



Feed the Future Country Fact Sheet

Online Version: <https://www.feedthefuture.gov/article/136-smallholder-farmers-ghana-claim-drought-index-insurance-first-time>

136 Smallholder Farmers in Ghana Claim Drought-Index Insurance for the First Time

In Ghana, dependence on rain-fed agriculture and erratic rainfall patterns linked to climate change have left smallholder farmers and their households vulnerable to food insecurity. For decades, those farmers who contribute the most to food production in Ghana have run the risk of crop failure due to floods or drought.

One strategy to reduce risk and increase resilience among these farmers is to provide drought-index insurance, which reduces the financial risk of crop failure by providing payouts based on rainfall patterns measured by the Ghana Meteorological Agency. In collaboration with the Ghana Agricultural Insurance Pool, Feed the Future is introducing these insurance products in Northern Ghana, helping to protect farmers, agro-processors, rural banks and financial institutions, input dealers and others from the effects of drought.

In October 2012, 136 farmers in the Northern Region received claims under the drought-index insurance scheme, marking the first time in the history of Ghana that the agriculture sector has received compensation for losses due to a shortfall in rain through such a program. Feed the Future introduced smallholder farmers to the insurance scheme in 2011 and procured and installed five automated weather stations at five districts in the Northern and Upper West Regions for the Ghana Meteorological Agency.

"With this we realize that there is some truth in the whole insurance project or program. We are thinking of insuring, if not all our 3,000 farmers, at least we will insure 120 acres of our land," said Alhassan Musah, operations manager of Gundaa Produce Company in Tamale.

This insurance initiative is managed by GIZ's Innovative Insurance Products for the Adaptation to Climate Change program funded by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. It was developed through the efforts of other stakeholders such as National Insurance Commission, Ministry of Finance and Economic Planning, Ghana Insurers Association, Ministry of Food and Agriculture and the Ghana Meteorological Agency with support from Swiss Re.