

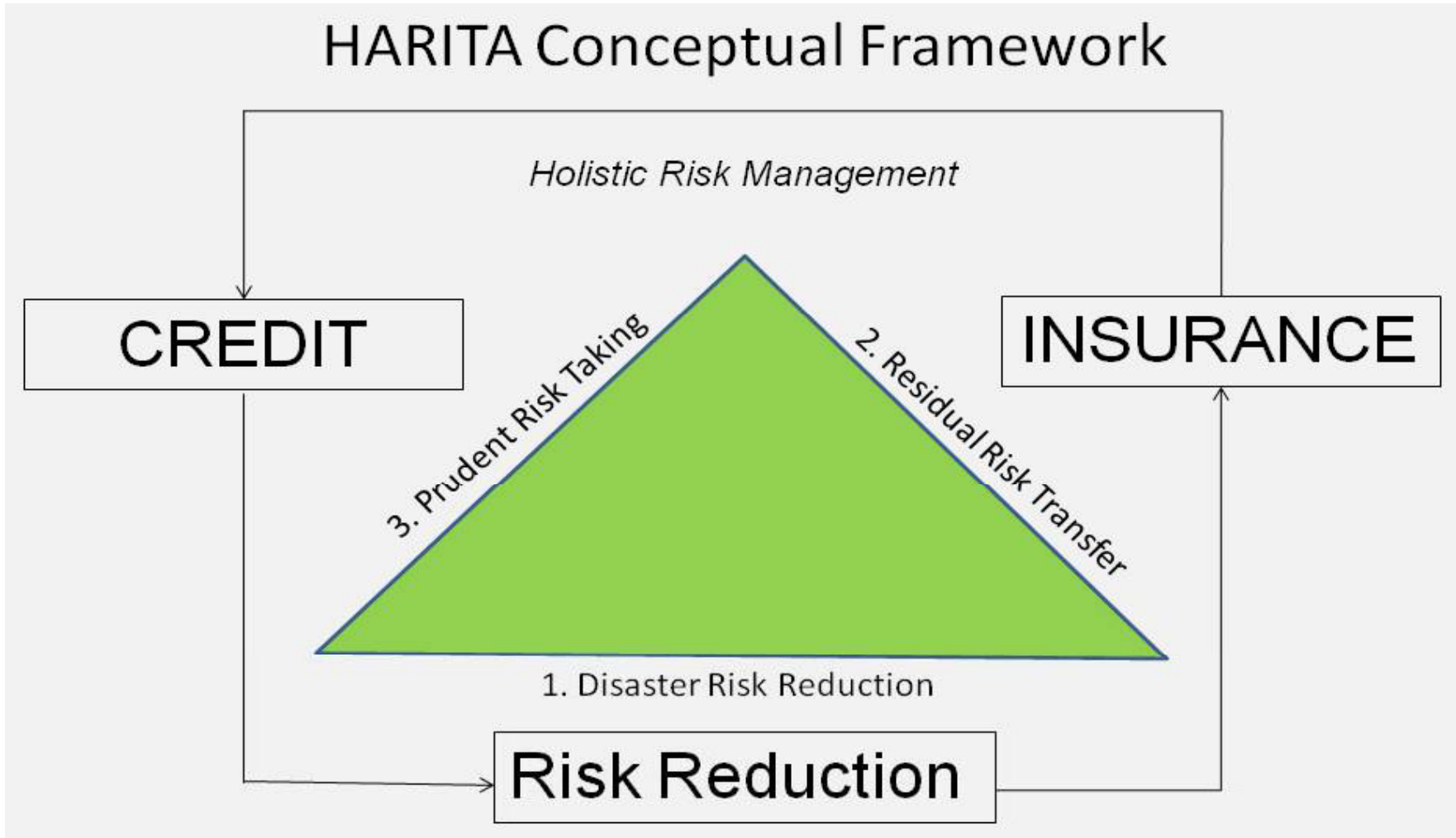
The Horn of Africa Risk Transfer for Adaptation (HARITA) Project/R4

