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# R4 RURAL RESILIENCE INITIATIVE

SUMMARY

ANNUAL REPORT

2020





*R4 farmer and her child in the field in Amboasary, Madagascar.*

WFP/Mathieu Dubreuil

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# Acronyms

<b>AF</b>	Adaptation Fund
<b>ARC</b>	African Risk Capacity
<b>AYII</b>	Area Yield Index Insurance
<b>ASALs</b>	Arid and Semi-arid Lands
<b>ASAP</b>	Adaptation for Smallholder Agriculture Programme
<b>BCM</b>	Beneficiary Contact Monitoring
<b>CO</b>	Country Office
<b>CSP</b>	Country Strategic Plan
<b>DFID</b>	UK Department for International Development
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FbF</b>	Forecast-based Financing
<b>FEWS NET</b>	Famine Early Warning Systems Network
<b>FFA</b>	Food Assistance for Assets
<b>GCF</b>	Green Climate Fund
<b>GIZ</b>	German Agency for International Cooperation
<b>HGSF</b>	Home-Grown School Feeding
<b>HII</b>	Hybrid Index Insurance
<b>IDF</b>	Insurance Development Forum
<b>IFAD</b>	International Fund for Agricultural Development
<b>IGP</b>	InsuResilience Global Partnership
<b>IPC</b>	Integrated Food Security Phase Classification
<b>IRI</b>	International Research Institute for Climate and Society
<b>KCEP-CRAL</b>	Kenya Cereal Enhancement Programme- Climate Resilient Agricultural Livelihoods Window
<b>KfW</b>	German state-owned development bank
<b>KOICA</b>	Korea International Cooperation Agency
<b>KPI</b>	Key Performance Indicators
<b>MIN</b>	Micro Insurance Network
<b>OCHA</b>	United Nations Office for the Coordination of Humanitarian Affairs
<b>PICSA</b>	Participatory Integrated Climate Services for Agriculture
<b>PSNP</b>	Productive Safety Net Program
<b>RWH</b>	Rain Water Harvesting Systems
<b>SAMS</b>	Smallholder Agricultural Market Support
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SfC</b>	Saving for Change
<b>SIDA</b>	Swedish International Development Cooperation Agency
<b>SIIPE</b>	Satellite-Index Insurance for Pastoralists in Ethiopia
<b>UNDP</b>	United Nations Development Programme
<b>USAID</b>	United States Agency for International Development
<b>WII</b>	Weather Index Insurance
<b>WFP</b>	World Food Programme
<b>VESA</b>	Village Economic and Social Associations
<b>VFM</b>	Virtual Farmer's Market
<b>VSL</b>	Village Savings and Lending Group





*A micro-garden in Sinkata Kebele, Ethiopia.*

WFP/Kires Ybrah

# Foreword

2020 will be remembered by many as the year in which the global COVID-19 pandemic has changed our ways of life - but it was also another year of global warming and one of the hottest years on record.<sup>1</sup> In many countries, the global climate crisis has compounded social and economic tensions and resulted in cascading threats to lives, livelihoods, and food security. Over 50 million people have been hit by both climate-related disasters and COVID-19,<sup>1</sup> with the number of acutely food insecure people estimated to increase to 270 million in 2021, representing an 82 percent increase compared to the pre-COVID-19 situation.<sup>2</sup>

On top of a global public health emergency, extreme weather events kept hitting vulnerable communities throughout the year with increasing severity and catastrophic consequences. In East Africa, a combination of heavy flooding and locust invasions has led to food system breakdowns in great parts of the region. Several

countries in Asia and Africa have experienced damages from cyclones, extreme rainfall and flooding events. In Central America, the 2020 Atlantic hurricane season was unparalleled, registering 30 destructive storms with sustained high windspeeds and causing a combined cost of US\$41 billion in losses and damages. Heatwaves and wildfires have affected Australia, the USA and South America.<sup>3</sup>

These climate hazards keep reminding us that we do not live in a single-hazard world. Today's challenges and threats for countries do not arise separately but simultaneously, reaching across national borders and multiplying their respective impacts on populations and national economies. The interconnected nature of these challenges calls for a better integration and layering of interventions to manage increasingly compound and dynamic risks.

To help communities build resilience in a riskier and more uncertain environment, WFP promotes the

1. World Meteorological Organization. 2021. The State of the Global Climate Report 2020. <https://public.wmo.int/en/our-mandate/climate/wmo-statement-state-of-global-climate>.

2. WFP. 2020. WFP Global Response to COVID-19: September 2020. <https://reliefweb.int/report/world/wfp-global-response-covid-19-september-2020>.

3. Christian Aid. 2020. Counting the cost 2020: A year of climate breakdown. <https://reliefweb.int/sites/reliefweb.int/files/resources/Counting%20the%20cost%202020.pdf>.

principle of integrated climate risk management. This approach refers to a combination of strategies that address both the climatic as well as non-climatic drivers of vulnerability and enables people to manage different levels of risk. Against this backdrop, WFP has led the way in developing and testing innovative microinsurance solutions, which - when integrated with better access to financial services and nature-based solutions for risk reduction - help to diversify livelihoods, unlock investment potential, and provide vulnerable communities with an effective protection against different types and levels of shocks.

Now in its 9<sup>th</sup> year of operation, the R4 Rural Resilience Initiative continues to be WFP's flagship program to demonstrate an effective approach to integrated climate risk management. The programme integrates and combines four strategies:

- 1) Reducing the impact of climate shocks through nature-based solutions and improved agricultural practices;
- 2) Transferring the risk of potentially catastrophic climate hazards to private insurance markets;
- 3) Enabling better risk absorption of households and communities through the promotion of group savings and integration with social protection systems; and
- 4) Promoting prudent-risk taking through a combination of financial education, livelihoods diversification, and easier access to credit to enable better investments.

In 2020, despite the challenges posed by COVID-19, the R4 Rural Resilience Initiative has allowed nearly 180,000 farmers (55 percent women) to access index insurance products and a range of complementary risk management services in ten countries. This represents a growth of nearly 90 percent from the previous report. The initiative has expanded to three new countries (Bangladesh, Madagascar and Mozambique), supported the development of WFP's first flood index insurance policy in Bangladesh, supported the launch of a new livestock insurance scheme in Zambia, and laid the groundwork for expansion into the Latin American and Caribbean region in 2021.

In 2020, WFP has intensified its engagement with global insurance networks and platforms - notably the

InsuResilience Global Partnership (IGP), the Insurance Development Forum (IDF) and the Micro Insurance Network (MIN). The WFP Risk Transfer team, which is hosted by the Climate and Disaster Risk Reduction Programmes Unit (PRO-C), kept strengthening partnerships with other international agencies and institutions, including the International Fund for Agricultural Development (IFAD), the German Agency for International Cooperation (GIZ), the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) and the United Nations Development Programme (UNDP). These partnerships enable the scaling-up of insurance solutions for the most resource-poor and food insecure households and communities.

