

Poor Ethiopian farmers receive 'unprecedented' insurance payout

December 12 2012, by Francesco Fiondella



A farmer signs his name indicating he received compensation for participating in games run by IRI and REST to determine how farmers perceive economic risk and value compensation from insurance at different timescales. Credit: Brian Kahn/IRI

Last week, Oxfam America and the Rockefeller Foundation announced a weather index insurance payout of unprecedented scale directly to poor farmers. Thanks to a groundbreaking new program that relies on advanced satellite technology, more than 12,200 farmers in 45 villages in Northern Ethiopia will benefit from drought protection. As a result of this year's drought conditions each farmer will receive a share of the total \$322,772 in payouts offered through the Horn of Africa Risk Transfer for Adaption Program, known as HARITA, to help cover crop losses.

In many rural areas, disaster often strikes poor [farmers](#) hard, forcing them to make choices that drag their families deeper into poverty. To survive, they might have to sell their tools for cash to buy food, or take their children out of school to save on fees. With weather insurance, farmers can protect the investment they make in their crops, and feel confident in taking out loans for fertilizer and better seeds to improve their harvests.

"We used to be blocked because it was too expensive, if not impossible, to get drought and crop loss data in time to help the farmers," said Dan Osgood, an economist at the [International Research Institute for Climate and Society](#), who leads a team that helped design the insurance contracts for the farmers. "This payout was triggered by rainfall estimates measured by the same cutting-edge [satellite technology](#) used by NASA and [NOAA](#), but engineered together with Ethiopians to target their risks and vulnerabilities. This allowed us to calculate the payouts just as crops were beginning to suffer, so farmers will get the money when they need it most," he said.

Oxfam, with funding from the Rockefeller Foundation, partnered with Swiss Re, the International Research Institute for Climate and Society, the Relief Society of Tigray, Dedit Credit and Savings Institution, Nyala Insurance Company and Africa [Insurance](#) Company to start HARITA in 2007. Last year, the United Nations World Food Program, supported by United States Agency for International Development and Oxfam expanded HARITA, now known as the [R4 Rural Resilience Initiative](#), to help poor farmers protect their crops and livelihoods from the impacts of climate variability and change, including drought.

Visit the [Oxfam website](#) for more details on the program and the historic payout.

Provided by Columbia University

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