Dar es Salaam, Tanzania

November 8, 2012

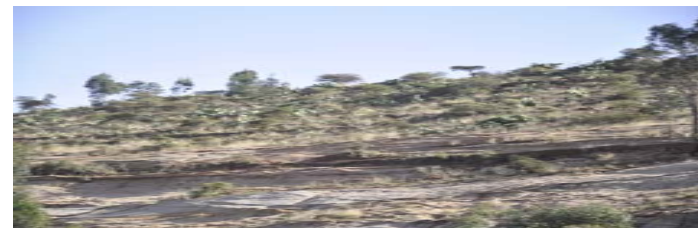


HARITA - A Holistic Risk Management Model



Disaster Risk Reduction (DRR) Activities

- **Insurance-for-work – PSNP farmers**
- **DRR activities**
 - Catchment treatment
 - Gully reclamation
 - Spate irrigation
 - Micro-gardening
 - Composting for soil fertility
 - Planting of *beles* trees (Cactus pear)
- **Three-fold purpose**
 - Risk reduction activities help farmers adapt to climate variability and change
 - Even in the absence of a payout, activities provide long-term benefits
 - Activities enable the poorest farmers to pay their premiums through labor-HARITA's key innovation



Risk Transfer (Weather Index Insurance)

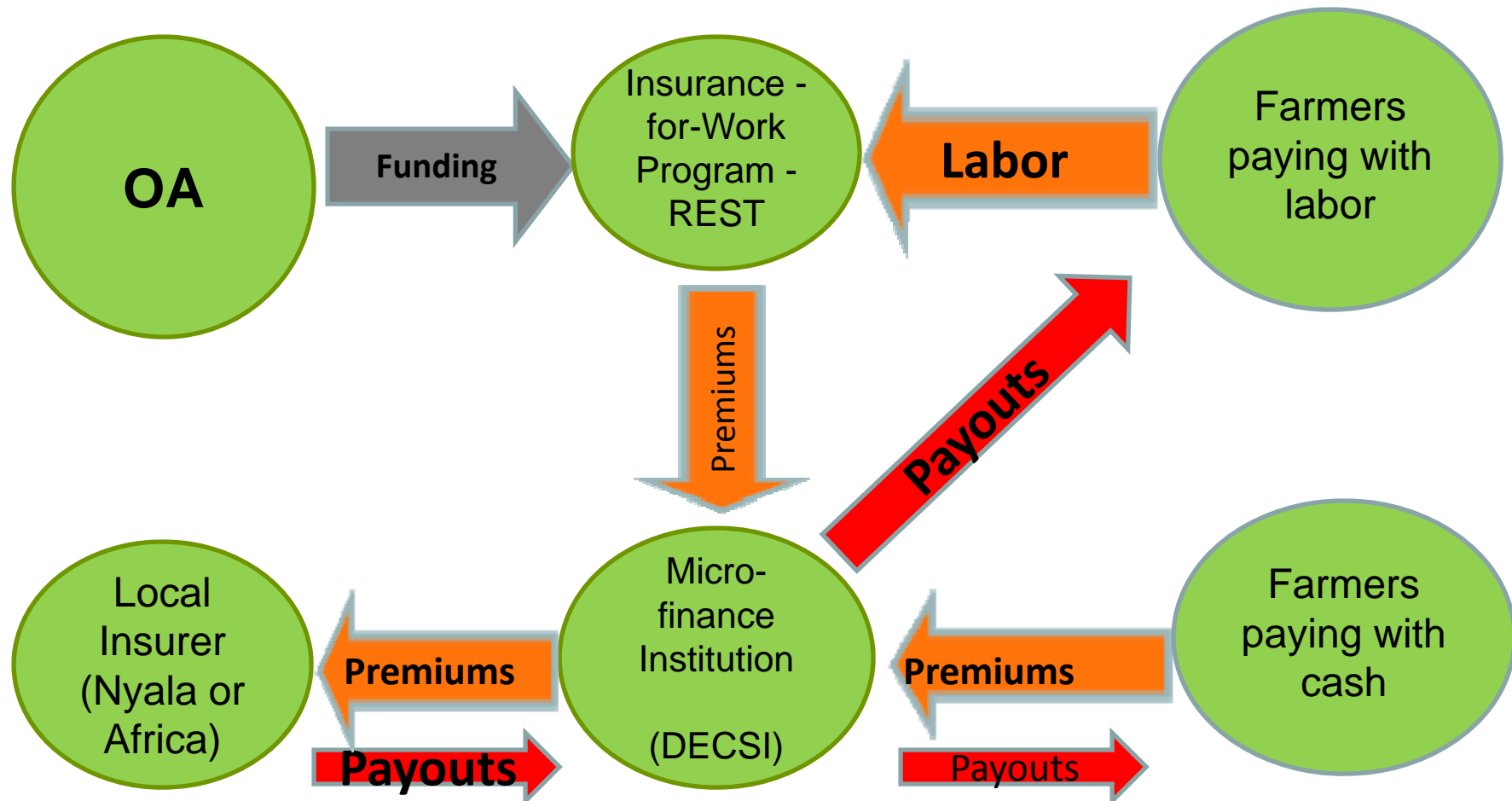
- Weather index crop insurance protects farmers from low rainfall and drought
- Claims triggered automatically by indices
- Satellite data – weather stations used for verification
- Dry and extra dry options available
 - Majority of farmers choose the dry option – more expensive



