



RURAL RESILIENCE SERIES

Horn of Africa Risk Transfer for Adaptation

HARITA quarterly report: July 2010–September 2010





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Tsegay Mesfin, chairman of the Laelay Tsalet Irrigation Cooperative, in Adilta, the farming region of Tigray, Ethiopia. *Eva-Lotta Jansson / Oxfam America*

Cover: Farmers earn insurance through labor on community risk reduction projects, such as water-harvesting structures. *Mangesha Gebremichael for Relief Society of Tigray / Oxfam America*



▲ Project description summary

Working with community members on the development of the weather insurance package, Oxfam America engaged them in focus groups, games, and workshops. Here farmers study vegetation maps.

Michael Norton IIRI

The climate change rural resiliency project launched in the Tigray region of northern Ethiopia by Oxfam America and its local and international partners is moving towards the end of its third year of operation and second year of delivering risk management services to smallholder farmers. Known as HARITA—Horn of Africa Risk Transfer for Adaptation—the project aims to address the needs of those facing climate shocks by offering a robust risk management package that integrates disaster risk reduction, affordable risk transfer, and prudent risk-taking. In its second year of delivery, HARITA was offered in five villages spread across the large region, part of an effort to gather a significant pool of data on climatic variation in preparation for a region-wide scale-up. The project—which offers insurance-for-work for activities intended to reduce farmers' vulnerability to droughts—operates in conjunction with the Ethiopian government's existing social safety net program.



▲ Project status summary and metrics

Medhin Reda and her seven-year-old daughter, Tekleweini Girmay, weed their corn field in Adi Ha, Ethiopia. Reda purchased weather insurance, and paid for it with her labor.
Eva-Lotta Jansson / Oxfam America

This year the farmers in five villages (four new villages) in the Tigray region of Ethiopia were offered weather insurance, covering two new crops—wheat and barley—in addition to teff. Local community members in the new villages formed design teams that worked with researchers to develop product options that meet their needs. Farmers who planned to pay for insurance premiums with their labor performed risk reduction work in their communities. These public works projects included improving irrigation capabilities and soil management practices and implementing System for Crop Intensification, a methodology for increasing crop yields. The harvest—which is effectively insured against potential drought—occurs in the fall.

In this report we share detailed information on the results of this second annual offering of weather insurance, integrated into the government’s social safety net for the most vulnerable populations in drought-prone Ethiopia. In our next update, we will share the results of the harvest season, as well as detailed information on the risk reduction activities carried out in this cycle.



▲ Financial literacy drama presented on enrollment days in Adi Ha. *Michelle Katz Talukdar / Oxfam America*

Accomplishments this quarter

Preliminary enrollment results show that HARITA has nearly doubled its outreach goal for 2010, with over 1300 farmers signing-up for insurance. More details on the preliminary results of the project expansion in 2010 are presented in the next section, HARITA outcomes 2010.

Oxfam America and Swiss Re announced their continued collaboration to expand the HARITA model to at least 50 villages and 15,000 households in Ethiopia by 2012 at the Clinton Global Initiative annual meeting. A brief video on HARITA featured at the plenary to highlight the commitment, was jointly produced by Oxfam America and Swiss Re, with the support of our local partner in Ethiopia, Relief Society of Tigray (REST).

Oxfam America and the UN World Food Programme developed a partnership to replicate the HARITA model in Ethiopia and other countries and regions. Titled, “R3 Partnership for Rural Resilience,” the proposed joint program emphasizes three forms of risk management: risk reduction, prudent risk-taking (credit), and risk transfer (insurance).

The Impact Monitoring Evaluation and Learning team completed the collection of baseline information in the five villages. A follow-up survey will be conducted by Columbia University and Mekelle University, with the support of REST after the growing season to compare the baseline information with follow-up survey results.

The HARITA project was featured in the following publications during the quarter:

- July edition of Green Futures in the article “Climate covered”
- July edition of MicroRisk in the article “Swiss Re Climate-Linked Crop Insurance Takes Off”
- August 4 CimateWire in the article “Supporters of Global Insurance Program Hope to Rebound After Dreary Copenhagen Summit”

Oxfam America’s microinsurance team has been participating in a series of events on climate change adaptation and microfinance/microinsurance this fall as a part of its Rural Resilience Event Series. The objective is to contribute to global discussions related to innovative insurance solutions and its role in risk management. (See Appendix I: Rural Resilience Event Series for further details.)

