the Southern Afar Region (Mekuyie et al. in 2018) suggests that herd composition, mobility and herd splitting were important. While the feedback from FGDs and project staff was that advice to sell cattle as the drought struck was ignored, there may have been more receptiveness in other communities.

The current binary response to the Management domain may not cover the work by the project on PNRM on private land. The question on watershed management at baseline appears to relate to whether there is a "committee that manages the communal land / sloping land in a watershed in your kebele?". Given the importance attached to this by FGD participants, it should be part of the resilience index.

There are a number of reasons for revisiting the **weighting** of the resilience index for the 2019 survey: Firstly, qualitative evidence collected by the project, LTSi (2018) and in this report provides an opportunity to adjust weights in line with the contribution to perceived resilience capacity building. Secondly, the experience of project staff suggests that the potential for pastoralists to respond to interventions such as provision of insurance or advice may be quite different across regional states. In this case, the value of having this intervention as a means of building resilience will differ and the weighting should reflect this.

4. Conclusions and recommendations

Project interventions: Sustainable but scalable?

All three project interventions we have considered in the context of pastoralists in South Omo (PNRM, VSLAs and use of weather information) are sustainable in the sense that recipients appear to have gained the capacity to continue them post project. The question of whether these can be replicated or scaled by government is quite different. Despite community members scoring PNRM as the single most effective drought resilience intervention, it requires far more support than government offices at zonal or woreda level can realistically provide.

In contrast, there appears to be a much better chance of scaling up the number of VSLAs. Communities narrowly ranked them second to PNRM in terms of building drought resilience and project staff (considering the time costs involved) ranked them first. One note of caution however, is the interdependence of PNRM and VSLAs for *some* households. The FGDs provided examples in which PNRM played a critical role in generating the funds for VSLA savings but there were other examples in which VSLAs enabled livelihood diversification through trading and micro business. More work will be needed to understand *which groups* within pastoralist communities will be affected by the focus on VSLAs.

VSLA scaling in pastoralist communities will need alternatives to the private sector agent model

Our findings suggest that the business training provided as part of establishing VSLAs has played an important role in generating income. This will need to continue but, given the difficulty of making the private-sector agent model work in the pastoralist communities we met, other ways of doing this may be needed. Yaron et al. (2018) describe an example of a successful move from donor funding to establish microfinance self-help groups to sustainable funding using a small margin between the cost of funds

provided to the microfinance institution that delivers support to groups and the interest rate this institution charges to the ultimate borrowers. In the South Omo context, RuSACCOs and Omo microfinance could potentially fulfil this role but it is currently not their mandate.

Formalising VSLAs is not without challenges

The conversion of established VSLAs to RuSACCOs and linkage to Omo microfinance offer potential to increase loan sizes and hence grow micro-businesses. We have noted challenges of finding "matching" VSLAs to bring together and for government partners to avoid imposing loan conditions that undermine the flexibility and responsibility embodied by successful VSLAs. In addition, the transition from VSLA to RuSACCO or microfinance loan recipient implies larger loans at much lower interest rates and a longer time horizon. This means that there are a wider set of business activities that are potentially financially viable than those originally chosen in order to pay back say, a loan at much higher interest rates (e.g. 10% per month) in a short period (e.g. two to three months). However, additional business training may be needed to help borrowers take advantage of new opportunities made possible by larger loans at lower interest rates and over a longer period of time.

Cost effectiveness of interventions is a consideration for sustaining them

The divergence between community and project staff scoring on project interventions reflects what appears to be an implicit cost-benefit analysis by project staff whereas communities naturally do not account for the high costs of PNRM borne by the project. This confirms the importance of considering *both* costs and benefits when evaluating project interventions. This is an important point when considering sustainability beyond current BRACED funding. Understanding which interventions are not only most effective but most efficient at maximising resilience gains is important for future programming and potential adoption by local or national institutions including, but not limited to, government.

Recommendations

There are a number of **recommendations** that flow from the findings and conclusions above.

1. MAR project staff should assess the need for additional business training to help borrowers in target communities take advantage of new opportunities made possible by larger loans at lower interest rates and over a longer period.
2. DFID-E should identify suitable models for sustainable support for VSLA scaling based on the experience in Ethiopia and elsewhere
3. GoE should assess the feasibility of modifying the cooperative legislation to allow for individual VSLAs to register as RuSACCOs i.e. to review the 50-member criteria. This could form part of the Component D work under the current phase of BRACED.
4. GoE and microfinance officials should allow successful VSLAs to maintain flexibility over loan purposes where these VSLAs become RuSACCOs or linked to Omo Microfinance.
5. The 2019 project evaluation should use both survey and qualitative evidence to better understand likely winners and losers within target communities from focusing on VSLAs independent of PNRM.