Unlike for COVID-19, there will be no vaccine to protect vulnerable communities around the world from the worsening climate crisis. Its consequences can be expected to go far beyond the scale of the public health crisis of 2020. Integrated risk management approaches and layered solutions to address climate risk can enable governments, communities and individuals to better prepare for, respond to, and recover from climate-related disasters - and thereby enhance their capacities to manage compound risks in other areas as well.

In 2021, WFP will aim to continue the consistent growth trajectory of R4, scaling up the reach of investments in existing program countries and transferring the programming model to the Latin America and Caribbean region. At the same time, efforts will be intensified to codify and document the evidence related to the sustainability of microinsurance solutions. Making insurance accessible to large numbers of resource-poor households requires long term investments, predictable resources, and a balance between public and private sector financing. WFP is making every effort to improve this balance so that the R4 program can continue to operate with maximum impact.

We are grateful for the continuous support of our partners and donors who are committed to the R4 program and to the mainstreaming of microinsurance as part of integrated climate risk management. We look forward to continuing this important work in 2021.

**Gernot Laganda**

*Chief, Climate and Disaster Risk Reduction Programmes  
World Food Programme*





*A village in the Androy region, Madagascar.*

WFP/Mathieu Dubreuil

# Executive summary

2020 was a year of compound and cascading shocks. The COVID-19 pandemic was an unprecedented test of governments' abilities to manage risks, which are continuing to be challenged by compounding climate-related disasters and economic crises. Today, more than ever, the need for risk financing solutions and integrated and layered approaches that provide an early response after a shock, while reinforcing the ability of food insecure communities to cope with future shocks seems evident – humanitarian assistance and government response budgets cannot provide enough assistance to meet the increasing demand.

Despite the challenges posed by the COVID-19 pandemic, WFP has continued to support vulnerable and resource-poor communities to better manage climate risks and build their resilience against climate and other shocks. In 2020, the R4 Rural Resilience Initiative reached nearly 180,000 farming households (55 percent women), benefitting approximately 900,000 people in Bangladesh, Burkina Faso, Ethiopia, Kenya, Madagascar, Malawi, Mozambique, Senegal, Zambia and Zimbabwe. Of these farmers, nearly 3,500 accessed insurance developed through the R4 initiative: either through subsidies from other donor-funded programmes or by paying the premium cost fully with their own cash.

COVID-19 related restrictive measures called for quick programmatic adjustments in the different R4 countries. This included the development of new processes for the distribution of insurance products; adapting the conditionality to access insurance; promoting digital

solutions to ensure farmers continued receiving information and accessing services; shifting to remote monitoring tools; and ensuring appropriate COVID-19 preventive measures when disbursing payouts and during in-person trainings. Despite the challenging situation, R4 saw a nearly 90 percent growth in the number of farmers insured in 2020.

The initiative has expanded to three new countries, namely Bangladesh, Madagascar and Mozambique. In Bangladesh, WFP introduced its first Index-based Flood Insurance product protecting households from catastrophic flooding, which triggered approximately US\$30 in payouts per participant in its first year. In Madagascar, R4 introduced an Area Yield Index Insurance (AYII) product to 3,500 farmers (72 percent women), while in Mozambique R4 insured 2,400 farmers (79 percent women) against drought and dry spells for the 2020/21 agricultural season.



























































In Ethiopia, R4 significantly scaled up from 28,000 to 67,000 farmers (42 percent women). This year, activities focused on building the index design capacity of local stakeholders and defining the handover strategies with the local insurance companies in charge of taking over distribution and management of microinsurance products. Under the Satellite Index Insurance for Pastoralists in Ethiopia (SIPE), 15,500 pastoralists accessed index-based livestock insurance. Following the roll out of the Adaptation Fund (AF) project, R4 scaled-up in Malawi, where the initiative insured nearly

67,000 households (62 percent women), a 71 percent growth compared to last year. The number of farming households more than doubled in Zimbabwe, reaching nearly 6,000 farmers insured (62 percent women) and in Burkina Faso, where the initiative insured 2,500 farmers (56 percent women). In Senegal, WFP started implementing its first Green Climate Fund (GCF) project, which will scale-up access to microinsurance for 45,000 vulnerable farming households. In Zambia, WFP continued to provide assistance to the Government to strengthen its capacity on Weather Index Insurance (WII) product development and monitoring and insured over 7,800 farmers (48 percent women).

In 2020, WFP also laid the groundwork for expansion into the Latin American and Caribbean region, with the regional office establishing a Risk Financing Strategy to encourage the adoption of innovative, responsible, sustainable and scalable risk financing tools. A number of

countries in the region are currently exploring pathways to integrate risk financing tools within their programmes, with some countries starting implementation in 2021. R4 also continued building the technical and programmatic capacity of local stakeholders and governments to ensure national ownership of insurance products and systems. In addition, the initiative supported the development of innovative insurance products such as hybrid indices and promoted the integration and layering with other WFP climate risk financing programmes. R4 also made investments in strengthening and standardizing monitoring, evaluation and learning across the entire portfolio as well as defining a comprehensive research agenda. Finally, WFP strengthened its engagement with global insurance-related platforms and fostered partnerships with other international agencies and institutions to promote the scaling-up of insurance solutions for the most resource-poor and food insecure households and communities.

**Figure 1.** R4 achievements

Planting year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Payouts</b>			 US\$17,000	 US\$320,000	 US\$24,000	 US\$38,000	 US\$450,000	 US\$74,000	 US\$1.5m	 US\$590,000	 US\$109,000	 US\$394,000
<b>Value of premiums</b>	 US\$2,500	 US\$27,000	 US\$215,000	 US\$275,000	 US\$283,000	 US\$306,000	 US\$362,000	 US\$770,000	 US\$1.1m	 US\$1.7m	 US\$1.6m	 US\$2.6m
<b>Total sum insured</b>	 US\$10,200	 US\$73,000	 US\$940,000	 US\$1.3m	 US\$1.2m	 US\$1.5m	 US\$2.2m	 US\$4.9m	 US\$6.6m	 US\$10.3m	 US\$12.2m	 US\$25.4m
<b>Cash contribution</b>							 US\$38,000	 US\$71,000	 US\$68,000	 US\$114,000	 US\$43,000	 US\$53,000
<b>R4 Farmers insured through WFP (percent of women)</b>	 200 (38)	 1,308 (39)	 13,195 (33)	 19,407 (21)	 20,015 (31)	 24,970 (33)	 29,279 (32)	 37,419 (40)	 51,955 (50)	 87,661 (55)	 88,790 (60)	 173,279 (55)
<b>Non-R4 Farmers insured*</b>							 3,918	 4,448	 6,603	 5,659	 5,036	 3,429
<b>Countries</b>	Ethiopia	Ethiopia	Ethiopia	Ethiopia Senegal	Ethiopia Senegal	Ethiopia Senegal	Ethiopia Malawi Senegal Zambia	Ethiopia Malawi Senegal Zambia	Ethiopia Kenya Malawi Senegal Zambia	Ethiopia Kenya Malawi Senegal Zambia Zimbabwe	Burkina Faso Ethiopia Kenya Malawi Senegal Zambia Zimbabwe	Bangladesh Burkina Faso Ethiopia Kenya Madagascar Malawi Mozambique Senegal Zambia Zimbabwe

\* Farmers accessing insurance products developed through the R4 Initiative, but not directly participating in the R4 programme or farmers that have graduated from the programme and are paying their insurance premium fully in cash.