The HARITA team has begun planning a 2011 visit to Ethiopia by a writer/photographer team from Oxfam America to develop diachronic stories, images, and media to capture the impact of the HARITA pilot over time. During the first visit, in August 2009 after the 2009 rollout, the writer/photographer team spent a full day with three different farmers to understand their perception of HARITA. (See Appendix II: HARITA media citations and resources.)

Sophia Belay has joined Oxfam America as the microinsurance program coordinator in the Horn of Africa Regional Office and the project lead. Belay graduated from Addis Ababa University in 1991 with a BA in management and public administration and has a diploma in general insurance from the Chartered Insurance Institute of London. Before joining Oxfam America, Sophia was in the insurance sector, where she worked in different capacities, including underwriting, product development, reinsurance, and marketing. In her experience in insurance, Sophia worked on different microinsurance projects that Nyala Insurance had with different stakeholders, including the HARITA project.



▲ Farmers in Adi Ha, Ethiopia, participated in experimental games to help with the development of the weather insurance initiative.
Eric Holthaus / IRI

HARITA outcomes 2010

Introduction

The HARITA project is an initiative involving Ethiopian farmers, Oxfam America, Swiss Re, REST, the Columbia University's International Research Institute for Climate and Society, Nyala Insurance, Dedit Credit and Savings Institution, various agencies of the Ethiopian government, and other partner organizations.

In 2009, a pilot of the HARITA model was conducted in Adi Ha, a *tabia* (village) in Ethiopia's Tigray region. The first season of results in this *tabia* demonstrated that the HARITA model could effectively reach vulnerable families, most of whom had once been viewed as uninsurable. Given the positive results of the pilot, in 2010 this model was expanded to four additional *tabias*—Awet Bikalsi, Genetie, Hade Alga, and Hadush Adi. These sites were specifically chosen for their very low income farmers and extremely limited data—providing meaningful insurance tools with which to address poverty, even in the most challenging locations.

This document establishes the preliminary results from the expansion of the HARITA project, based on data that was collected immediately following sign-up, and do not reflect final outcomes. Follow-up data is currently being collected by Columbia University and Mekele University, with the support of REST. With Oxfam America, these institutions will produce a final report.

Project adaptations

As we extended the project in 2010, adaptations were implemented based on the outcome of working with focus groups within each of the five tabias. The following additions were made to the HARITA model to improve farmers' risk management decisions.

- Scaled from teff to also include wheat and barley for insurable crops (see Figure 1).
- Due to a high demand for a more aggressive index option, farmers can choose between very dry and dry options.
 - o The very dry option (based on the index established in 2009) would have had payouts about one-fifth of the time in the past 15 years.
 - o The dry (and more expensive) option would have had payouts about one-third of the time in the past 15 years.
- Experimental economic games were made more realistic, enabling farmers to see how their risk management decisions affect their outcome in variable climate conditions.

Figure 1.
Insurable crops

Tabia	Crop Insured
Genetie	Teff
Hade Alga	Teff
Hadush Adi	Wheat and Barley
Adi Ha	Teff
Awet Bikalsi	Teff

2010 results

Even after the expansion from last year, this project continues to sustainably broaden the clientele base to farmers who were once considered uninsurable.

Take-up rates

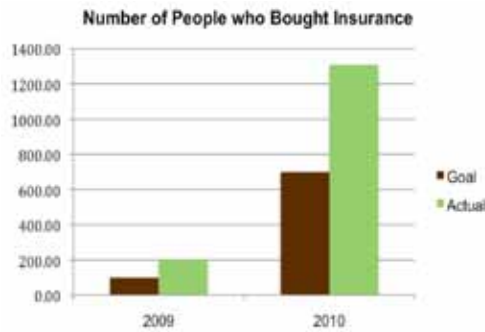
By industry take-up-rate standards, HARITA is quite successful. In the first year of the project, 20 percent of the farmers purchased the insurance, or 34 percent of the farmers who attended the project enrollment activities. A distinctive aspect of HARITA is that farmers who participate in a government run food-for-work initiative, the Productive Safety Net Programme (PSNP), which serves 8 million chronically food-insecure households, were able to pay for the insurance through labor. Thanks to this innovation, HARITA's take-up rate is already reaching levels close to those of microcredit programs, which have been offered much longer and have had more time to evolve to meet households' need.