Measuring resilience thresholds

Our findings suggest that it is important to revisit the key performance index used to track resilience capacity among those receiving project interventions (KPI 4). Specifically, we **recommend** that:

6. Project staff should review the thresholds for savings and how use of weather information and project support for PNRM on private land is captured in time for the 2019 evaluation.
7. Project staff should also review the weighting of the resilience index for the 2019 survey to consider the findings in this report.

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Technical Annex

Focus Group Protocol

→ Introduction

We are part of a team from ITAD in the UK learning lessons from the DFID BRACED programme and the MAR project is part of this bigger programme. We are interested in learning what has worked well and what has not worked and there are no right or wrong answers. We want to hear everyone's views.

→ Questions

1. What has changed because of the MAR project?

Check:

- Interventions are definitely MAR interventions (project partners and time frame)
- Main intervention and then prompt for others. Look for contributions from across the group.
- Linkages across interventions.

2. If VSLA is mentioned:

- How much is saved, over what period and by whom (men/women, old/young)?
- How has this developed over time?
- What are loans used for? What is the interest rate and payback period? What is the net return?
- What difference has this made when people faced the 2015/16 drought? And recovery or livelihoods afterwards?
- How did this work (context and mechanism)?
- Is there linkage with a RuSACCO? If so, what are the loan conditions? Advantages and disadvantages? Challenges in making this linkage?

3. If RuSACCO is mentioned:

- How much is saved, over what period and by whom (men/women, old/young)?
- How has this developed over time?
- What are loans used for? What is the interest rate and payback period? What is the net return?
- What difference has this made when people faced the 2015/16 drought? And recovery or livelihoods afterwards?
- How did this work (context and mechanism)?

4. If OMO MF is mentioned:

- How much is saved, over what period and by whom (men/women, old/young)?
- How has this developed over time?
- What are loans used for? What is the interest rate and payback period? What is the net return?
- What difference has this made when people faced the 2015/16 drought? And recovery or livelihoods afterwards?
- How did this work (context and mechanism)?

5. If PNRM is mentioned:

- How much difference has this made, over what period and by whom (men/women, old/young)?
- How has this developed over time?
- What is the net return?
- What difference has this made when people faced the 2015/16 drought? And recovery or livelihoods afterwards?
- How did this work (context and mechanism)?

6. If Climate information/provision of weather forecasts is mentioned:

- How much difference has this made, over what period and by whom (men/women, old/young)?
- How has this developed over time?
- What is the net return?
- What difference has this made when people faced the 2015/16 drought? And recovery or livelihoods afterwards?
- How did this work (context and mechanism)?

7. I would like you to think about the effect that MAR project VSLAs, PNRM and weather information has had in helping to cope with the 2015/16 drought. You are going to give a score to each of these activities depending on how much help you think they have provided. The most any project activity can score is 10 and the smallest score is 0.

Key informant interviews (for officials)

→ Introduction

We are part of a team from ITAD in the UK learning lessons from the DFID BRACED programme and the MAR project is part of this bigger programme. We are interested in learning what has worked well and what has not worked and there are no right or wrong answers.

[Note participant names and job titles]

→ Questions

1. What have been the main MAR project interventions in terms of resilience to the 2015/16 drought in this (Zone/Woreda)?
2. What evidence do you have for this?
3. Are there important linkages across interventions?
4. I would like you to think about the effect that MAR project VSLAs, PNRM and weather information has had in helping to cope with the 2015/16 drought. You are going to give a score to each of these activities depending on how much help you think they have provided. The most any project activity can score is 10 and the smallest score is 0.
5. How do you see these interventions going forward in future? Are they sustainable? What is your role in this?
6. Are there any other issues you would like to raise?

BRACED
KNOWLEDGE MANAGER

The BRACED Knowledge Manager generates evidence and learning on resilience and adaptation in partnership with the BRACED projects and the wider resilience community. It gathers robust evidence of what works to strengthen resilience to climate extremes and disasters, and initiates and supports processes to ensure that evidence is put into use in policy and programmes. The Knowledge Manager also fosters partnerships to amplify the impact of new evidence and learning, in order to significantly improve levels of resilience in poor and vulnerable countries and communities around the world.

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