

ADDRESSING LOSS & DAMAGE  
ASSOCIATED WITH CLIMATE CHANGE

# Risk Management & Transfer

The Ethiopian Experience



Addis Abeba  
13-15 June 2012



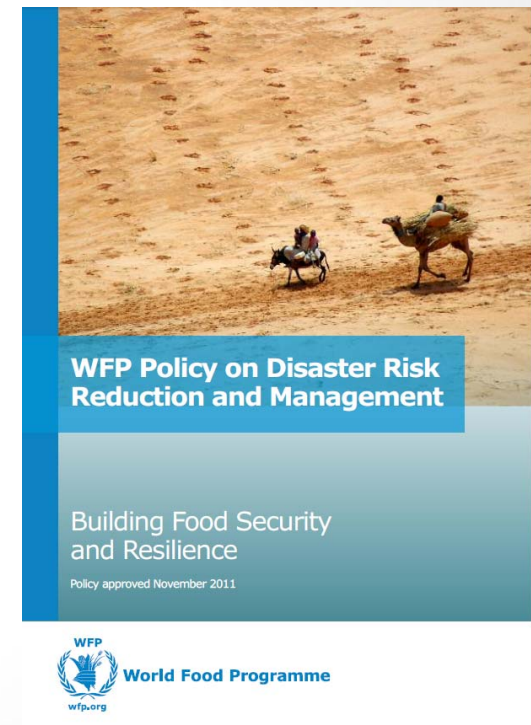
# Disasters in Ethiopia

- Ethiopia has achieved a double digit economic growth over the last eight years and plans to increase it further (14 percent) by the end of current planning period.
- Despite such a tremendous achievement Ethiopia is still highly vulnerable to a wide range of climate change induced natural as well as man-made disasters
- Drought remains the country's leading major hazard while flood is the second major hazard next to drought
- Recent experience shows an apparent marked increase in area coverage and frequency of such disasters