Number of people served

For the first two years of HARITA, the insurance take-up rate continually surpassed our goals. In 2009, 200 people bought insurance, doubling our goal of 100 people.

Our goal for the project expansion was a take-up rate of 700 people. As illustrated in Figure 2, preliminary results show that we have nearly doubled our goal again, with 1,308 people purchasing insurance.

Figure 2.

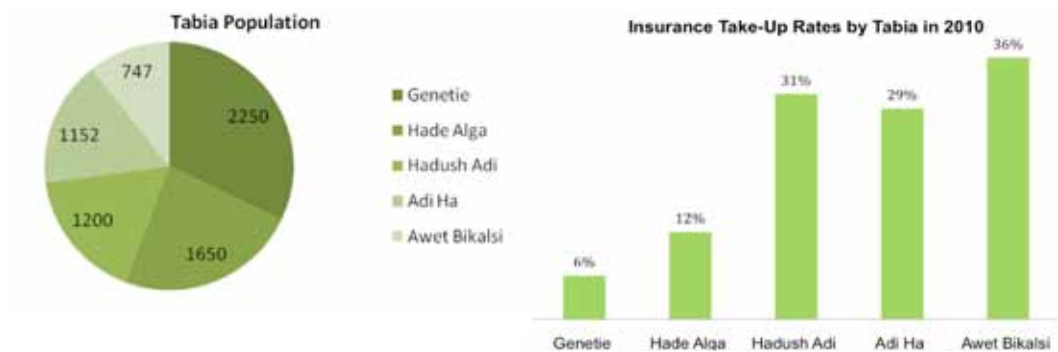


Tabia

The population of the tabias in 2010 ranged from 747 people in Awet Bilkasi to 2,250 people in Genetie (see Figure 3).

After the expansion of the HARITA model to Awet Bikalsi, Genetie, Hade Alga, and Hadush Adi, Adi Ha showed a nine percentage point increase (or 29 percent take-up rate) from the previous year's take-up rate—demonstrating that expanding HARITA is a feasible option. Additionally, the take-up rates for the expansion ranged from 6 percent for Genetie to 36 percent for Awet Bikalsi, as shown in Figure 4.

Figures 3 and 4.

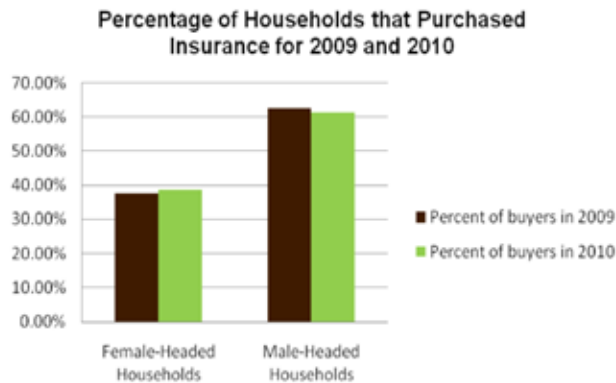


Low take-up rates in Genetie and Hade Alga could be attributed to better climate over a long-term average (however, rainfall has been below normal in the last three years), larger plot sizes, a more complex crop system, and the fact that both of these tabias are considerably wealthier than the other three. These preliminary hypotheses will be examined in the final report.

Household and gender

Of the 1,308 households that purchased insurance within the five tabias in 2010, 38.8 percent were female-headed and 61.2 percent were male-headed. (See Figure 5.) This distribution between household heads did not change much from 2009, where 37.5 percent of the 200 participants were female-headed and 62.50 percent were male-headed.

Figure 5.



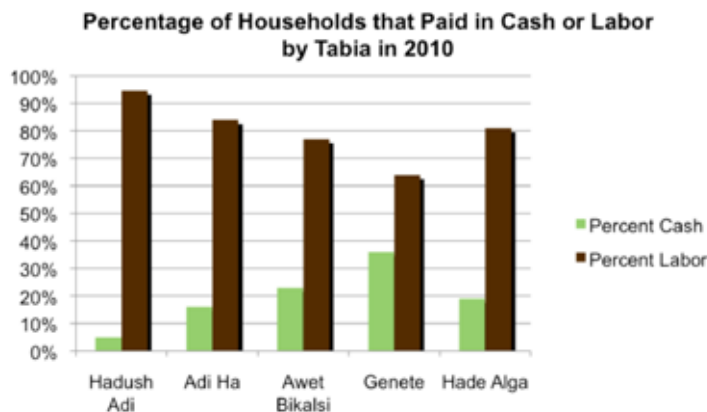
Cash versus Labor

A distinct aspect of HARITA is the ability to purchase insurance through labor. Oxfam America has been monetizing labor for insurance; that is, farmers are paying the same amount of premium through labor that one would pay to buy the product commercially.