Prudent Risk Taking (Credit) and Risk Reserves (Savings)

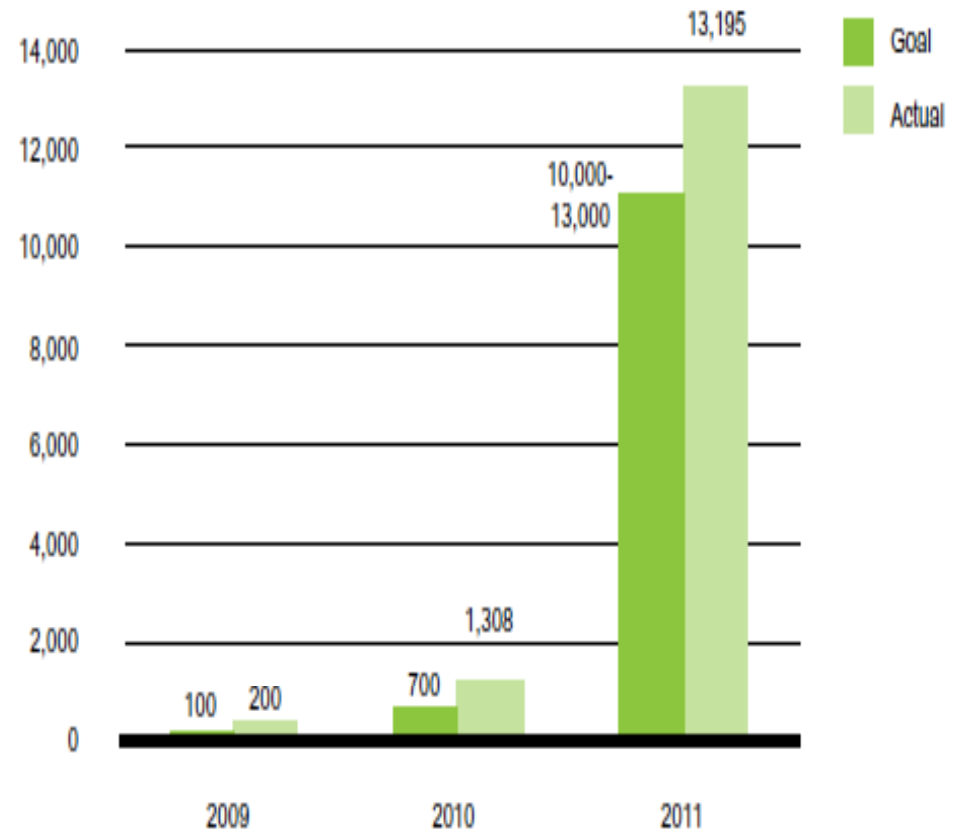
- Better access to credit as insurance makes farmers better credit risks
- With insurance and better access to credit - farmers become more confident to invest in high risk high return activities
- Higher productivity as a result of better inputs – encourages savings against future loss
- Savings allow farmers to cope with individual risks; buy cheaper insurance options because they self-insure against smaller shocks

Implementation



2012 Achievements

- Expansion to 76 villages, in Tigray
- Enrollment of 19,000 farm households
 - In 33 villages, farmers paid full in cash; in the 43 villages 10% of the farmers paid in cash and the rest paid 10% of the premium in cash
 - 25% FHH
- Insured crops – teff, beans, maize, wheat, barley and sorghum
- Nyala and Africa insurance
- Ground work for insurance in the Amhara region



Enrollment figures

Encouraging Trends

- Higher fertilizer uptake among the insured
- Increased use of improved seeds
- Higher yield in some insured villages
- Increased household level savings (particularly in villages that have been insured for the past 3 years)
- More insured households taking out loans

Challenges and Lessons Learned

- Awareness raising
 - Repeated trainings, simple education materials necessary
 - Capacity building for local institutions – MFIs, coops, extension agents etc.
- Sustainability of the IFW mechanism
 - All PSNP farmers paying 10% of premium in cash – plan to gradually increase this percentage in consultation with farmers
- Technology
 - Mobile banking, electronic cash transfers etc. almost non-existent in Ethiopia



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Thank You