



PILOTING CROP INSURANCE WITH WOMAN FARMERS

GREATER RURAL OPPORTUNITIES FOR WOMEN
LEARNING SERIES

GHANA'S
PREMIER AGRO INSURER

CROP INSURANCE



ACKNOWLEDGMENTS

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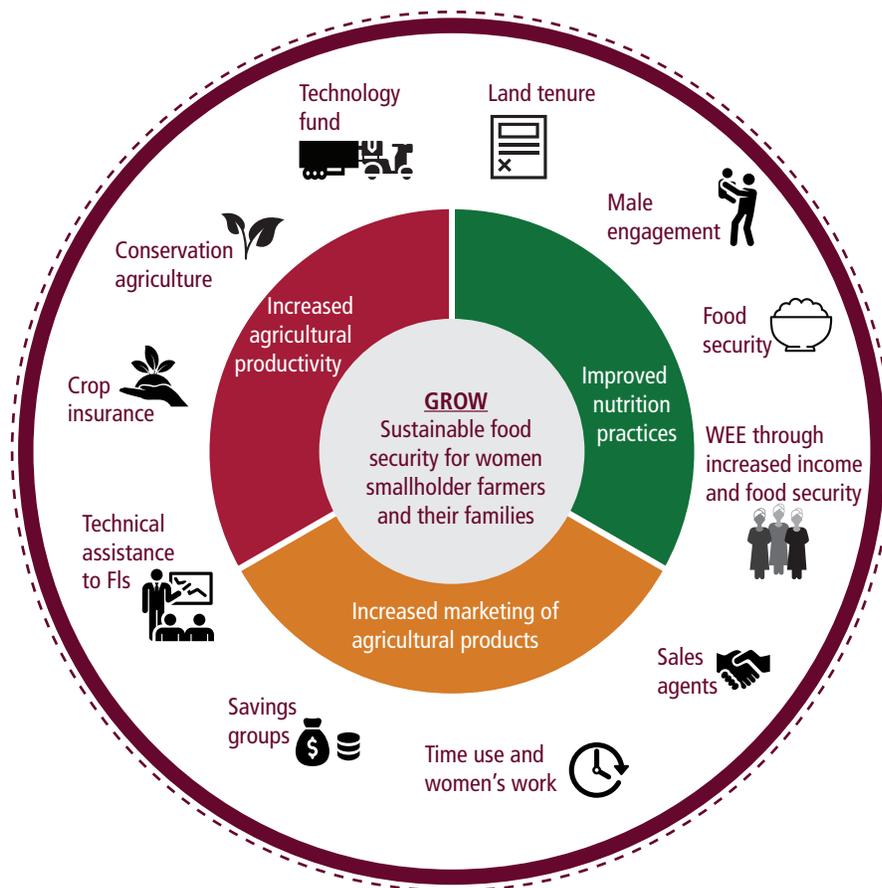
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Thanks also to GROW's Key Facilitating Partners – CAPECS, CARD, ProNet, PRUDA and TUDRIDEP – and MEDA's generous private supporters.



ABOUT GROW

Greater Rural Opportunities for Women (GROW) is made possible with the generous support of Global Affairs Canada and implemented by Mennonite Economic Development Associates (MEDA) with a total budget of CAD 20 million.¹ With support from five Key Facilitating Partners (KFPs) – PRONET North, TUDRIDEP, PRUDA, CARD and CAPECS² – the GROW project operates in 8 districts in the Upper West Region, empowering women farmers to create opportunities through cultivation, utilization and sale of soybeans, accessing extension services and markets to increase their household’s economic well-being.

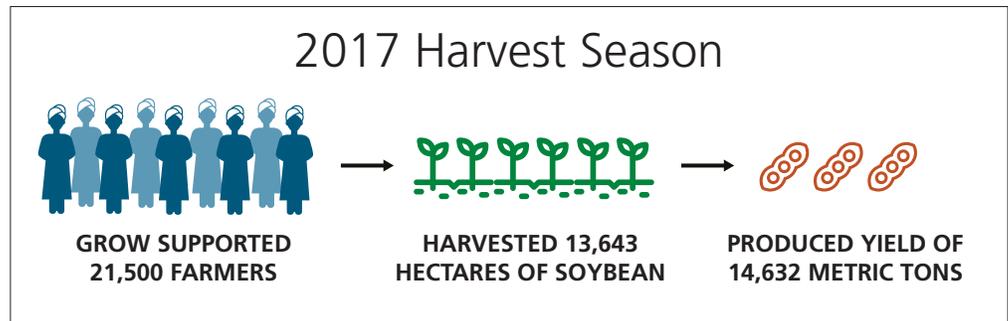


GROW's goal is to improve food security for 20,000 women farmers and their families in the Upper West Region of Ghana. Project activities include helping women improve the availability, access to and utilization of appropriate and nutritious food by strengthening production, processing and linkages to markets. To achieve this, women Lead Farmers are identified to help train others in their