In the longer term it is hoped to shift the people who purchase this product through labor to cash—as they graduate from the PSNP—thus allowing this program to become more self-sustaining.

Of the five tabias, Genete has the highest percentage of farmers who purchased insurance with cash (36% with cash, 64% with labor). (See Figure 6.) On the other hand, Hadush Adi had the lowest percentage of farmers who purchased insurance with cash (5% with cash, 95% with labor). Such disparity between tabias could be attributed to the varying agricultural and economic differences between the five tabias, as previously stated. Further discussion on why there are varying outcomes for cash versus labor will be in the final report.

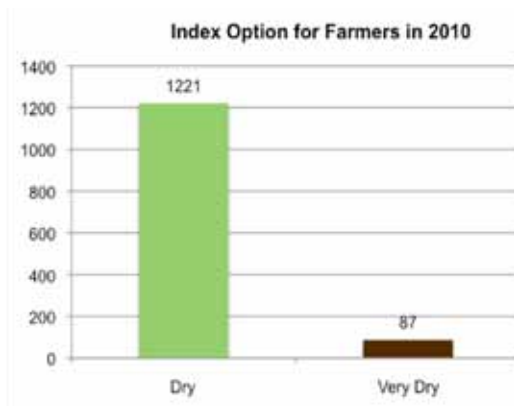
Figure 6.



Policy options: Dry versus very dry

Last year HARITA provided one index option—very dry. However, at the end of last year farmers expressed a need for a more aggressive option. By responding to their demands, two index options are now provided—very dry and dry—with varying frequencies of payouts over a 15 year time period. Figure 7 shows that out of the total number of farmers who purchased insurance in 2010, 1,221 (93.3 percent) chose the dry index option, while only 87 (6.7 percent) went with the very dry option.

Figure 7.



This outcome demonstrates that despite the newer option (dry) being more expensive, farmers found it to be more in line with their needs. Additionally, by catering to farmers' needs, HARITA becomes more effective in providing the best possible risk management packages to rural farmers in Ethiopia.

2010 and beyond

HARITA is an innovative agricultural microinsurance program bringing holistic risk management strategies to farmers in Ethiopia. Since its inception, the HARITA program has broken new ground in the fields of climate change adaptation and microinsurance by addressing the needs of rural smallholders through a package that incorporates disaster risk reduction, risk management strategies, and prudent risk-taking.

With the success of the project expansion to multiple tabias, we are moving forward by making adjustments to improve long-term sustainability and scalability for a mass market.

Appendix I: Rural Resilience Event Series

Event name	Oxfam America participation & role	Organizer	Focus	Expert panel/speakers	Event date & location
Adapting to Climate Change in Developing Countries: Global Insurance Industry Statement Launch & High-Level Roundtable	David Satterthwaite, panel speaker	ClimateWise, The Geneva Association, MCII ¹ , UNEP ² Finance Initiative	Launch the global insurance industry statement on adapting to climate change in developing countries.	Margareta Wahlstrom, Assistant Secretary General for Disaster Risk Reduction at the UN; Tom Bolt, Director of Performance Management at Llyod's of London.	London September 6, 2010 Attendance by invitation only.
Climate Week, NYC: Risk and Resiliency; Risk Transfer and Adaptation in Developing Economies	Ray Offenheiser, panel speaker	Swiss Re and The Climate Group	Innovative insurance solutions and the need for a strategy driven by both business and policymakers to reduce vulnerability to climate risk.	Christina Figueres, Executive Secretary of the UNFCCC ³ ; Andrew Steer, World Bank Special Envoy for Climate Change; Matt Weber, Swiss Re Executive Board member; Ray Offenheiser, Oxfam America president.	New York September 20, 2010 Attendance by invitation only
Clinton Global Initiative: Annual Meeting	HARITA video, Ray Offenheiser and David Satterthwaite in attendance	Clinton Global Initiative	Members analyze pressing global challenges, discuss the most effective solutions, and build partnerships.	Heads of state, business leaders, and nonprofit directors from around the world.	New York September 21–23, 2010 Attendance by invitation only
4th International Microinsurance Summit	David Satterthwaite, conference chair	Hanson Wade	Share failures, progress, and success in the microinsurance market.	Juerg Treub, Managing Director, Insurance and Speciality, Swiss Re; Ashok Shah, Managing Director, APA Insurance (Kenya); Richard Carpenter, legal and regulatory advisor, GlobalAgRisk; Steve Coffey, VP Strategic Relations, MicroEnsure; William Dick, agricultural insurance advisor, World Bank; among others.	London September 28–30 Open to the public For more information, click here.
Innovation in Microfinance, 2nd Annual US Meeting	David Satterthwaite, conference chair	Hanson Wade	Analysing new investment opportunities, innovative products, new delivery channels, and emerging regions.	Vineet Rai, Aavishkar; Rafael Llosa, Mibanco; Roland Dominicé, Symbiotics; Marten Leijon, MIX Market; George Conard, Grameen Foundation; Jyrki Koskelo, IFC ⁴ ; among others.	Washington DC October 26–27 Open to the public. For more information, click here.
Expert Roundtable on Price Risk Transfer	Kimberly Pfeifer and David Satterthwaite, conference facilitators	Oxfam America	Exploration of price risk transfer mechanisms in agriculture for poor farmers.	Assembly of global experts.	January 13–14, 2011 Attendance by invitation only

