

ENABLING FARMERS TO DEAL WITH EXTREME WEATHER EVENTS

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BACKGROUND

- The risks that farmers face are several, among which ones related to production, financing and marketing are key
- The subject of the discussion is the risk related to production
- Agricultural production is increasingly affected by extreme weather events associated with climate change
- Climate change is not a technical issue alone but has got some social dimensions
- Farmers take different measures to minimize risks related to weather conditions:
 - choice of different varieties of plants and animal breeds,
 - crop and animal husbandry
 - use of precautionary prevention measures against the adverse weather events such as use of shelter belts & mulching and securing access to supplementary irrigation facilities

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- Besides these basic tools, in many countries farmers increasingly relied on financial mechanisms to compensate losses due to climate variability
- crop and livestock insurance and some subsidy programs are major financial mechanisms used
- Moreover, financial mechanisms require substantial infrastructure/investment in the form of premiums and hence making it relatively difficult to implement among small holder farmers in developing countries
- Insurance cannot reduce the risk and uncertainty, but it can make the losses bearable by providing protection to farmers against different unavoidable natural hazards and risks related to weather.
- Development organizations promote technologies like micro insurance and index insurance to tackle the high cost of conventional insurance to small-holder farmers

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- Index Insurance:
 - The insurance payouts are tied to weather events rather than crop failure which reduces the overhead cost of insurance.
 - farmers will receive a payout when rainfall is below a specific level, as measured at a nearby rain gauge
 - This innovation is called index insurance, and the complexity of its design is tied to advances in weather detection and climate data
 - intended to reduce the vulnerability of agriculturalists to climatic extremes, such as drought and flooding, at a relatively low cost
 - In Ethiopia, the project is built on a model of vulnerability that includes elements of adaptation, mitigation and asset-building or retention, thus incorporating both protection and accumulation
 - The popularity of this program has led to several pilot programs in India, Africa, Latin America and South Asia
 - there is still insufficient evidence that index insurance is beneficial or sustainable in the long term

SPECIFIC ISSUES RELATED TO HOW FARMERS MAY COPE WITH EFFECTS OF EXTREME WEATHER

WHAT WORKS BEST FOR SMALL FARMERS

- Dependable source of water to grow their crops and keep their livestock – they need to move away from depending on unpredictable rainfall patterns.
- Information and education around their changing climate and how to adapt, which could include moving towards drought resistant crops and livestock breeds.
- Possible risk transfer facilities (INSURANCE) that could cover their produce in case of loss or damage as a result of climate change. This has to be affordable and accessible to the most vulnerable of the farming communities.
- Policy and legislative frameworks that enable proper planning and implementation of climate resilient programs at national and community levels – a recognition that climate change is an important issues and that the response must be at all levels

HOW CLIMATE JUSTICE CAN BE ENSURED

- Climate change is a justice issue, based on the fact that those who are most vulnerable and affected have not played a role in the massive greenhouse gas emissions.
- Governments must ensure climate resilience of all people by committing to develop, implement and support effective national and international policy frameworks
- Include national climate risk and impact assessments, national climate adaptation plans and risk management strategies.
- Ensure that communities and farmers are able to adapt to the impacts of climate change

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- All effort are done to ensure that emissions reductions are undertaken to ensure that global warming is kept below 1.5 degrees centigrade as recommended by science
- Governments must deliver and scale up climate finance – to support access to sustainable energy and climate resilience for all, in particular the most vulnerable, provided by developed countries and other countries with the capacity to do so.
- Ensure that equity is central to all actions if addressing climate change
- Developed countries, which are responsible for much of the emissions that caused climate change must take responsibility to provide the necessary finances, technology and capacity for developing countries to respond, adapt or otherwise build their resilience.

CAN GLOBAL AGRICULTURAL INSURANCE HELP?

- YES, BUT
- for it to be just and fair, such a mechanism has to be accessible and affordable
- Consider ways of even availing it free of charge, or as governments sponsored programs and based on the needs of the farmers.
- All care must be taken to ensure that this is not a for-profit private sector endeavor.
- It must be linked to the UN climate convention and supported by strong accountability mechanisms

CIVIL SOCIETY PERSPECTIVES

- The global agriculture insurance mechanism is generally a good initiative to deal with adaptation and response
- But, it should not be the first line of defence.
- It is important to recognize the fact that the emergence of market based mechanism in developing countries to deal with climate challenge, speaks of a failed global cooperation to provide for adaptation of those the vulnerable communities adversely affected by climate change.
- Encouraging insurance as the first line of defence 'absolves' the responsibility to provide and facilitate adaptation in developing countries in accordance with principles of the UNFCCC

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- While G7/8 have agreed to support insurance mechanism in Africa, a few countries which bought the premium have had challenges to make claims.
- The reason for failure to claim have bordered on capacity to understand the terms and conditions of the insurance policy, and this is partly a cultural issue
- Greater part of the population in Africa do not have insurance for their property and an idea for crop and livestock insurance would be complicated for most subsistence farmers in most parts of Africa.

AGRICULTURE INSURANCE FOR BUILDING RESILIENCE OF FARMERS

- The best model I would recommend is one where government takes the premium on behalf of subsistence farmers
- Commercial farmers are usually covered by their own but poor small holder farmers are vulnerable and might desperately need the support
- Where individual farmers want to take a policy it should be through a cooperative arrangement. Government should take on behalf of the poor farmers