

WITH WEATHER INSURANCE, FARMERS HAVE OPTIONS WHEN THE RAIN FAILS

Started in Ethiopia, the initiative is now expanding into Senegal and two other countries.

BY COCO MCCABE

In 2011, when Selas Samson Biru learned about the drought and food crisis that had ensnared 4.5 million Ethiopians in the southern part of her country, she asked a simple question: Do they have weather insurance? At the time, she was one of just a few small-scale farmers in Ethiopia who did—thanks to an innovative program launched by Oxfam America, the Relief Society of Tigray, and a host of other partners.

Designed to help farmers adapt to increasingly erratic weather brought on by climate change, the program championed an idea that has begun to turn traditional thinking about insurance on its head: No farmer is too poor to afford insurance—not if he or she can trade their labor for it. That's the genius behind the Rural Resilience Initiative, or R4, as the program is now known. At its core is an insurance-for-work arrangement that

allows the poorest farmers to work on community environmental improvement projects, such as planting trees or building erosion control systems, in exchange for coverage for their crops.

What started with 200 farmers in one village in the rugged hills of northern Ethiopia's Tigray region in 2009 has grown into a program now enrolling nearly 19,000 households in 76 villages. Its goal is to help build a commercially viable insurance market so that poor farmers across Ethiopia and other countries can have access to a tool essential for changing their lives.

In December 2012, R4 hit a new milestone when weather data, generated by the sophisticated satellite technology on which the program relies, triggered a payout for 12,208 of those farmers, about 77 percent of whom paid for most of their insurance

in labor. Totalling \$322,772, the money was divided among them depending, in part, on how much insurance each acquired.

"In the history of weather index insurance programs, this is the first-ever set of large payouts directly to small-scale farmers in Ethiopia," said David Satterthwaite, deputy director of Oxfam's private sector department. "Until now, payouts have been for small pilots. But at this new scale, we are proving that weather insurance can be a successful and market-ready financial product. These kinds of products are the new face of development: they empower people to take chances and build a better future for themselves."

What does all of this mean for local farmers who, in the past, had few options when drought struck and their crops withered?

ABOVE: Teff, a staple grain of the Ethiopian diet, is used to make a pancake-shaped bread called *injera*. Here, new shoots of teff push through a field in Tigray where farmers were among the first to participate in a new program providing weather insurance for their crops. *Eva-Lotta Jansson / Oxfam America*



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During hard times, some had no choice but to sell household assets so they could buy food to feed their families. And fear of drought often kept farmers from investing precious resources in better seeds or fertilizer that could yield bigger harvests, providing them a buffer during the bad years.

With the cushion of insurance, farmers now have some options when the rains fail.

PLANS FOR THE PAYOUT

Asmera Sowwa, from the village of Hadush Hiwet and the mother of four children, was among the farmers who benefited from last year's payout. It was the second year she had bought insurance, and she paid for 90 percent of it with labor. Sowwa said she planned to invest her share of the payout in sheep and chickens, to diversify her income-generating efforts.

Gebremikael Geday, on the other hand, planned to pour his payout back into his fields. A farmer from Abraha Atsbaha, he was among the few in his village able to cover the cost of his premium entirely with cash.

"I will buy fertilizer and seed for the next planting season," he said. "But it is not just about getting money. Because of the insurance, now we are not afraid to take out a loan to buy fertilizers, seed, and equipment to improve our farms. Now, we know if things are bad we will get the insurance money at least to cover part of our losses."

HOW IT WORKS

For families in Tigray and across Ethiopia, where many depend entirely on rain to feed their fields, farming has always been a risky business. Making ends meet can be



Selas Samson Biru, a farmer in Ethiopia's northern region of Tigray, says that buying weather insurance for her crops has been a good thing to do. "It's saving our assets in a bad year," she says. *Eva-Lotta Jansson / Oxfam America*

impossible. Ethiopia's Productive Safety Net Program helps about eight million of the country's most vulnerable citizens by providing them with food or cash in exchange for work on community projects. That government program is a key part of the framework behind Oxfam's weather insurance initiative.

Farmers participating in the safety net program can also work extra hours on complementary projects to earn insurance coverage for their crops. Oxfam and an international partner are providing funding to cover those extra hours. About two-thirds of the farmers who bought insurance last year paid for most of it with their labor, while contributing a small amount of cash to cover the rest. One of the objectives of the program is to help poor farmers do well enough with their harvests that they can afford insurance

entirely on their own. And that's where the other three components of the R4 program come in: they aim to help farmers increase their savings, improve the natural resource management of their communities, and gain better access to credit.

"We have learned how to save, how to improve our productivity, how to adapt to the changing environment, and how to improve our lives," said Sowwa of Hadush Hiwet.

Now, joining forces with the World Food Programme, R4 is reaching deeper into Ethiopia and expanding into Senegal and two other countries. The World Food Programme has designated the initiative one of its four global innovation programs.

For a complete list of organizations that have partnered with Oxfam on this effort since its inception, please visit oxfamamerica.org/R4.



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