**Our vision: 500,000 insured farmers in 2022.**





*Farmer Kavemba Nzuki holds freshly harvested cowpeas from her farm in Kitui County, Kenya.*

WFP/ Alessandro Abbonzio

# The R4 Rural Resilience Initiative

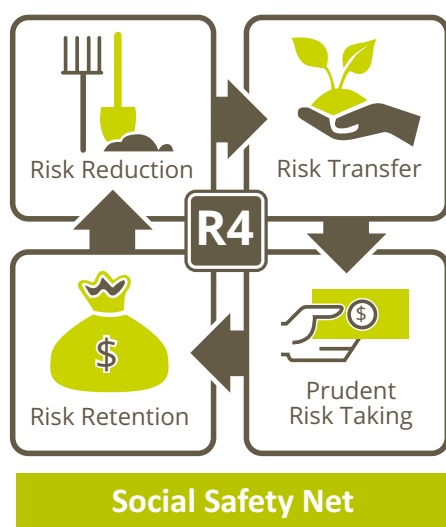
## Background

Resource-poor and food insecure households are faced with a wide range of shocks, including climate variability, extreme weather events, conflict, and socio-economic crises. While vulnerable communities have a greater likelihood to suffer heavy losses from these shocks, they often lack access to efficient and effective formal risk management and social protection mechanisms. WFP's vision is to end global hunger by helping reduce risk and vulnerability to shocks and achieving sustainable food security and nutrition. WFP recognizes that in order to achieve its objective, it is essential to rely on a comprehensive set of integrated risk management strategies and tools that address both the climatic as well as non-climatic factors contributing to people's vulnerability.

## The R4 model

The R4 Rural Resilience Initiative (R4) began as a strategic partnership between the World Food Program (WFP) and Oxfam America in 2011 to build on the success of Oxfam America's pilot project HARITA (Horn of Africa Risk Transfer for Adaptation) that broke new ground in the field of rural risk management. After the successful expansion of the R4 integrated approach under the global partnership, in October 2018, Oxfam America transitioned into an advisory role with WFP taking the lead on the management and scale-up of R4 operations, globally. WFP gratefully acknowledges the pioneering role Oxfam America played together with the communities, the Relief Society of Tigray (REST) and other local and international actors in creating, developing, and transferring the HARITA model outside Ethiopia. **R4 currently reaches nearly 180,000** vulnerable households (55 percent women) and their families in Bangladesh, Burkina Faso, Ethiopia, Kenya, Madagascar,

Malawi, Mozambique, Senegal, Zambia and Zimbabwe with an integrated risk management strategy that combines four components: **improved natural resource management through asset creation or improved agricultural practices** (risk reduction), **microinsurance** (risk transfer), **increased investment, livelihoods diversification, and microcredit** (prudent risk taking) and **savings** (risk retention). Of these farmers, nearly 3,500 accessed insurance products developed through R4, either through subsidies from other donor-funded programmes or by paying their insurance premium fully in cash.



## R1. Risk Transfer

R4 enables the poorest farmers to access agricultural insurance. The initiative has been one of the most successful efforts to develop and scale up index-based insurance products among the most vulnerable and food insecure communities. Index-based insurance- an innovative type of insurance based on a proxy for losses- compensates farmers based on changes in a pre-determined index. Insurance payouts are distributed to insured farmers if the index falls beyond the pre-determined threshold. Rapid compensation for losses means that farmers can avoid selling productive assets and recover faster from climate-related shocks. Predictable income can reduce negative coping strategies and encourage rural households to invest in activities and technologies with higher rates of return. Insurance can also serve as collateral to obtain credit at better rates and give enough confidence to farmers to invest more.

R4 supports the development of a wide range of innovative products that help farmers access insurance policies that best fit their needs across regions and countries, including:

- **Weather Index Insurance (WII):** This product uses a weather index, such as rainfall, measured either by weather stations or satellites, to determine payouts, rather than actual yields, thus eliminating the need for in-field assessment. It can cover farmers against drought, dry spells, or excess rainfall.
- **Area Yield Index Insurance (AYII):** This product can offer coverage against a host of risks affecting an entire area including pests and diseases and uses crop sampling at the end of season to determine value loss. Due to the inherent design of AYII, expected payout timeframe is longer compared to WII, but shorter than traditional agriculture insurance.
- **Hybrid Index Insurance (HII):** This product is a combination of WII and AYII. It helps protect farmers against low yields due to several risks, including pests and diseases, as well as unpredictable weather.
- **Index-based Livestock Insurance (IBLI):** This product uses vegetation indexes such as the Normalized Difference Vegetation Index (NDVI) to measure pasture availability. If the vegetation measured is below average historical growth thresholds, the product automatically triggers payouts that can be used to provide supplementary feeding, inputs, as well as timely veterinary care, which can be critical in keeping livestock alive during the season.





## R2. Risk Reduction

Households that are cash constrained have the option to pay insurance premiums by engaging in asset creation activities or by adopting improved agricultural practices. Assets built or rehabilitated through these activities (such as water and soil conservation infrastructure), promote resilience by steadily decreasing vulnerability to climate risks. They also promote higher productivity by building the natural asset base available to farmers. Farmers can also access insurance by adopting Conservation Agriculture (CA) practices, growing drought resistant crops, or by participating in trainings on financial inclusion, financial education, and Post-Harvest Loss (PHL) management. The risk reduction component is usually built into government safety net and other programmes, as well as WFP Food Assistance for Assets (FFA) initiatives.



## R3. Risk Retention

Through individual or group savings, farmers can build a financial base that serves multiple purposes. For instance, they provide a buffer for short-term needs, retaining risks within households and communities and increasing their ability to cope with shocks. Group savings can be loaned to individual members with particular needs, providing a self-insurance mechanism for the community. Setting up several savings funds for different purposes, including for agricultural investment, insurance premium payment, and for risk management can support participants' graduation and build their resilience to climate and other shocks. Finally, savings can also be accumulated in-kind, for example through cereal banks which allow farmers to stock surplus yields or livestock.



