

Horn of Africa Risk Transfer for Adaptation (HARITA)

A Weather Indexed Micro-Insurance Pilot Project in Ethiopia



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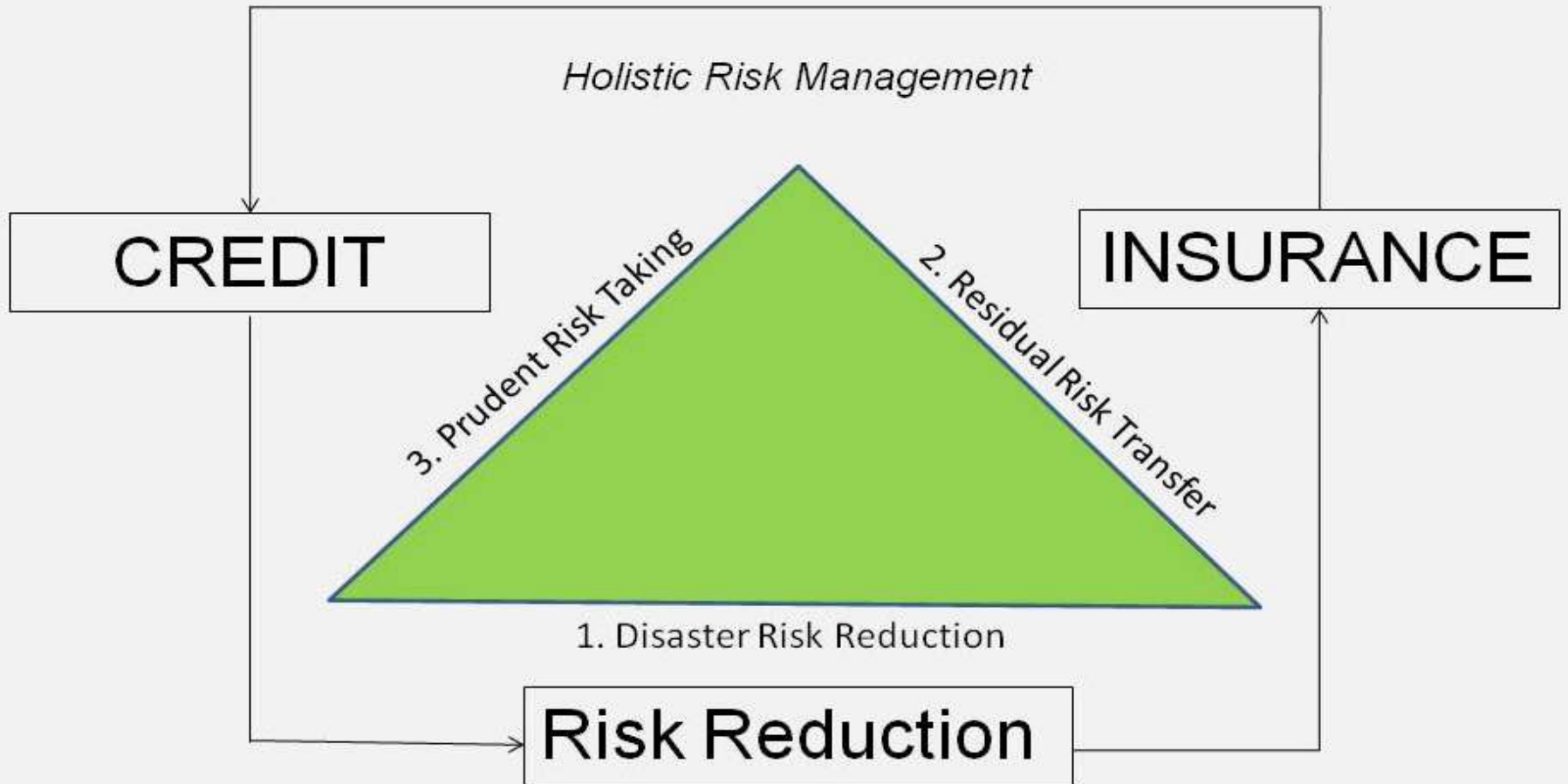
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Risk Transfer: A Tool of Risk Management

