



This series of Research Group Fact sheets shows ongoing research projects related to INCLUDE, the Knowledge Platform on Inclusive Development Policies

The cost effectiveness of integrating Weather Index Agricultural Insurance into the Productive Safety Net Programme in Ethiopia

Because rainfall shocks such as drought adversely affect people's livelihoods, policymakers have pondered interventions that could address this. In Ethiopia, in 2005, the Government instigated the Productive Safety Net Programme (PSNP), a food and cash transfer to reduce poverty and to attain development objectives. The government and other agencies intend to expand and improve the PSNP and this study proposes inclusion of a Weather Index Insurance (WII) component as one of the ways to enhance its outcomes. This study therefore examines whether WII can be a new kind of social protection programme to be integrated cost-effectively into existing national safety net.

Main question

- How should a fixed amount of social protection budget be best allocated on the expansion of national safety net programmes? Should the government raise the amount of Conditional Cash Transfers (CCT) or provide households with a new Weather Index Insurance (WII)?
- What are the effects of provision of WII on poor households? How do they compare with the provision of additional cash transfers?
- Is WII a complementary part of the existing social safety net programme? Would the effects of the insurance be greater on agricultural production and investments and the effects of traditional cash transfers be greater on current account consumption? What about long-term human capital investments?

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Consortium

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- Department of Economics, Mekelle University, Ethiopia
- Relief Society of Tigray, Ethiopia
- Nyala Insurance Share Company, Ethiopia
- International Research Institute for Climate and Society, Columbia University, USA

Country focus

- Ethiopia

Planned activities

- Conduct systematic review of the literature on PSNP and WII interventions
- Educate the local community about Weather Index Insurance
- Train practitioner institutions and staff members in the local and federal government about the cost and benefits of the WII as compared to additional cash transfer
- Implement Weather Index Insurance and Conditional Cash Transfer intervention experiments in selected households, villages and townships
- Organise workshops and meetings of local and international policy actors involving the government, NGOs and research communities to discuss the evidence generated
- Develop journal articles and policy briefs to disseminate generated evidence in the print media