



World's poorest farmers now offered insurance

Policies aimed at aiding areas hit by famine

By James F. Smith, Globe Staff | October 13, 2009

A quarter-century after famine killed one million Ethiopians and seared the world's conscience, peasant farmers there are enduring an ever-faster barrage of droughts. Nearly 14 million people in Ethiopia are going hungry this year.

Those poor rains would not be fatal for American farmers, who have elaborate crop insurance programs to protect them in dry years. But such risk protection has been unthinkable in Ethiopia, one of the world's poorest countries.

Now, however, thanks to the innovative work of Oxfam America, the Boston-based global development organization, the risks are no longer as severe for hundreds of farmers in Tigray Province in northern Ethiopia. If the rains fail and their crops wither, their losses will be covered. And they won't starve.

Villagers have flocked to sign up for the trial farm insurance program since it was launched early this year. Funded by the Rockefeller Foundation and Swiss Re, one of the world's largest insurance companies, Oxfam America has made drought insurance available for the first time to about 200 households, 38 percent of them headed by women.

The success of the pilot initiative prompted Oxfam America and Swiss Re to commit last month to sharply expand the project, from just one village to five more, with a new Rockefeller grant of \$565,000.

Abera Tola, the man leading that and many more Oxfam projects in Ethiopia, is painfully aware of the many ways that drought, poverty, and brutal governance have ravaged his homeland. He was just 20, and studying management at the national university, when he was seized and jailed without charge in 1979 for opposing the military regime. He was still in prison when the 1984 famine hit, but that didn't protect him from the famine's grip.

Families had to provide food for the inmates, and as the famine worsened, people had less food to bring in. So even prisoners in the Central Prison in Addis Ababa went hungry and grew sick. More than 500 inmates died, many of cholera. Tola vowed that if he lived, he would find a way to attack the cycles of drought and resulting famine.

He was released in 1990, after 11 years of nightmarish treatment, as the military government was tottering and about to give way to elected leaders. After returning to school and earning his degree in management, he went to work for human rights groups.

He earned a master's degree in public administration from Harvard's Kennedy School in 1999, thanks to support from Samantha Power, then executive director of the school's Carr Center for Human Rights Policy. She now serves in the Obama administration, on the National Security Council.

In 2000, he went to work for Oxfam America. Today he is its regional director for Ethiopia, Sudan, and Somalia. He was in Boston last month for annual strategy meetings at Oxfam America's US headquarters, in an office block near North Station.

Oxfam leaped to world attention in the mid-1980s as it raised money for famine victims. The first TV footage of the suffering burst into living rooms in newscasts in late October 1984, prompting a worldwide outcry and campaigns including the Live Aid concerts. In the 25 years since, Oxfam America - one of 13 worldwide Oxfam branches - has become a global development organization, fighting the causes of poverty, not just treating the symptoms.

The goals of Oxfam America in Ethiopia are straightforward, Tola says: build systems to try to prevent hunger in the first place, and minimize the impact when disasters do strike.

One Oxfam irrigation project in the village of Adi Ha in Tigray state laid the groundwork for the insurance program. Tola said that Oxfam teams worked with about 500 female farmers for nearly a decade to divert water from a river basin, and then helped establish fruit orchards in the town - oranges, mangos, and avocados with seeds from California. The goal is to get 5,000 acres into irrigated cultivation.

"At first people didn't believe it," he said. "Our farmers are very suspicious of anything new."

But as the fruits blossomed, the successful effort allowed Oxfam's workers to establish trust in the village of about 4,000, Tola said, so they were open to the insurance idea when it was proposed in 2008.

Marjorie Victor, who heads the program in the Boston Oxfam office, said two-thirds of the villagers opted to work for several days for the local drought-relief agency to pay for their policies; the rest paid cash. The farmers could pick a range of coverage, from just the cost of seeds and other inputs to comprehensive coverage of the value of the harvest. Most chose basic coverage for this season, which ends late this month.

In all, 200 farmers bought policies valued at a total of \$2,500.

Oxfam America worked with a local firm, Nyala Insurance Co., to provide the policies, and Swiss Re then provided reinsurance. Because it would be too costly to try to measure each farmer's actual losses, this is not crop insurance but weather-index insurance: If rainfall is below certain predetermined levels, then payments will be due to farmers.

Oxfam America's president, Raymond C. Offenheiser, said the program can help achieve household food security in one of the poorest corners of the earth, with the potential to be applied far beyond Ethiopia's borders. Swiss Re pioneered the weather risk insurance for poor countries, starting in India in 2004. The company says the program there now covers 350,000 farmers.

But nowhere are conditions as difficult as in the arid Horn of Africa.

Even though the government has worked hard to build early drought-warning systems and support for the hardest hit, global climate change has undermined the progress. Tola, who is 51 and has four children, said he remembered when cycles of drought were a decade or two apart. Now they recur every couple of years, especially in the arid north.

The government and foreign aid groups have forged a food safety net for nearly eight million chronically hungry people. But the lack of rains this year have pushed another 6.2 million into the ranks of those officially in need of food aid in a country of 77 million.

Irrigation is the evident answer, Tola says, given Ethiopia's 12 water basins that supply rivers in several neighboring countries, not least the Nile. His local staff of 30 has 12 irrigation projects underway, some of them financed by the Gates Foundation.

"This is the only way out," he said. "This is why we are focusing on it, to challenge poverty and drought directly - so it cannot come and hit us again a few years from now."

Source: Boston Globe