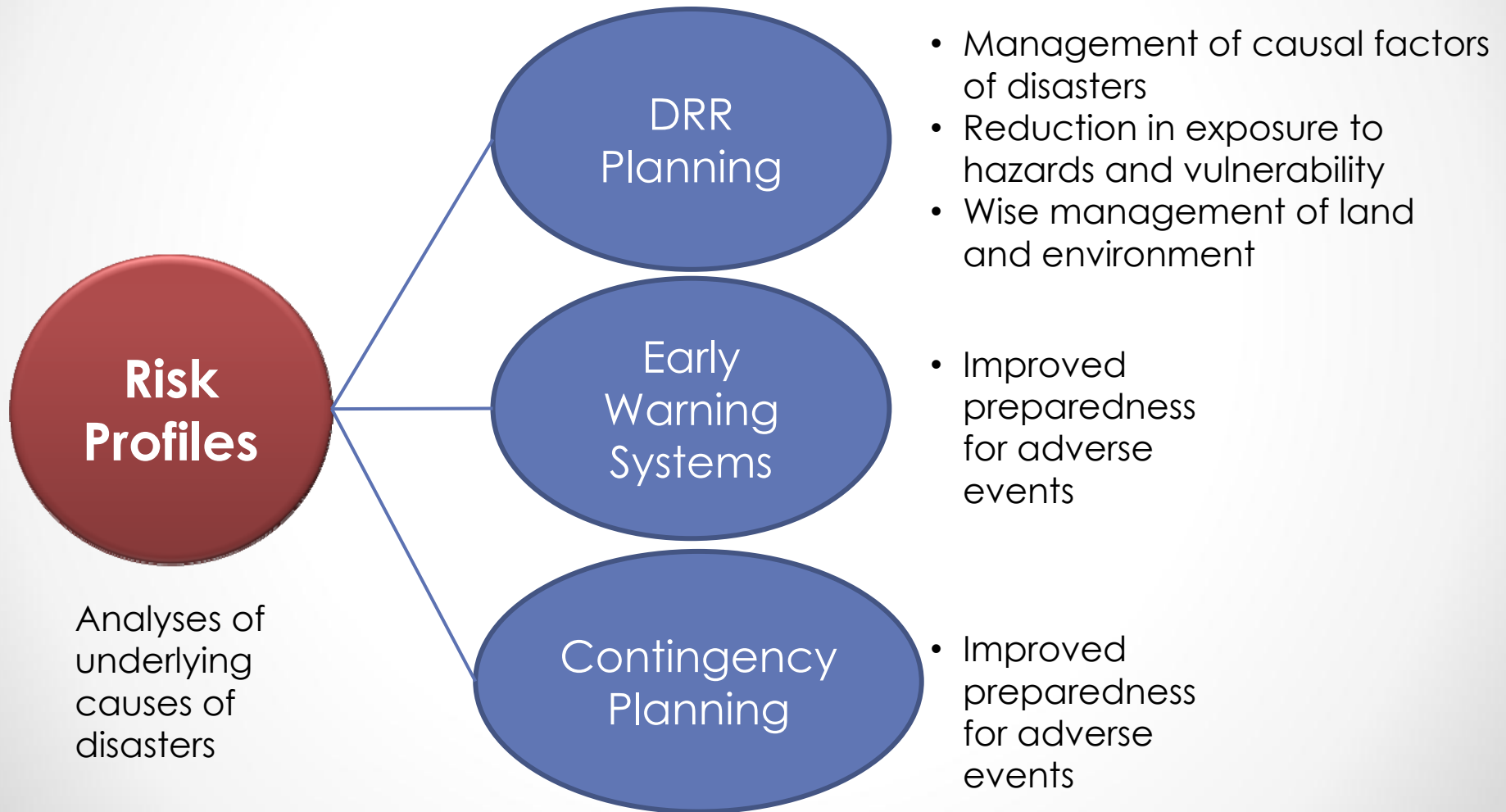


# WFP's Role in Risk Management

- Food Security Analysis, Monitoring and Early Warning
- Emergency Preparedness, Response and Recovery
- Building Resilience and Protecting the most vulnerable
- Capacity Development with National and Regional Institutions
- Coordination and Leadership
- 



# Risk Assessments



# The Evolution of Ethiopia's National Food Security Strategy

## **Before 2004**

- Annual Emergency Appeals covering 5 – 13 million people
- 2003 Crisis – 13.1 million emergency beneficiaries at a cost of 1 billion USD

## **After 2004**

- Productive Safety Net Program providing guaranteed multi-year assistance to address chronic food insecurity
- Currently assisting 7.8 million people in 319 districts in Ethiopia
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# Risk Financing Mechanism