¹ The GROW budget of CAD 20 million is made up of CAD 18 million from the Government of Canada and CAD 2 million from MEDA. The project began in 2012 and closes at the end of 2018.

² MEDA's KFPs are: CAPECS (Capacity Enhancement and Community Support), TUDRIDEP (Tumu Deanery Rural Integrated Development Program), CARD (Community Aid for Rural Development), ProNet (Professional Network North) and PRUDA (Partnerships for Rural Development Action).

communities on good agronomic practices to maximize crop yields, with a special focus on soybean cultivation. Entrepreneurial women farmers are trained and supported to become Sales Agents, buying and aggregating soy from other women and selling it to processors and markets. Women are linked to appropriate financial services, including Village Savings and Loan Association (VSLA) groups, financial institutions and insurance providers. Advocating for women's increased agency, particularly as it relates to decision-making within the household and community, is another key component of the GROW project.



During the 2017 harvest season, GROW supported 21,500 farmers to harvest 13,643 hectares of soybean, producing a yield of 14,632 metric tons. GROW farmers sold 11,169 tons of this soya at an average price of GHS 200 per 100kg, earning a total of over GHS 22.3 million, or approximately CAD 6.7 million (2017 harvest figures).³

The GROW Learning Series

Over seven years of implementation, the GROW project has learned a great deal about women's economic empowerment and food security in northern Ghana. The project team is happy to share our lessons learned in the GROW Learning Series, a set of documents we are releasing in 2018. Topics include women's economic empowerment, nutrition and food security, financial inclusion, women and technology and conservation agriculture.

Within this Learning Series, the GROW team is producing three short briefs on the project's **financial services** work, focusing on our crop insurance pilot, Village Savings and Loan groups and the targeted technical assistance provided to our financial services partners.

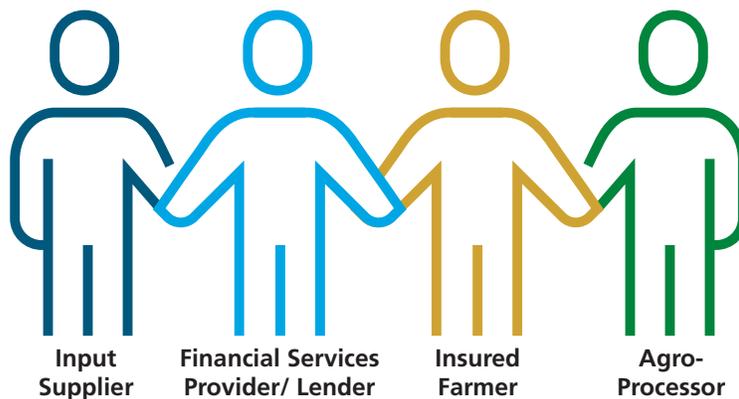
³ In 2017, the average exchange rate was 1 GHS (Ghanaian cedi) to 0.30 CAD (Canadian dollars).

Crop Insurance and Climate Change

Most of the population in Ghana's Upper West farm maize and soybeans, and farming is the primary economic activity for the women in the region. Due to the inconsistency of rainfall, crop yields in the region have become less predictable. However, very few farmers have diversified their livelihoods, due mainly to the remote and rural nature of the region.

The vulnerability of Ghana's agriculture to climate change is largely due to its dependence on rainfall, particularly in the country's semi-arid north, where GROW activities are implemented. Climate change is likely to intensify rainfall variation, leading to drought in some years, and floods in others. Since farmers make decisions and investments based on precedent, this lack of consistency in rainfall leaves farmers especially vulnerable to making poor production choices in an uncertain environment. Insurance is one way to mitigate this, and other risks.⁴

In cooperation with the Ghana Agricultural Insurance Pool (GAIP), the GROW project adapted and extended an existing crop insurance product to women in previously underserved areas. Insurance products protect numerous market actors including farmers, agro-processors, financial institutions, and input dealers, in the event of crop failure due to extreme weather conditions like drought, excess rainfall, or floods. Further, access to insurance means that these farmers remain relatively low-risk as loan clients, ensuring that despite rainfall uncertainties, they continue to have access to loans to sustain and grow their operations. Each of these economic actors works to support, and is dependent on, the others.



