

2006-2007 Potential Groundnut Contract -- LILONGWE

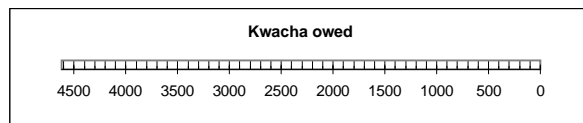
Loan approximation worksheet

Rainfall is measured at Lilongwe Airport weather station.

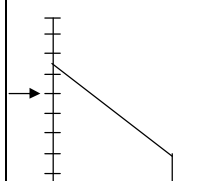
Rainfall amounts may differ from those received at individual fields.

TOTAL LOAN 4619.85

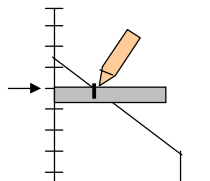
	Upper trigger	Lower trigger
Phase 1	40 mm	30 mm
Phase 2	40 mm	30 mm
Phase 3	230 mm	20 mm



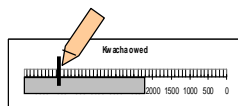
To use this sheet:



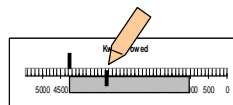
1. For Phase 1, read the amount of rainfall received and find where it hits the line.



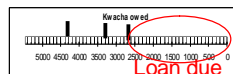
2. Using a piece of paper, measure the distance from the left side of the graph to the line.



3. Mark that distance against the small graph at the top, starting at the left side.



4. Repeat for the other phases, but in Step 3, start at the previous mark.



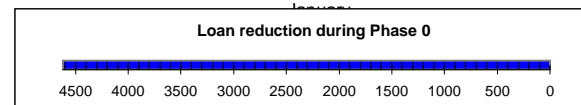
5. Note that rainfall is measured in 10 day periods, and capped at 60mm per period.

Most years, farmers will not receive a loan reduction.

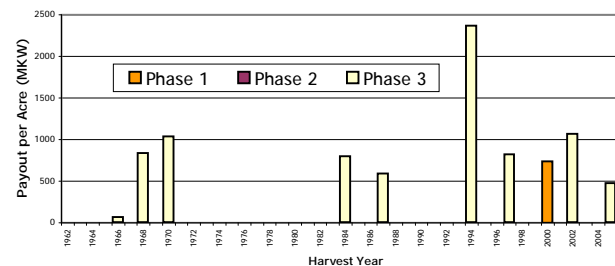
Farmers will not receive more than the maximum payout.

Phase 0:

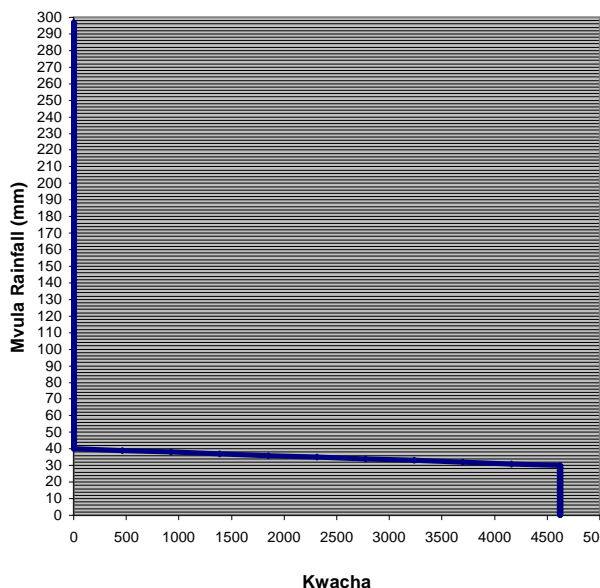
If there is less than or equal to 25mm of rain in each and every one of the following 10-day periods, the loan is reduced to zero: 11th-20th November, 21st-30th November, 1st-10th December, 11th-20th December, 21st-31st December, 1st-10th January, 11th-20th January.



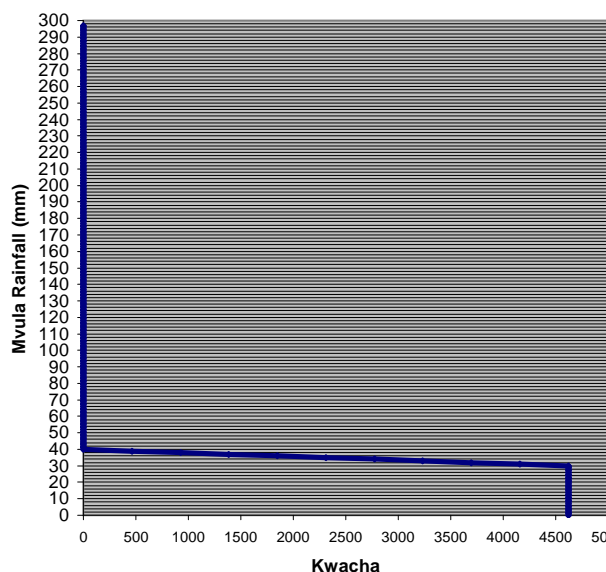
Historical Payouts of Drought Insurance Contracts, Lilongwe



Germination phase: Loan reduction as a function of rainfall (Dekads 1-3)



Growth phase: Loan Reduction as a function of rainfall (Dekads 4-6)



Flowering phase: Loan Reduction as a function of rainfall (Dekads 7-14)

