

<b>Title of case study</b>	<b>Horn of Africa Risk Transfer for Adaptation (HARITA)</b>
<b>Name of organization(s)</b>	<b>Swiss Re and Oxfam America</b>
<b>Business sector</b>	Financial Services
<b>Region(s) relevant to case study</b>	<input type="checkbox"/> All regions <input checked="" type="checkbox"/> Africa and the Arab States <input type="checkbox"/> Asia and the Pacific <input type="checkbox"/> Caribbean and Central America <input type="checkbox"/> Europe <input type="checkbox"/> Least Developed Countries <input type="checkbox"/> North America <input type="checkbox"/> Polar regions <input type="checkbox"/> Small Island Developing States <input type="checkbox"/> South America
<b>Country(s) relevant to case study</b>	Ethiopia
<b>Adaptation sector(s) relevant to case study</b>	<input type="checkbox"/> Business <input type="checkbox"/> Education and training <input checked="" type="checkbox"/> Food security, agriculture, forestry and fisheries <input type="checkbox"/> Human health <input type="checkbox"/> Oceans and coastal areas <input checked="" type="checkbox"/> Science, assessment, monitoring and early warning <input type="checkbox"/> Terrestrial ecosystems <input type="checkbox"/> Tourism <input type="checkbox"/> Transport, infrastructure and human settlements <input type="checkbox"/> Water resources <input type="checkbox"/> Other (please specify):
<b>Adaptation activity</b>	<p>For the 1.3 billion people living on less than a dollar a day who depend on agriculture for their livelihoods, vulnerability to weather-related shocks is a constant threat to security and well-being. As climate change drives an increase in the frequency and intensity of natural hazards, the challenges faced by food-insecure communities struggling to improve their lives and livelihoods will also increase.</p> <p>In response to these challenges, Oxfam America, Swiss Re and their partners developed a holistic risk management framework to enable poor farmers in the</p>

	<p>drought-prone northern state of Tigray in Ethiopia to strengthen their food and income security through a combination of community climate resilience projects (risk reduction), insurance (risk transfer), microcredit ("prudent" risk taking), and savings (risk reserves): the Horn of Africa Risk Transfer for Adaptation (HARITA) project.</p> <p>Existing approaches to providing drought insurance to the poorest have not been effective due to high administrative costs and the inability of cash-poor smallholders to afford premiums. Instead, an “insurance-for-work” program was developed as an add-on to the government’s “food-and cash-for-work” Productive Safety Net Program (PSNP), a well-established program that serves eight million chronically food-insecure households in Ethiopia. The Ethiopian National Meteorological Agency also played a strong role in supporting weather data collection and analysis for the weather index insurance.</p> <p>The resulting innovation allows cash-poor farmers the option to work for their insurance premiums by engaging in community-identified projects to reduce risk and build climate resilience, such as improved irrigation or soil management. In the event of a seasonal drought, insurance payouts are triggered automatically when rainfall drops below a pre-determined threshold, enabling farmers to afford the seeds and inputs necessary to plant in the following season and protecting them from having to sell off productive assets to survive. In partnership with local microfinance institutions, the model allows farmers the option to bundle insurance with credit and savings.</p> <p>The labor used to pay for weather index insurance is contributed towards community-identified projects to reduce risk and build climate resilience, such as improved irrigation or soil management. Farmers identify these activities through community-driven Participatory Capacity and Vulnerability Assessments.</p> <p>HARITA’s success has led Oxfam America and the World Food Programme (WFP) to announce the R4 Rural Resilience Initiative as a strategic collaboration to expand the HARITA model in Ethiopia and adapt the model to other countries. Swiss Re is providing financial support and technical expertise as the partnership’s exclusive insurance sector sponsor, and also acts as the reinsurer for the project.</p>
<p><b>Cost-benefit</b></p>	<p>In its three of years of delivery in Ethiopia, HARITA has shown promising results for replication. The project has</p>

scaled from two hundred households in one village in 2009 enrolled in the financial package, to over 13,000 enrolled households in 43 villages in 2011 – directly affecting approximately 75,000 people.

More prosperous farmers will pay their insurance premiums in cash. Over time, as the poorest farmers become more prosperous, they can "graduate" from the need to pay through labor, and begin paying in cash, helping to ensure the project's commercial viability and long-term success.

The R4 Rural Resilience Initiative will unite the HARITA model with WFP's extensive network of safety nets and cash-for-work programs, in close coordination with local partners and government agencies. Under R4, WFP programs will operate as "insurance-for-work" for the poorest of the participating farmers, leveraging this core HARITA innovation to build a profitable market for small-scale agricultural insurance at commercial scale.

From a donor perspective, the R4 model doubles investment value: while a certain dollar amount of aid could be used in "traditional" development programs either to pay an insurance premium or to pay farmers to carry out risk reduction measures, in this project, the same amount of money yields insurance and risk reduction simultaneously. By working in diverse microclimates, R4 allows insurance companies to diversify risk and open up new markets. This will attract additional insurance and reinsurance companies to the agricultural market in developing countries. In turn, farmers will benefit from an increasingly broad array of insurance products from which to choose and competitive pricing that should bring down premium rates over time.

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