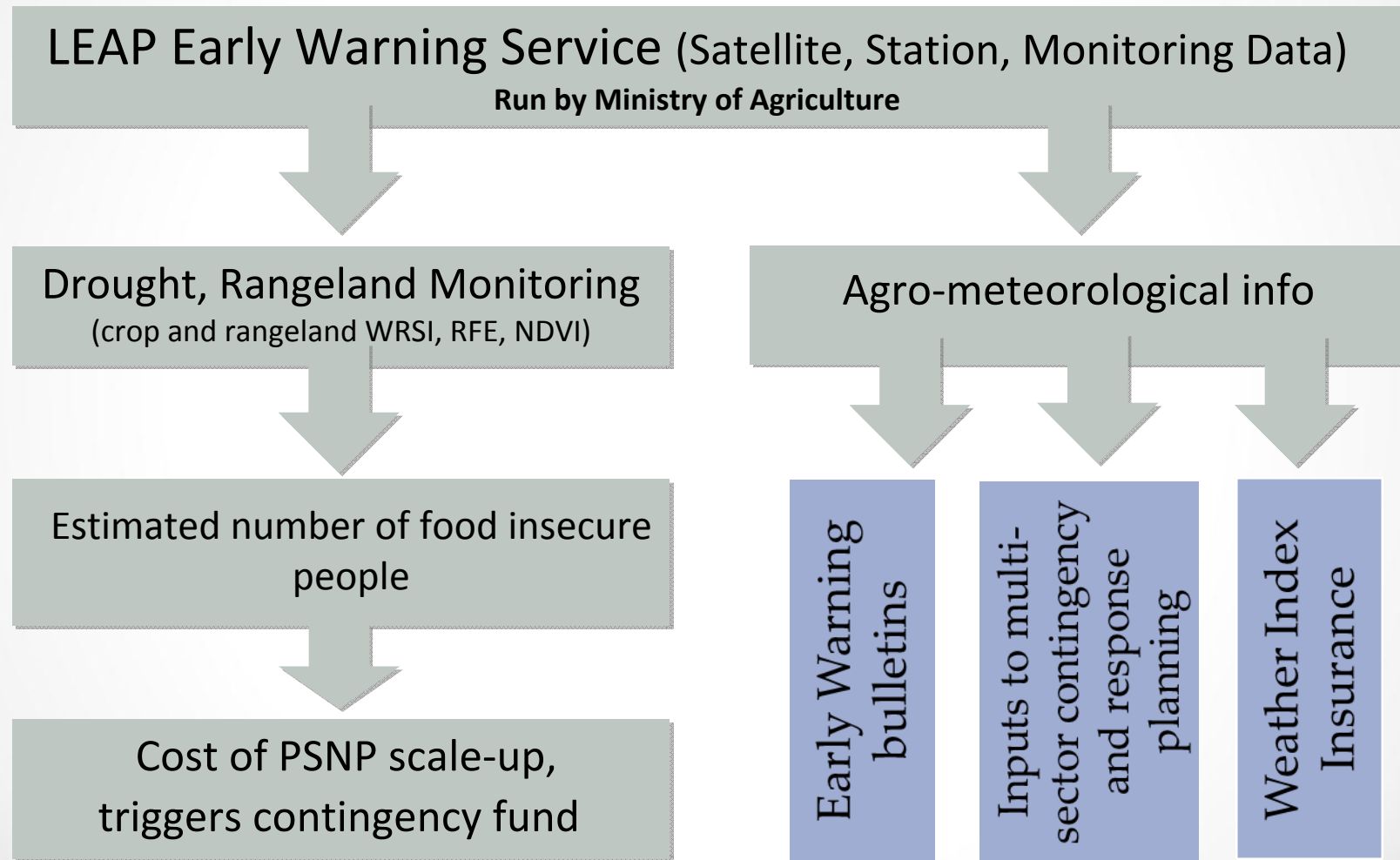


# LEAP

- GoE owned food security early warning tool
- Converts satellite and ground based agro-meteorological data into crop or rangeland production estimates and ultimately into livelihood protection requirements
- Quantifies the financial resources needed to scale up PSNP in case of a major drought
- Provides a transparent, and verifiable way to trigger contingent funds to enable early response



# How LEAP informs Risk Management

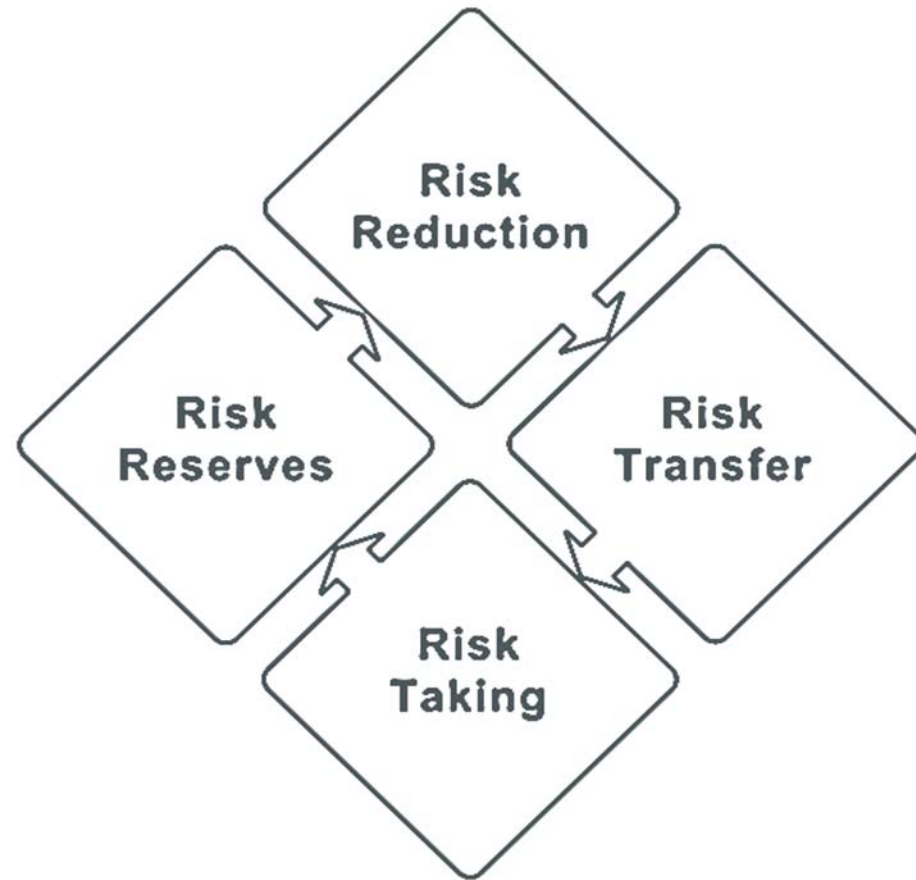




# Key Achievements

- Full integration of the LEAP project and management into the GoE risk management structure
- Sustained inter-ministerial collaboration: partnership MoU between different government offices signed
- Training mechanisms established, streamlined and cascaded for GoE partners at various levels
- Continued use of LEAP food security early warning information in GoE decision making process
- Improvement of the national meteorological infrastructure
- Potential for replication in other countries
- vulnerable to droughts and floods

# R4 - The Four R's



**Social Safety Net**

- Protect livelihoods and provide guaranteed transfers
- Reduce risks
- Help households build sustainable and resilient livelihoods
- Protect the gains households make with insurance

# Lessons and Innovations from R4

- Social safety nets can be an effective delivery channel for risk transfer and risk reduction
- Insurance for Work (IFW) allows poor households access to risk transfer tools
- Focus on improving yields and income via education, risk reduction plus access to improved inputs through savings and credit – all protected by insurance
- Building a **sustainable commercial rural insurance market** & improving **government social protections** can help perpetuate program benefits beyond donative period
- Integrating risk transfer can make safety nets more cost effective and help build sustainable rural risk transfer markets – R4 is working to build the **evidence base** to prove this!

# Thank you!

[www.wfp.org/disaster-risk-reduction](http://www.wfp.org/disaster-risk-reduction)

[www.dppc.gov.et](http://www.dppc.gov.et)