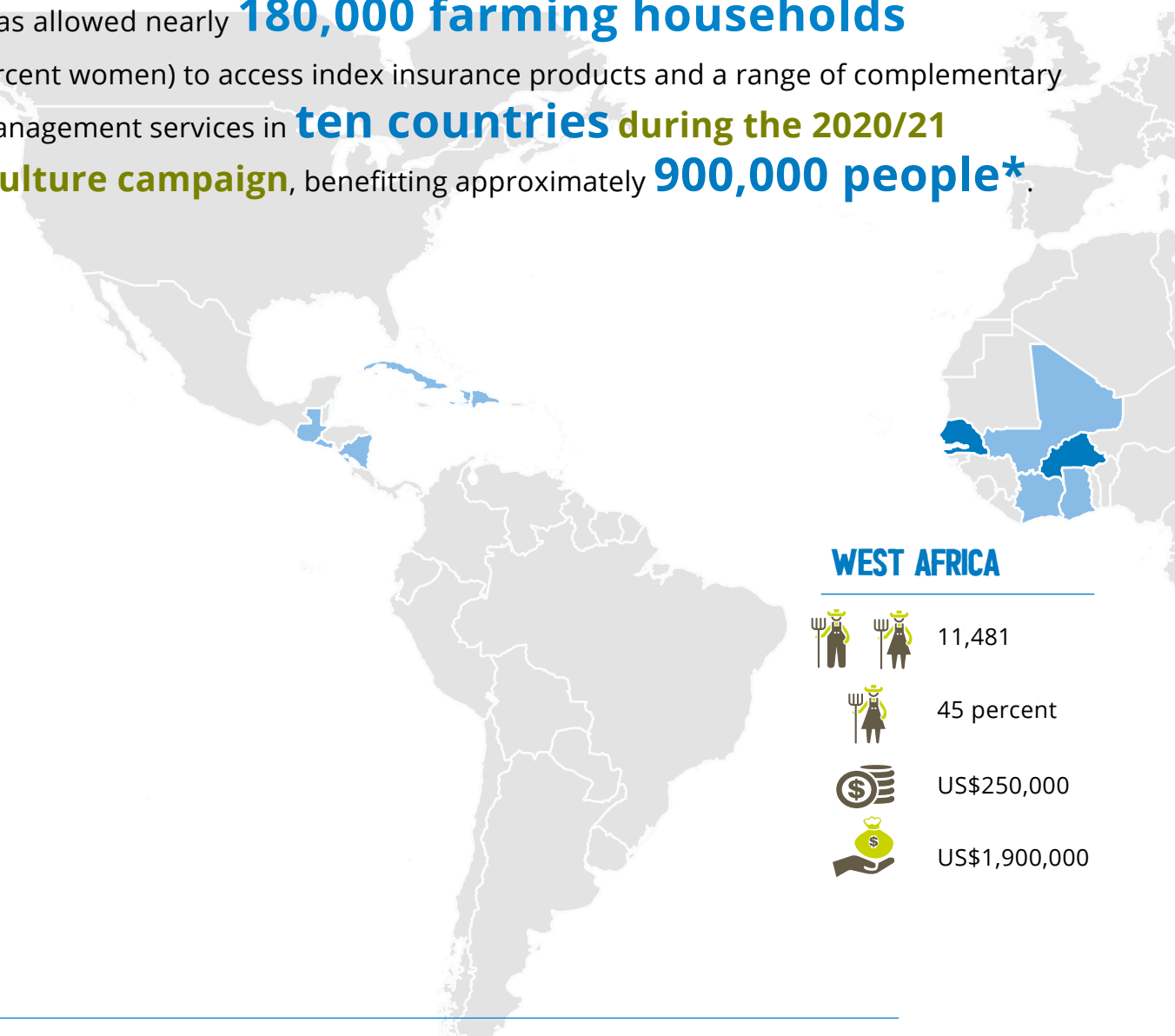
## R4. Prudent Risk Taking

Smallholder farmers are often reluctant to invest in productive inputs or hired labour as their farms are vulnerable to external shocks. They may, thus, prefer low input – low output production systems that guarantee a predictable, although low, income. Microfinance institutions may limit investments because of the perceived high risk of default in bad seasons. With increased food security and a stronger asset base, R4 farmers can increase their savings and stocks, using them along with insurance as collateral to obtain credit for investing in productive assets such as seeds, fertilizers and new technologies that increase productivity. Moreover, insured farmers are more confident to take out loans or invest in productive inputs, including hired labour and livelihoods diversification knowing that the financial risks of climate-related shocks are minimized.





Figure 2.

# OUR REACH AND









WFP has allowed nearly **180,000 farming households** (55 percent women) to access index insurance products and a range of complementary risk management services in **ten countries during the 2020/21 agriculture campaign**, benefitting approximately **900,000 people\***.



## WEST AFRICA

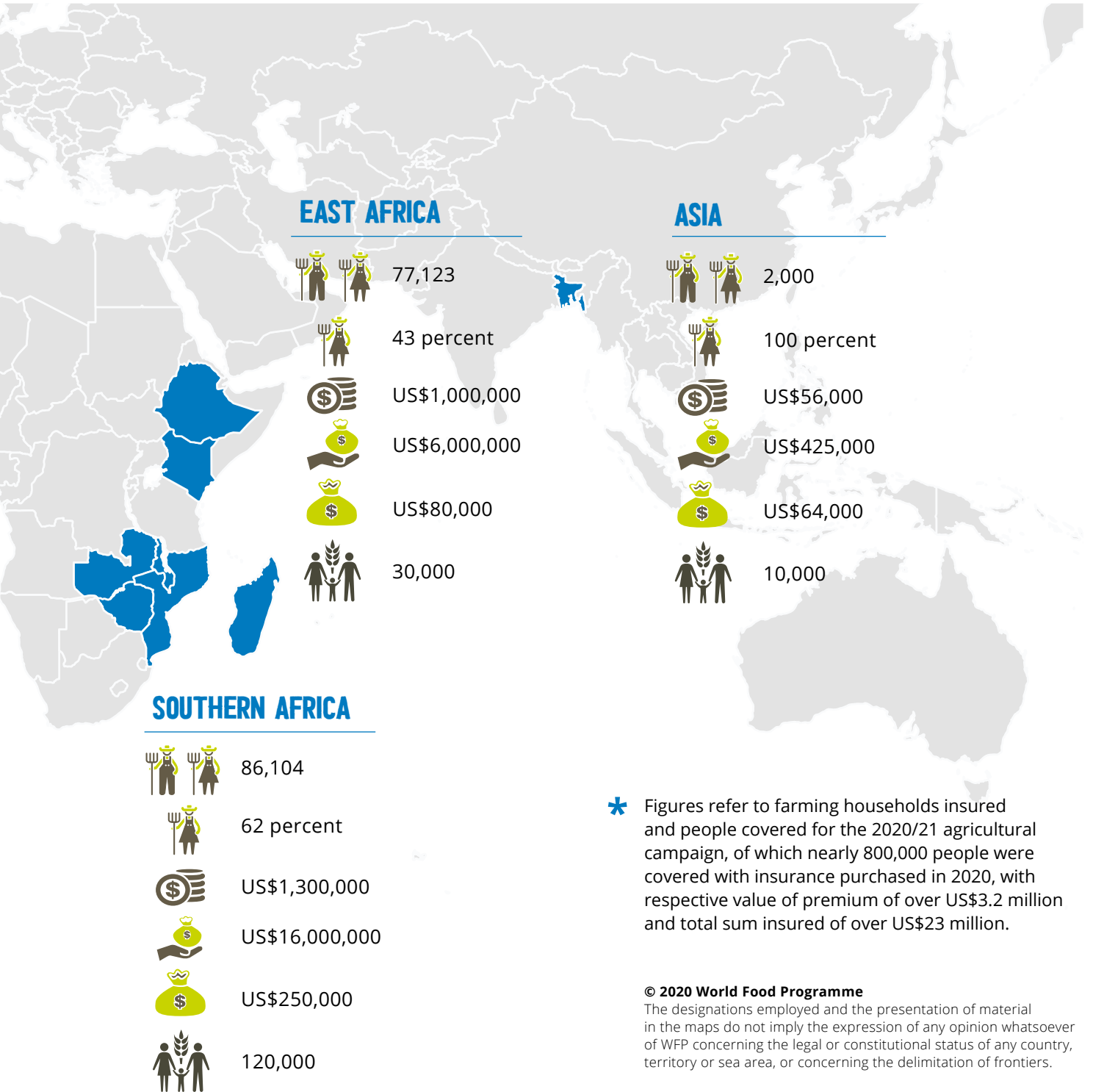
-  11,481
-  45 percent
-  US\$250,000
-  US\$1,900,000