⁴ <http://www.ifpri.org/publication/climate-change-agriculture-and-foodcrop-production-ghana>

An Insurance Product Tailored to Women Farmers

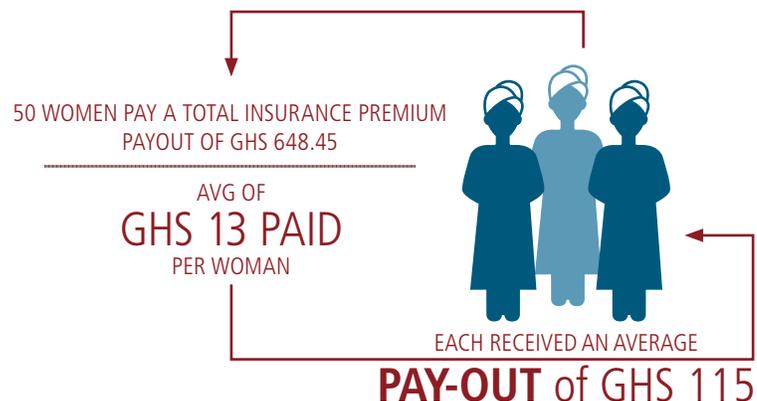
The product offered to women farmers participating in the project was Weather Index Insurance (WII) specifically tailored for maize, sorghum, soybeans, and groundnuts. Weather Index Insurance uses the rainfall as an index and the data from either a local weather station or a satellite to assess the to make predictions regarding future rainfall. Weather Index Insurance is designed to protect farmers throughout the growth cycle of their crops: from germination to the post-fruiting stage.

This insurance product takes into consideration the water requirement of the plant at its various stages, namely: germination, growing, and tasseling or flowering. There is a certain number of days that plants can resist drought, but beyond that point, the crop will suffer losses and fall short of the expected yield. The rainfall data supplied by the weather station or the satellite is used to assess the cause of a fall in crop yield. The insurance costs are 5% of the total cost of planting, including the inputs and seeds. Payouts are then made thirty (30) days after the end of the season, if the drought is deemed severe.

The GROW project worked both on the supply of the insurance product, but also on increasing the demand for it amongst women soybean farmers. In order to access and use the product effectively, MEDA and GAIP worked with farmers in their communities to both promote the benefits of insurance, and to provide training on how to best use it.

Crop Insurance Helped Affected Farmers

In cooperation with GAIP, MEDA reached 87 female soybean farmers in Ghana's Upper West in 2017. Fifty of these women's crops (57% of the total) were severely affected by drought, and they were able to recover a portion of their losses thanks to the insurance payout by GAIP. The 50 women had paid a total premium of GHS 648.45, an average of GHS 13 per woman, and each received an average pay-out of GHS 115.



The crop insurance pilot was largely successful overall. It helped mitigate losses for the farmers so that they could continue to have their livelihoods focused on farming. GROW was also able to monitor a small control group of women who did not have access to the insurance product. Those women were more vulnerable than the insured farmers and required loans, or used their savings, to cover losses. MEDA will continue to monitor future adoption of crop insurance against drought. GAIP does not insure against Fall Armyworm infestation, which MEDA hopes they can include in their next policy for GROW women.⁵

Client Story

Joyce is a farmer who had access to the crop insurance product. She has five children, and she and her husband are both farmers, but she is responsible for farming one hectare of land. She chose to plant soybeans. Unfortunately, her farm was affected by drought this year and the yield was only 100 kg, not the 400 kg she expected. Fortunately, she was insured. She paid a GHS 25 premium for a crop insurance policy. GAIP specialists monitored her farm and confirmed that the lack of harvest was due to the drought and paid out GHS 311.50. Joyce reports that the insurance compensation isn't enough to make up for the entirety of the lost yield, but she is grateful for the payout nonetheless. She will still need to make up for some of the loss by diversifying her income sources. She will pick wild shea nuts and sell them in the market, prepare shea nut soap and sell that as well. She will also buy and sell fruits and vegetables in the local village markets.

⁵ Fall Armyworm causes significant damage to crops, including maize. Native to the Americas, it was first detected in Nigeria in 2016 and has spread rapidly across Sub Saharan Africa.



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