



ACCESS TO CREDIT GIVES FARMERS NEW OPPORTUNITIES

Widespread drought in Ethiopia has left many farmers without crops this harvest season, but through Oxfam's rural resilience program, some growers are exercising new entrepreneurial muscle.

BY COCO MCCABE

About six feet deep and three across, the storage pit in the dirt yard in front of Gebregizaher Chago's house in the village of Hade Alga tells you all you need to know about the drought now gripping Ethiopia. The pit, which at this time of year should be chock-full of sorghum, a staple grain, is completely empty: the drought has wiped out the vast majority of crops here.

Farmers across Ethiopia, many of whom rely on rain alone to feed their fields, are now facing serious shortages of food, and as of early November, the government said 8.2 million people needed humanitarian aid. By next year, the UN predicts that number could climb to 15 million.

But here in Hade Alga in the rugged northern region of Tigray, farmers participating in Oxfam America's and the World Food Programme's rural resilience program,

known as R4, have a secret weapon that will help them cope with some of the hardship headed their way: access to credit. It is one of the four components of an initiative designed to help families improve their means of earning a living while managing unpredictable weather. The other three tools in the program are weather insurance for crops, savings groups, and environmental restoration, which can reduce the risk of disasters like floods—and even drought.

SKINS FOR SALE

This year, Mulata Atsbeha's worries began in April—planting time for the sorghum many families in the area depend on as a main crop. When the rain didn't come, he set his hopes on the corn and teff he planted next. But the absence of rain robbed him of those harvests, too.

"It all failed," says Atsbeha, the father of seven children. "Even some of the crops are not good enough for animal feed. By August, we didn't have food."

So Atsbeha turned to a supplemental source of household income: the trading of animal hides. He started the small business about four years ago, but a shortage of capital hindered his progress. When the R4 program helped to make local loans available at reasonable interest rates in February, Atsbeha jumped at the chance, joining more than 100 others. A 3,000 birr loan—or about \$143—and some technical advice from a program facilitator set him on the path to success.



“Since then, I have been doing well,” Atsbeha says. “I became profitable and paid the money back before the repayment time—all of it.” Now, he is planning his next steps.

PENNIES OF PROFIT

As Atsbeha explains his salt-curing process, rows of goat and sheep skins dry in a mud-walled building next to his house. An orange light from a single bulb casts dim shadows beyond the skins. When times are good, Atsbeha can buy goat skins from local farmers for 30 birr each—and sell them to other traders for 37 birr, or a profit of about 33 cents. On cattle hides, he can earn up to 40 birr, a profit of \$1.90.

But during times of drought, Atsbeha was finding that some of the hides he bought from farmers were of poor quality because the animals had become emaciated. He was paying the farmers a good price for them, but losing money when he sold the skins to traders, who balked at their condition. After talking with the farmers and explaining his dilemma, Atsbeha was able to renegotiate the terms, substantially lowering the price he pays during drought.

Now, he’s planning to take out a second loan and grow his business further.

“It’s when you have enough capital to run the business that you can make a better profit,” says Atsbeha.



Mulata Atsbeha, a farmer in Hade Alga, Ethiopia, shows off some of the skins he buys, dries, and trades. *Coco McCabe / Oxfam America*

GOATS AND MORE GOATS

Back at Gebregiziah Chago’s house, the talk also turns to the advantages of access to credit. The father of three children whom he is determined to educate, Chago also took out a 3,000 birr loan—just over \$143—and bought four goats. They reproduced quickly, and he now has 12. When he needs cash to pay for household essentials, like food and clothing, his plan will be to sell the mature goats, put some of the profit toward his family expenses, and use the rest to buy smaller goats to replenish the herd.

“It’s a good strategy,” says Chago. “Normally, we farmers depend on rain.”

Now, when the rain fails—as it did this year and as it has with increasing frequency in recent years—farmers like Chago, Atsbeha, and many others around Hade Alga have something else to depend on: their entrepreneurial drive. Their new income-earning activities alone won’t solve all the problems they face as drought takes a severe toll. But coupled with other strategies, including buying weather insurance for crops, the R4 tools can help farmers become more resilient during difficult times.



PHOTO: PERCY RAMIREZ / OXFAM AMERICA

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