

**NYALA INSURANCE S.C.**

# WEATHER INDEX INSURANCE IN PRACTICE, ETHIOPIA

2010

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# I. Market Based Risk Transfer (NYALA' S Experience)

2/3/19

- In the first two years 947 farmers were insured under two unions, four weredas under DT-multiple perils cover.
- In the 3<sup>rd</sup> year this number increased to 2000.
- The cover was for their Teff, Wheat, Lentil, Haricot bean and chickpea crops.
- The potential total farmers under these unions are 47,000.



- 200 farmers of Teff growers in Kola Tenben wereda (Adi ha) are insured under weather index (in cooperation with OXFAM)
- 137 small holder farmers of haricot bean growers in Boset Wereda (Boffa) insured under weather index (in cooperation with WFP)



# II. Boset Weather Index Pilot Insurance

2/13/19

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## 1. Objective

- This pilot intends to protect the livelihoods of small scale farmers, who are vulnerable to severe and catastrophic weather risks particularly drought
- Enhance Small holder farmers access to Credit for agri. Inputs by using cooperative unions as Chanel
- Enabling the development of Ex-ante market based risk management mechanism which can be scalable in the whole country.



## 2. Target Group

- Small holder farmers(0.5ha)
- Members of Lume, Adama farmers cooperative union(LAFCU)
- Haricot bean/Teff/Serial growers
- Have little or no savings to buy agricultural inputs
- Need to buy the inputs on credit from the union through insurance guarantee.
- Vulnerable to weather risk esp. deficit rainfall (drought)



# 3. Contract Design





- Pilot area was selected based on:-
  - Availability of weather station
  - Vulnerability and occurrence of deficit rainfall (drought)
  - Willingness of the Union/farmers to cooperate
  - Existence of demand (need) for weather insurance



# Rainfall Deficit Computation Panel for haricot beans in Boffa

2/13/19

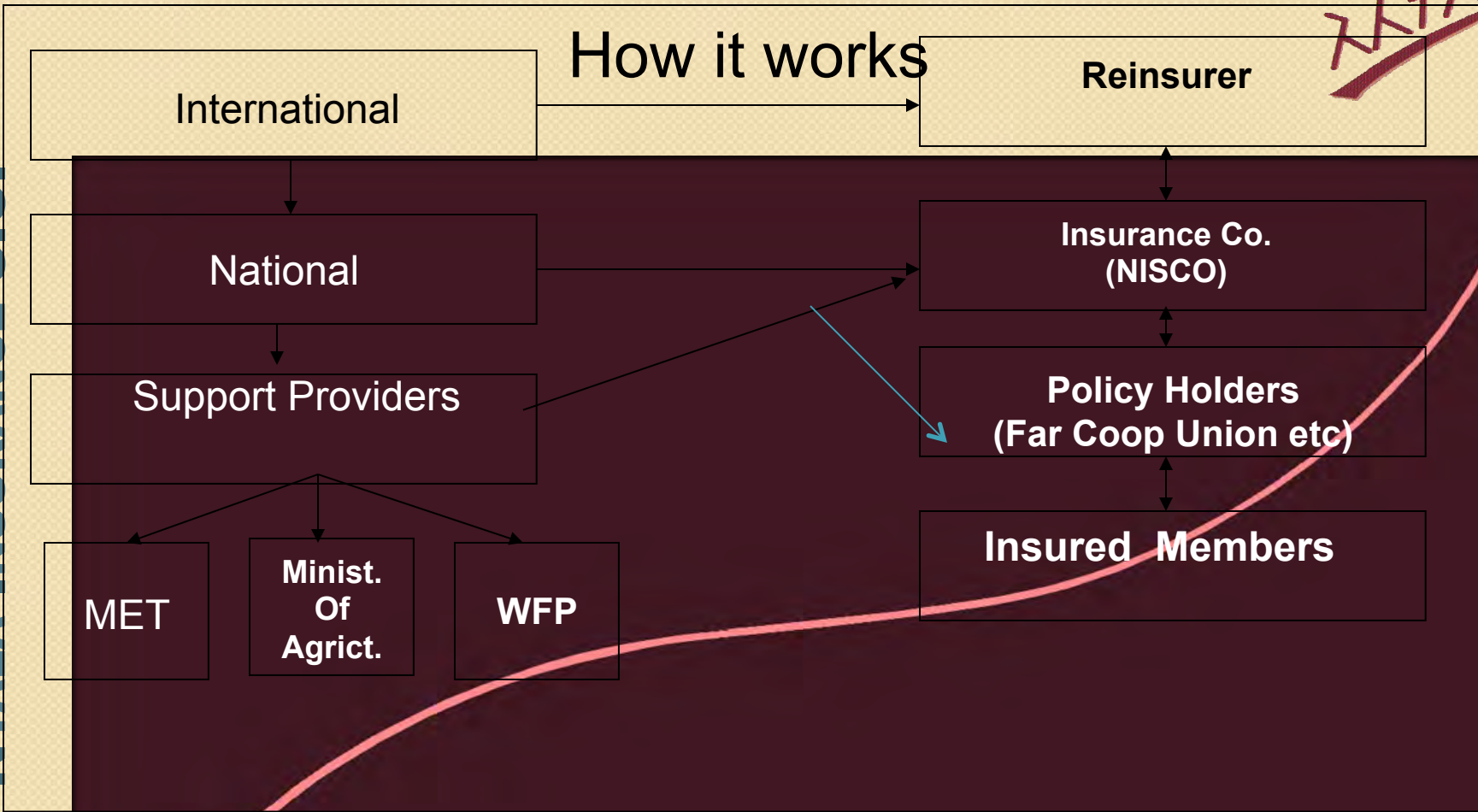
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Date	Rainfall [mm]	Expected Rainfall [mm]	Deficit [mm]	Total Phase Deficit [mm]
Jul 1 - Jul 10		20		
Jul 11 - Jul 20		25		
Jul 21 - Jul 31		30		
Aug 1 - Aug 10		42		
Aug 10 - Aug 20		45		
Aug 21 - Aug 31		30		
Sep 1 - Sep 10		30		
Sep 11 - Sep 20		25		
Sep 21 - Sep 30		10		



# How it works

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# Boffa H.beans Farm

7/13/19

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# NISCO's Agronomist discussing with farmers

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# III. CHALLENGES & SCALABILITY

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## Major Challenges:

- Infrastructure esp. weather Sts.
- Limited Weather Data
- Basis Risk
- Reinsurance
- Technical knowhow/Capacity
- Farmers upfront paying capacity
- Marketing



- Scalability:
  - High potential Demand
  - Well Structured Unions & MFIs
  - Diversification/various products
  - Gov't support



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**THANK YOU !!**



We Care We Protect