¹ Munich Climate Insurance Initiative; ² UN Environmental Program; ³ UN Framework Convention on Climate Change; ⁴ International Finance Cooperation

Appendix II: Farmer profiles



Medhin Reda's best asset is her own hard work

Reda, 45, is a farmer in Adi Ha, a collection of small villages in Tigray, a rocky region of northern Ethiopia. Work is Reda's currency. "It's good for me to have the insurance as long as I can work and pay with labor," says Reda. "That is the only asset I have." In 2009, Reda and 199 other small farmers in Adi Ha signed up for weather insurance offered by Oxfam America and its partners. This project enabled Reda and the other farmers to pay for their insurance through work.

[For the full story, click here.](#)

Photo: Medhin Reda, 45, a farmer, with her daughters Abbadit and Tekleweini Girmay in their corn field in Adi Ha. *Eva-Lotta Jansson / Oxfam America*



Selas Samson Biru faces uncertainty with the seasons

Set on a post in the yard of Selas Samson Biru's compound is one of 23 rain gauges now scattered across the Adi Ha area of Tigray in northern Ethiopia—measuring precipitation in different spots across Adi Ha where rainfall is becoming increasingly unpredictable. "Our season is changing. We don't know when there will be a bad year and when there will be a good year," says Biru. "I believe, after taking the training, this [weather] insurance will be helpful during the bad season. This will pay me."

[For the full story, click here.](#)

Photo: Selas Samson Biru, in the grain storage room at her home in Adi Ha. *Eva-Lotta Jansson / Oxfam America*



Gebru Kahsay relies on rain but has the security of insurance

Gebru Kahsay, a 52-year-old farmer in the Adi Ha area of Tigray in northern Ethiopia, and farmers like him, depend on rain to grow teff. Rains came late in 2009 to Adi Ha, but this year Kahsay has a back-up plan if the rain doesn't cooperate: weather insurance. "According to my belief, this insurance is important to protect us from migrating in a drought in search of food," says Kahsay.

[For the full story, click here.](#)

Photo: Gebru Kahsay in the fields near his house in Adi Ha, Tigray. *Eva-Lotta Jansson / Oxfam America*