- Risks associated with weather variability, as well as drought, pose great threats to the livelihood of farmers.
- Drought and excess variability are increasing in frequency and area coverage.
- Oxfam America has led a successful holistic risk management pilot in Tigray, Ethiopia, including risk transfer, that has helped small-holder farmers.
- Climate Change is a new challenge to the use of insurance

HARITA - Holistic Risk Management

HARITA Conceptual Framework

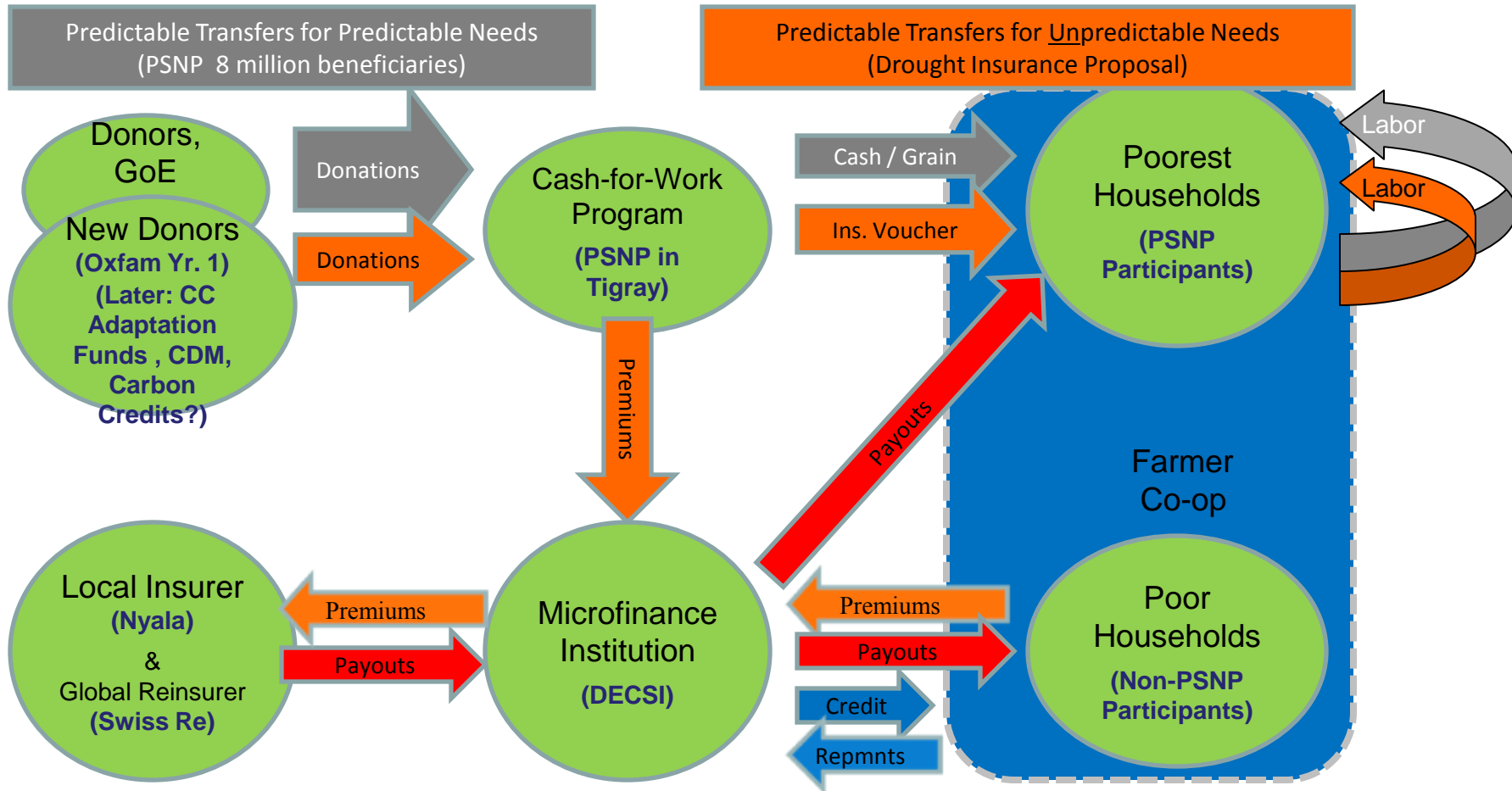


Risk Reduction Activities

- Agro-forestry
- Stone bund as soil and water conservation structure
- Soil fertility management through compost making
- Spate irrigation (using deflecting technologies)
- Crop intensification for teff and wheat