## LEGEND

-  Number of farming households insured
-  Percentage of women insured
-  US\$ Value of premiums
-  US\$ Value of sum insured
-  US\$ Value of payouts disbursed in 2020
-  Number of people benefitting from insurance payouts
-  Current R4 countries
-  Potential expansion countries



# SCALE IN 2020




\* Figures refer to farming households insured and people covered for the 2020/21 agricultural campaign, of which nearly 800,000 people were covered with insurance purchased in 2020, with respective value of premium of over US\$3.2 million and total sum insured of over US\$23 million.

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Figure 3.

# 2020 HIGHLIGHTS




Nearly **180,000 FARMING HOUSEHOLDS** insured


Total sum insured amounts to **US\$25 MILLION**



Over **US\$390,000 OF INSURANCE PAYOUTS** distributed in 2020




**55%** of insured farmers are **WOMEN**



Total value of premiums amounts to **US\$2.6 MILLION**



Nearly **165,000 PEOPLE** benefitting from insurance payouts



Over **85,000 FARMERS** participated in **Village Savings** and **Lending groups** (**70 PERCENT WOMEN**)

Over **US\$1 MILLION** saved through **Village Savings** and **Lending groups**



Over **US\$400,000** in loans accessed by participants of savings groups



Over **25,000 FARMERS** received financial education trainings and over **20,000 FARMERS** trained on **Weather Index Insurance**




Nearly **4,000 SAVINGS GROUPS** supported

Nearly **25,000 FARMERS** applied **Conservation Agriculture** practices



Over **65,000 FARMERS** provided with access to information on weather and climate risks to support informed agricultural decisions.



Nearly **160,000 FARMERS** engaged in **risk reduction** and **assets creation** activities, including working on soil and water conservation, water harvesting, small scale irrigation, agroforestry and reforestation.





R4 ACHIEVEMENTS IN 2020

COUNTRY  
SNAPSHOTS

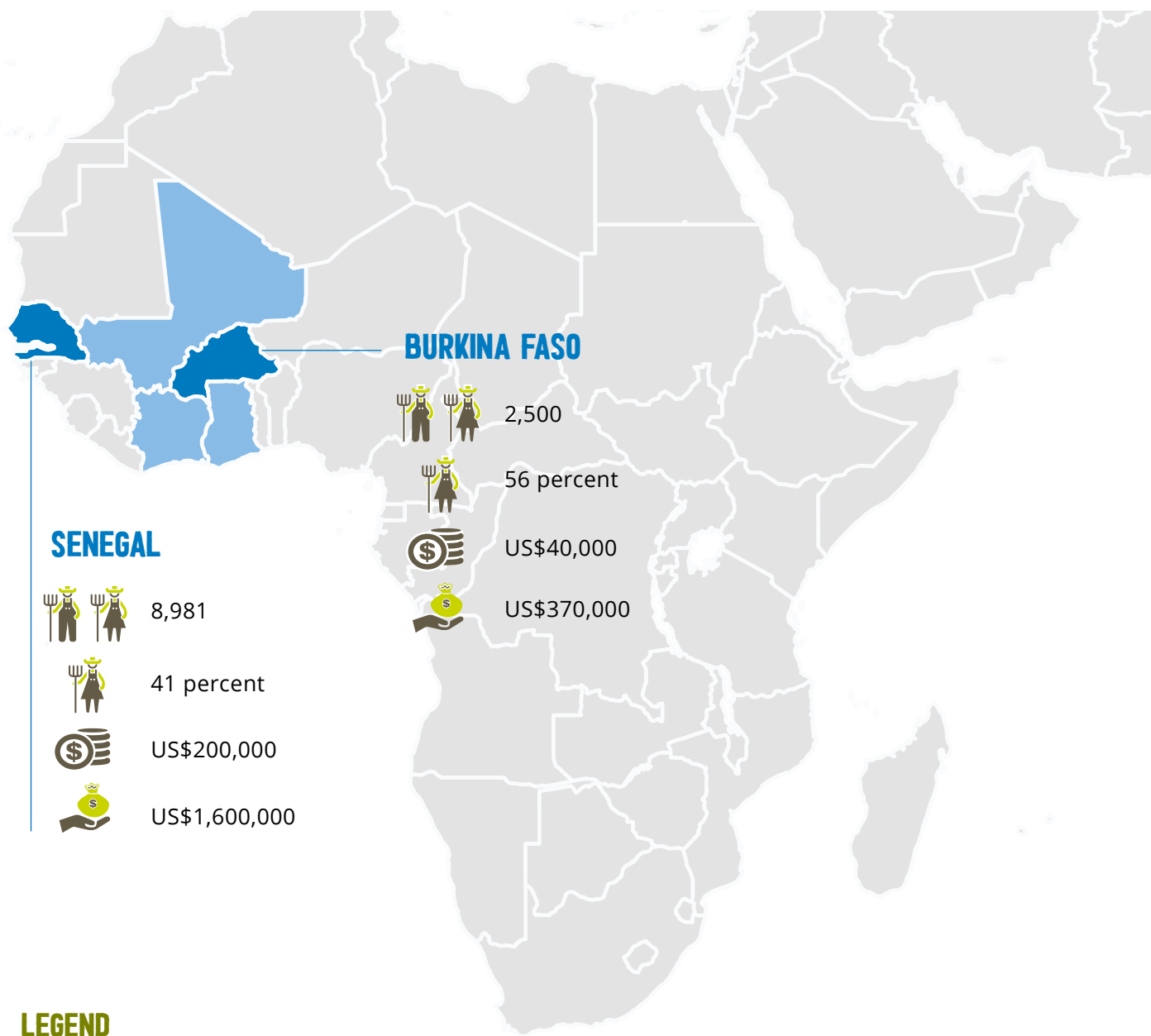
*R4 farmer holds harvested green grams at a farm  
in Kitui County, Kenya.*

WFP/ Alessandro Abbonizio



Figure 4.

