Weather Index Insurance
The second round of The Weather Index Insurance survey was launched in mid November 2011. The related study analyzes what extent insurance based on a rainfall index will be useful to and demanded by farmers. Four woredas in the region of Oromia are piloted.

Capacity Building:
Introduction to GIS: Regional level trainings were given in Hawasa (November 1-4) for 24 participants and in Dire Dawa (December 12-16) for 30 participants.

Stefano Caria gave a five-days training (November 7-11) on Game Theory and Industrial Organization for 33 university students/lecturers.

Applied Micro-economics. Prof. David Stifel taught a two week course from November 28th to December 9th to 28 participants (graduate students of the University of Addis Ababa and researchers of National Research Institutes).

Highlights of presentations in November – December, 2011:
- High agricultural productivity growth, coupled with local procurement, delivers an effective response to chronic food insecurity.
- Food transfers may be the most effective short-to-mid-term answer to food access insecurity when high return agricultural productivity policies are not available.

- Output growth was mainly driven by growth in cultivated area and traditional inputs such as labor and livestock, and the amount of rain received in the region.
- Modern inputs have yet to contribute significantly to increases in output.
- Both ERHS and CSA data implied positive contributions of increased advisory services by extension agents.
- Future growth need to derive from increases in Total Factor Productivity (TFP).

- Ethiopia has placed a primary emphasis on rural and agricultural led development; nonetheless, the country continues to urbanize and agglomeration economies are beginning to link and form corridors of economic growth.
- Improved transport within Ethiopia has facilitated greater mobility of capital, goods, and people, and incentivized population clustering along major transportation routes.

- A total of nine different presentations on the topic were given during this seminar. You can consult all presentations at http://www.slideshare.net/essp2/presentations.

- The MDGs project faced a number of implementation difficulties including trade-offs, complementarities, sequencing among targets and instruments; measuring progress towards targets; valuing outcomes in multi-dimensional space; and sustainability of outcomes.
- The challenge for the post-2015 strategy is to choose and mix from options and visions based on local analysis of the outcomes, policies, sustainability of the MDGs project; diagnostics of binding resource and institutional; acknowledgement of the changes in the global context (including economic slowdown, food/energy prices, climate change); and assessment of the usefulness of global goal setting and coordination.

- Some gaps and suggestions were presented.

- Indian farmers get market and weather information delivered to their mobile phone by a commercial service called Reuters Market Light (RML)
- Treated farmers make use of the information that RML provides. However, no statistically significant average effect of treatment on the price received by farmers, on crop losses resulting from rainfall, or on the likelihood of changing crop varieties and cultivation practices.
- Thus, disappointing results but in line with the take-up rate of RML services

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Policy Related Analysis:

Background:
- The Horn has witnessed recurring and devastating droughts (and floods), seemingly with more frequency. This has lead to perceptions that these regions are on an unsustainable development path—a nexus of climate change, resource pressures, and conflicts.
- This context has produced some very polemical views: those who favor sedentarization, those who want to see pastoralist livelihoods protected.
- Key questions: To what extent is pastoralism sustainable? What role should other sectors play? What is the right balance between different investments?
- There is an evidence base to inform all these questions, but in relative terms it is certainly quite weak.

Pastoralism:
- In Arid and Semi-Arid Landscapes (ASAL) livelihoods are still dominated by pastoralism. In all lowlands in Ethiopia, it is the major source of cash income.
- This is not surprising: where rainfall patterns vary across an abundance of land, mobile livestock is a sector of comparative advantage.
- We found some anecdotal evidence that inequality—i.e. that some households have only a dozen livestock units, others have hundreds—is increasing; and there is not much evidence that commercialization of the sector has benefited poorer pastoralists.
- A dominant view now is that the increasing frequency of emergencies is as much related to mobility restrictions—through cropland expansion, fencing, border controls, pests, resettlement policies—as it is to overpopulation. This remains an unsettled question: mobility restrictions could partly be a result of overpopulation; population growth rates are very high and indeterminate population growth is not sustainable.

Non-pastoralist livelihoods:
- Despite its importance, there is a declining share of pastoralism in employment and income over time. Significant populations are engaged in sedentary farming (irrigated and non-irrigated) and firewood-charcoal production.
- Most non-pastoralist livelihoods yield lower incomes than pastoralists, with the exception of urban livelihoods and irrigated farming.
- Additional irrigation investments in pastoralist regions appear to be capable of absorbing only about 3-6% of the estimated pastoralist population in 2020.
- Migration is promising, but only provided that it comes on the back of much larger investments in education and meaningful urban job opportunities.

Cross-cutting investments:
- The highest returns are probably in education, followed by roads (access to markets), and finance.
- In addition, investments in governance are needed: bottom up policymaking, conflict resolution, attention for pastoralist issues at the highest levels.

Conclusion:
- Both theory and the evidence base warrant a more balanced strategy involving movement out of pastoralism, as well as modernization of pastoralism, and cross-cutting transformations of the demographic, social, and political structure of ASAL populations.
- Pastoralism is too big to fail: in the medium term it is impossible to create enough viable livelihoods in other sectors and livestock has a strong potential.
- Policy should pay attention to: land fragmentation and carrying capacity; understanding commercialization (constraints, engagement with the poor); and improving drought management (destocking, restocking and interactions with commercialization).