How Does It Work?



Project Partners

□ Global

- Oxfam America
- IRI/Columbia University (Int'l Research Institute for Climate & Society)
- Swiss Re Re-insurance Company
- The Rockefeller Foundation
- Index Insurance Innovative Initiative (FAO/USAID/ILO/Basis Research Collective/Oxfam America)

□ National

- Nyala Insurance Company
- Ethiopian National Meteorological Agency
- Mekelle University
- Institute for Sustainable Development

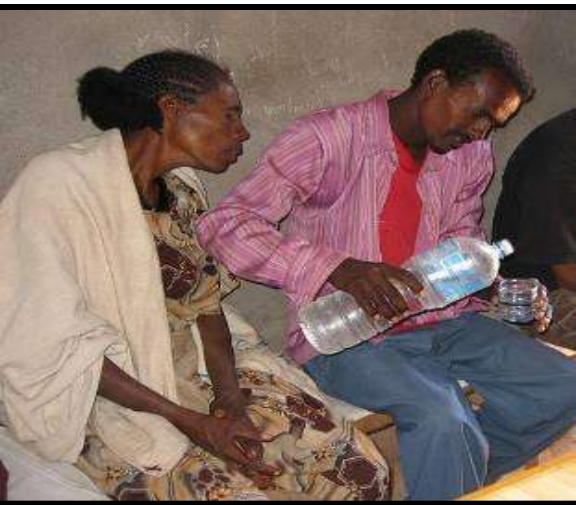
□ Regional

- REST (Relief Society of Tigray)
- DECSI Microfinance Institution
- Bureau of Agriculture and Rural development/Food Security
- Tigray Marketing & Cooperatives Promotion Agency.
- Adi-ha Multipurpose Cooperative

Implementation Approach...

- ❑ Accompanied by research and studies
- ❑ Community participation
 - PCVA (participatory capacity & vulnerability assessments)
 - Demand assessment
 - Risk simulation games on each crop
 - Weather measurement and data collection
- ❑ Scaling-up options
- ❑ Evaluation research for replication and learning

Community Participation



Crop Simulation Games

Farmers Collecting Rain Data

**Design Team
Learning to
Measure
Rainfall**



Community Participation

Financial Education Training Sessions



Community Participation

Community Ombudsman Listens to Farmers' Concerns



Achievements in 2009

Insured Teff in Adi Ha

- 200 farmers signed up
- 35% paid cash and the remaining 65% paid in work
- 38% were woman-headed households



Achievements in 2010

- Project was expanded to four more villages and two more crops
- Two types of products were offered (very dry and dry products)
- 1308 farmers enrolled; 17% paid cash



Short Term Impacts

High Fertiliser Uptake

Hadush Adi: Teff quintals

2009: 200

2010: 350 (+ 75%)

Genete and Hade Alga:
61% of those who took up
fertiliser and improved seed
through PSNP+ credit were
insured.



Short Term Impacts

High loan uptake by woman-headed households



Plan for 2011

Scale up to 60 new villages, more crops and to a different region.



Challenges

- Improving Insurance product design
- Compensating for absence of local capacity
- Aligning different partners with different incentives
- Engaging more financial institutions (Microfinance, insurance)
- Coping without a clear national policy framework on agricultural insurance

Lessons Learned

- Insurance should be one component of a holistic risk management strategy
- Farmers demand more coverage
- ***Community risk pool fund*** needed as an additional risk management layer
- Private sector involvement is critical



Thank you!