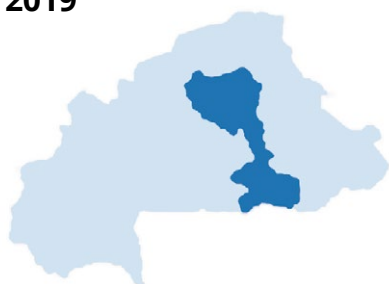
# R4 WEST AFRICA 2020





## LEGEND

- Number of farming households insured
- Percentage of women insured
- US\$ Value of premiums
- US\$ Value of sum insured
- Current R4 countries
- Potential expansion countries

 Since **2019**




 **2,500** households (17,500 people covered)

 **56 percent** of insured are women

 Centre-Nord and Est Regions

 Inclusive Guarantee, Yeleen assurance

 **BMZ**

## R4 programme in Burkina Faso

**Risk Reduction:** Farmers are supported to reduce their Post-Harvest Losses (PHL), engage in Food for Asset (FFA) activities, including building composters, as well as accessing markets through the Smallholder Agriculture Market Support (SAMS) programme.

**Risk Transfer:** Farmers gain access to insurance by participating in trainings on financial inclusion, insurance, and PHL.

**Risk Retention and Prudent Risk Taking:** Farmers also receive a capacity-building package aimed at increasing agribusiness investment through credit and marketing.

## 2020 Context

Early cessation of rains during the 2020 agricultural season negatively impacted cereal production in Burkina Faso. Furthermore, increased numbers of security incidents and terrorists' attacks caused growing population displacements, severely disrupting agricultural activities, and deteriorating the food security situation of vulnerable households, already challenged by the impacts of COVID-19. According to the Government of Burkina Faso, approximately 3.3 million people were estimated to be severely food insecure and in need of food assistance during June to August 2020.

## 2020 Key Achievements



24 participants (29 percent women) took part in Training of Trainers (ToT) on Post-Harvest Losses (PHL) management, microinsurance and financial inclusion in Centre-Nord and Est regions of Burkina Faso. Participants were then expected to further disseminate learnings into their own communities to raise awareness on the integrated approach. Farmers' participation to these trainings was used as a conditionality to subscribe to the insurance policy.



500 farmers (60 percent women) participated in savings groups with a total savings amount of over US\$6,000. Farmers were also supported in accessing credit through the warrantage system, an inventory credit system, whereby farmers can deposit grain in secure warehouses, serving as collateral to access credit. In addition, equipment to reduce Post-Harvest Losses (PHL) was provided to targeted farmers, including 3,500 Purdue Improved Crop Storage (PICS) bags and 127 silos to better store food.



WFP Burkina Faso scaled up its insurance coverage from 700 farmers in 2019 to 2,500 farmers (56 percent women) in 2020, with a total sum insured of US\$374,833 and total premium of US\$40,108. During the season, over 700 farmers were trained on index insurance and financial education.

# R4 Senegal

2020

 Since **2012**



**8,981** households (44,905 people covered)



**41 percent** of insured are women



Kolda and Tambacounda regions



ANCAR, ANACIM, CNAAS, Inclusive Guarantee, IRI, La Lumière, MAER, Orange Finances Mobiles Sénégal, Oxfam America, PROVAL-CV, Université Gaston Berger



BMZ, French Cooperation, GCF

## R4 programme in Senegal

**Risk Reduction:** By participating in WFP's Food for Assets (FFA) programme, farmers build assets that decrease their vulnerability to climate shocks over time.

**Risk Transfer:** Farmers access Weather Index Insurance (WII) by investing their time in building assets.

**Risk Retention and Prudent Risk Taking:** Insurance policies are delivered through Saving for Change (SfC) Associations, which support participants in establishing small-scale savings that are used to build 'risk reserves'. Farmers are also supported to diversify their livelihoods and make small-scale investments through easier access to formal credit.

## 2020 Context

The 2020 agricultural season was characterized by above-average rainfall, positively impacting crop yields. Despite the positive rainfall season, the agricultural sector was severely affected by COVID-19 restrictive measures. Markets closures, curfews, and movement restrictions limited farmers and intermediaries' ability to access markets and labors, causing losses of revenues. Before the outbreak of the pandemic, the number of food insecure people was estimated at approximately 766,000 during the lean season -between June and August 2020- with the number expected to deteriorate due to COVID-19.

## 2020 Key Achievements



Farmers participated in risk reduction activities, including building of dikes for plotting protection dikes, stone bunds to prevent soil erosion and reforestation. To support the dissemination and adoption of sustainable agricultural practices, 25 farmers' field schools were set up during the year. In addition, participants engaged in crop cultivation, including rice, maize, cowpeas and vegetable farming.



8,981 farmers (41 percent women) accessed insurance during the 2020 agricultural season. Of these farmers, 7,650 enrolled under the Insurance for Assets (IfA) programme and 1,331 paid their premium fully in cash. During the year, 30 sensitization tours, 12 radio programs and 27 advertising spots on insurance were carried out in the regions of Tambacounda and Kolda to raise awareness among farmers on Weather Index Insurance (WII).



Over 14,000 farmers (84 percent women) participated in 655 savings groups in 2020. In addition, 4,651 farmers (90 percent women) received financial education trainings during the year.