Appendix III: HARITA media citations and resources

In the news

- *Newsweek*, “Coping With Climate” (December 30, 2008).
- Omer Redi, “Insurance Firm Sows Seeds,” *Addis Fortune* (June 14, 2009).
- Catherine Brahic, “An Insurance Plan for Climate Change Victims,” *New Scientist* (July 1, 2009).
- Jeff Tollefson, “Insuring Against Climate,” *Nature* (July 22, 2009).
- *Guardian*, “Climate Insurance: What Kind of Deal Can Be Made in Copenhagen?” (July 24, 2009).
- Swiss Re, “Swiss Re, Oxfam America, Rockefeller Foundation, and Columbia’s IRI Expand Joint Risk Initiative in Tigray, Ethiopia,” press release (September 25, 2009).
- Evan Lehmann, “Africa Experiments With Climate Insurance—for \$5 a Year,” *New York Times* (September 30, 2009).
- James F. Smith, “World’s Poorest Farmers Now Offered Insurance,” *Boston Globe* (October 13, 2009).
- *New England Cable News*, “Oxfam Provides Farm Insurance in Africa” (November 6, 2009).
- Pablo Suarez and Joanne Linnerooth-Bayer, “Micro-Insurance for Local Adaptation,” *Wiley Interdisciplinary Reviews: Climate Change* (March 12, 2010).
- Anne Chetaille and Damien Lagrandré, “L’assurance indicielle, une réponse face aux risques climatiques?” *Inter-réseaux Développement rural* (March 31, 2010).
- *Lloyd’s*, “Microinsurance to Mitigate Climate Change Impact,” News and features (June 4, 2010).
- Deborah Kerby, “Climate Covered,” *Green Futures* (July, 2010).
- MicroRisk, “Swiss Re Climate-Linked Crop Insurance Takes Off” (July, 2010).
- Evan Lehmann, “Supporters of Global Insurance Program Hope to Rebound After Dreary Copenhagen Summit,” *ClimateWire* (August 4, 2010).

In academic journals

- Joanne Linnerooth-Bayer et al., “Drought Insurance for Subsistence Farmers in Malawi,” *Natural Hazards Observer*, 33:5, Natural Hazards Center, University of Colorado (May, 2009).
- “The Potential for Scale and Sustainability in Weather Index Insurance,” International Fund for Agricultural Development and World Food Programme (March 2010).
- “Index Insurance and Climate Risk: Prospects for Development and Disaster Management,” International Research Institute for Climate and Society (IRI), Columbia University (2009).
- “Index Insurance for Development and Disaster Management,” IRI, Columbia University.
- UN Framework Convention on Climate Change Nairobi Workshop, where HARITA was introduced to country delegates.
- Global Risk Forum Davos and International Development Research Centre, Microfinance and Disaster and Risk Reduction (forthcoming).

Articles by Oxfam America

Stories about the microinsurance pilot are posted on the Oxfam America website. (Click on the title of each story to go to the story online.)

[“Weather Insurance Offers Ethiopian Farmers Hope—Despite Drought”](#)

[“A tiny seed and a big idea”](#)

[“Medhin Reda’s Best Asset Is Her Own Hard Work”](#)

[“Gebru Kahsay Relies on Rain But Has the Security of Insurance”](#)

[“Selas Samson Biru Faces Uncertainty With the Seasons”](#)

Short-length reports (fewer than 2 pages)

- “HARITA Executive Summary 2010,” February 2010.

Medium-length reports (fewer than 10 pages)

- “Concept Note: Driving to Scale: Rural Resilience,” Summer 2010.
- “HARITA Media Citations and Resources,” Summer 2010.

Long-length reports (10 or more pages)

- “HARITA Progress Report: January 2010–June 2010,” August 2010.
- M. Tadesse and M. Victor, “Estimating the Demand for Micro-Insurance in Ethiopia,” Oxfam America (2009). A report commissioned by the International Labour Organization and United Nations Capital Development Fund.
- W. Teshome, N. Peterson, A. Gebrekirstos, and K. Muniappan, “Microinsurance Demand Assessment in Adi Ha” (2008). A study commissioned by Oxfam America.
- N. Peterson and M. Mullally, “Index Insurance Games in Adi Ha Tabia, Tigray Regional State, Ethiopia.” (2009). A study commissioned by Oxfam America.
- N. Peterson, “Livelihoods, Coping, and Microinsurance in Adi Ha, Tigray, Ethiopia.” (2009).
- T. Dinku et al., “Designing Index-Based Weather Insurance for Farmers in Adi Ha, Ethiopia” IRI (2009). Report to Oxfam America.
- “HARITA Project Report: November 2007–December 2009,” August 2010.

Forty percent of the people on our planet—more than 2.5 billion—now live in poverty, struggling to survive on less than \$2 a day. Oxfam America is an international relief and development organization working to change that. Together with individuals and local groups in more than 90 countries, Oxfam America saves lives, helps people overcome poverty, and fights for social justice. To join our efforts or learn more, go to oxfamamerica.org.

For more information about the Rural Resilience Series, please contact Oxfam America Senior Global Microinsurance Officer David Satterthwaite at (617) 728-2590 or dsatterthwaite@oxfamamerica.org.



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