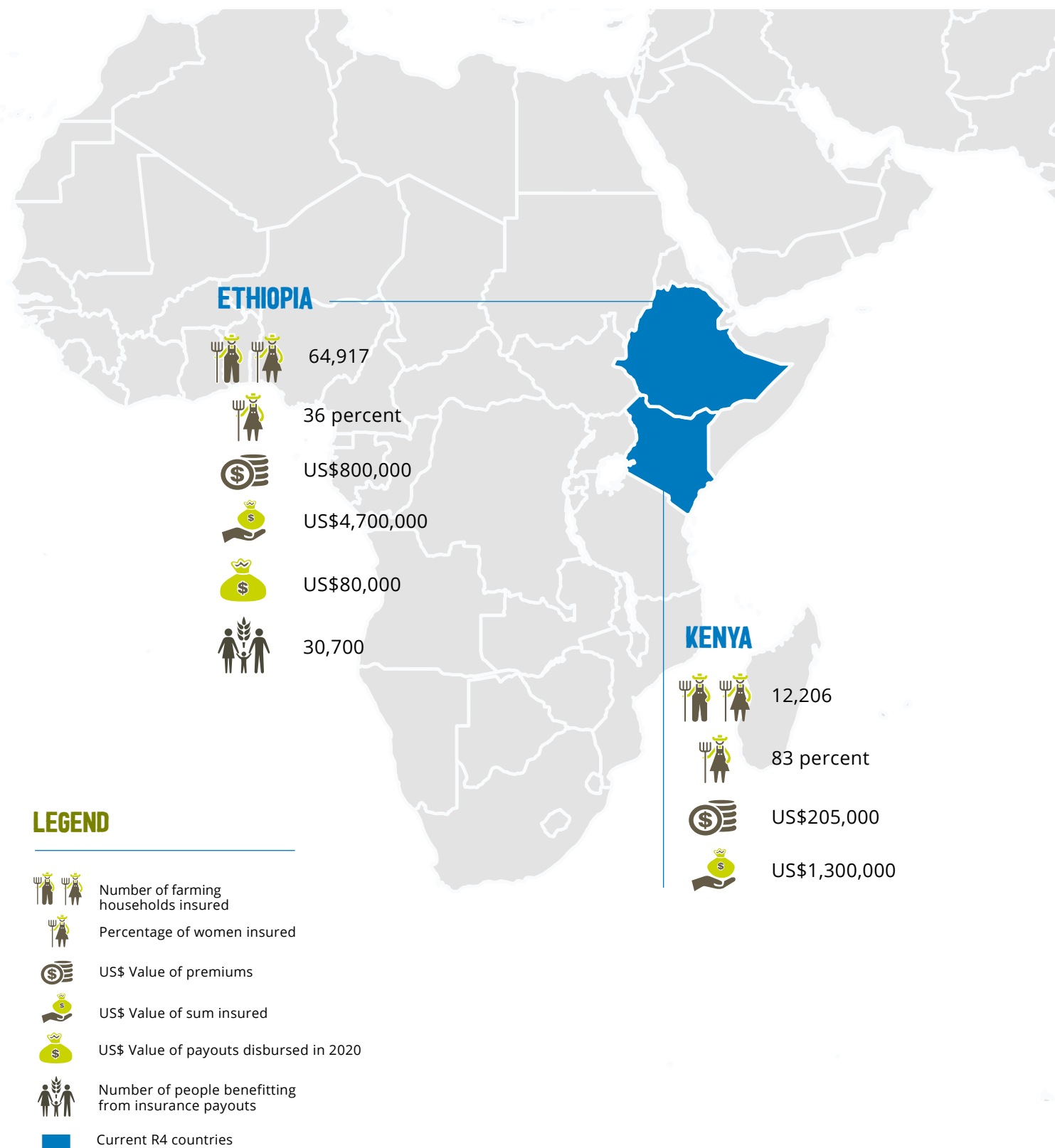


To raise awareness among farmers about weather and climate information, six radio programs were broadcasted, in collaboration with the National Agency for Civil Aviation and Meteorology, the Rural Development Departmental Services (SDDR) and members of the GTP, the interdisciplinary technical working group working on climate information services. A total of 88,793 SMS messages were sent to 6,995 farmers to help them access reliable climate information and improve their agricultural practices.



Figure 5.

# R4 EAST AFRICA 2020



# R4 Ethiopia

2020

Since 2009



**64,917** households (324,585 people covered)



**36 percent** of insured are women



Tigray and Amhara regions



AIC, DECSI, Ethiopian farmers' cooperative, IRI, IFPRI, ISD, Mekelle University, NMA, ORDA, REST, RIB Union



KfW, IFAD

## R4 programme in Ethiopia

**Risk Reduction:** Farmers work on soil and water conservation, agroforestry and reforestation for a number of selected days in addition to the Productive Safety Net Programme (PSNP) public works requirements.

**Risk Transfer:** Through participating in asset creation and training activities, farmers can access weather index insurance.

**Risk Retention and Prudent Risk Taking:** Farmers practice regular savings in Village Economic and Social Associations (VESAs) and Rural Saving and Credit Cooperatives (RUSACCOs). Under the prudent risk taking component, R4 manages a revolving fund providing loans to farmers who want to invest in their agricultural activities through RUSACCOs.

## 2020 Context

The 2020 agricultural season was above average in terms of satellite-measured rainfall in the Tigray and Amhara regions of Ethiopia. Despite the relatively positive rainfall conditions, the compounding impacts of COVID-19, desert locusts, flooding, and conflict in Tigray region negatively affected crop production and the livelihoods of Ethiopian farmers, driving greater than previously anticipated humanitarian assistance by the end of 2020. Consequently, according to the Integrated Food Security Phase Classification (IPC) analysis, most poor and very poor households in the eastern half of the country are expected to continue facing Crisis (IPC Phase 3) outcomes through May 2021.

## 2020 Key Achievements



In 2020, over 58,600 farmers (40 percent women) participated in risk reduction activities. To contain the spread of the virus, priority was given to individual households' activities. Farmers engaged in building trench bunds, flood diversion canals, tree plantings, home garden development and adopting climate-smart agriculture practices.

The initiative supported the construction of 105 Roof Rainwater Harvesting Technologies (RRWH) for 84 Female Headed Households. RRWHs enable households to improve hygiene and reduce the workload of women and female children in fetching water and support home garden development and vegetable production.



64,917 farmers (36 percent women) accessed insurance through WFP support during the 2020 agricultural season. In addition, 2,098 farmers accessed insurance through other donor-funded programmes or by paying fully with their own cash, for a total of 67,015 farmers (42 percent

women) insured in Amhara and Tigray regions. Due to the COVID-19 pandemic, all R4 farmers accessed insurance policies through their own labour, instead of farmers contributing a percentage in cash.

To build the capacity of local stakeholders and support national ownership of insurance processes and systems, the initiative supported the establishment of index design teams at national and regional level and developed handover plans with local insurance companies.



9,500 farmers (40 percent women) participated in 436 VESAs, reaching a cumulative capital of over US\$73,000 in 2020. 1,626 farmers (37 percent women) accessed loans worth US\$28,000 that were used for purchasing agricultural inputs, shoa fattening and rearing. In addition, over 6,000 participants (40 percent women) were trained in financial literacy, business development and management, and VESA leadership, in both regions.





 Since 2017



**12,206** households (48,824 people covered)



**83 percent** of insured are women



Kitui and Makueni Counties



APA Insurance, MoALF&I, County Governments of Kitui and Makueni, Kenya Agriculture and Livestock Insurance Pool, Pula Advisors



Global Affairs Canada, USAID

## R4 programme in Kenya

**Risk Reduction:** Farmers receive technical assistance from extension services and field partners on improved agricultural practices, including soil and water conservation techniques.

**Risk Transfer:** By growing at least one drought resistant crop in one acre of land and adopting recommended agricultural practices and by working on soil and water conservation structures, farmers can access Area Yield Index Insurance (AYII) and Hybrid Index Insurance (HII).

## 2020 Context

The 2020 Short Rains season was characterized by a mixed performance across the country, with below-average rainfall across eastern and central Kenya, while western, northwestern and southern parts of the country received above-average rainfall. Reduced access to quality agricultural inputs, incidence of pests and diseases, as well as the impacts of COVID-19 posed multiple challenges for smallholders in the Arid and Semi-Arid Lands (ASALs), negatively affecting crop production, with harvest foreseen to be below average.

## 2020 Key Achievements



12,206 farmers participated in risk reduction activities as their conditionality to access insurance. This included: being engaged in the production of drought resistant crops, including sorghum, millet, cowpeas or green grams; having one acre of land available for cropping activities; and applying new terraces and zai pits for greater water retention and soil fertility.



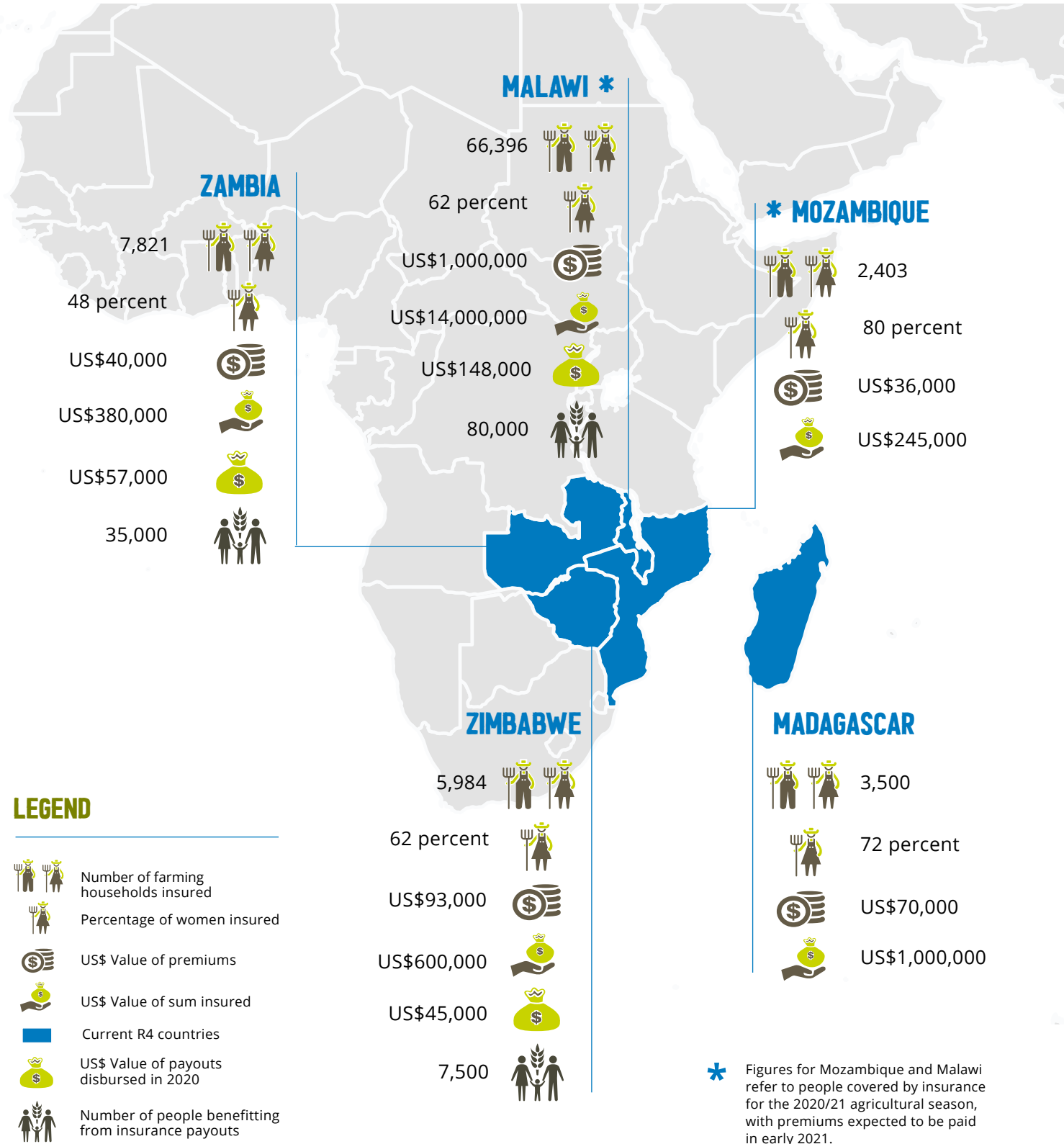
In 2020, WFP Kenya expanded to a new district, namely Makueni county and introduced a Hybrid Index Insurance (HII) product, combining a Weather Index Insurance (WII) component and an Area Yield Index Insurance (AYII) one. 12,206 farmers (83.5 percent women) registered for insurance for the 2020 Short Rains season in both Kitui and Makueni counties.

Due to COVID-19 movement restrictions, the programme adapted its registration modality to phone-based surveys in the old districts, while face-to-face interviews were a necessary approach in new insured areas to build trust among farmers.

Given COVID-19 limits to in-person interaction, WFP Kenya worked on innovative ways to communicate with farmers, including a radio talk show aired in partnership with Pula Advisors, the Makueni Department of Agriculture and the local radio Ene FM radio station. The show allowed for the dissemination of several topics, including, WFP's mandate and mission in Kenya, R4 objectives, participants' eligibility criteria and insurance compensation procedures.

Figure 6.

# R4 SOUTHERN AFRICA 2020



## LEGEND

- Number of farming households insured
- Percentage of women insured
- US\$ Value of premiums
- US\$ Value of sum insured
- Current R4 countries
- US\$ Value of payouts disbursed in 2020
- Number of people benefitting from insurance payouts

\* Figures for Mozambique and Malawi refer to people covered by insurance for the 2020/21 agricultural season, with premiums expected to be paid in early 2021.



# R4 Madagascar

2020

Since 2020



3,500 households (17,500 people covered)



72 percent of insured are women



Anosy and Androy Regions



ARO, CTAS, DEFIS (IFAD), GIZ, Ministry of Agriculture, Livestock and Fisheries, Pula Advisors, OTIVTANA, Réseau VSLA



SDG Fund

## R4 programme in Madagascar

**Risk Reduction:** Farmers are supported to reduce their Post-Harvest Losses (PHL) through capacity strengthening and trainings on improved storage and transformation techniques as well as improving their access to markets.

**Risk Transfer:** Farmers access insurance by participating in PHL trainings and by adopting post-harvest technologies.

**Risk Retention and Prudent Risk Taking:** Insurance is provided through the Village Savings and Loans Associations (VSLAs). Farmers are trained on the insurance product as well as the importance of savings and best practices to run a VSLA group efficiently.

## 2020 Context

Madagascar experienced a long drought during the 2019/20 agricultural season, leading to significant crop losses, particularly affecting the southern parts of the country. Rice production was estimated to be 50 percent lower compared to the previous year. The impacts of COVID-19, coupled with the severe drought, seriously affected the availability and access to food in the country. The Integrated Food Security Phase Classification analysis released in December 2020, and covering the October-December period, estimated approximately 1.06 million people to be facing high levels of acute food insecurity (IPC Phase 3 or above).

## 2020 Key Achievements



3,500 farmers (72 percent women) were trained and supported to apply best practices and tools for post-harvest management. Training of Trainers (ToT) were delivered to 25 participants from various partners and stakeholders, familiar with farmers' realities in the field. Participants were trained on PHL management, savings and loans for risk management techniques and insurance.



2020 marked the first year of R4 implementation in Madagascar, with the initiative insuring 3,500 farmers for the 2020 dry and rainy season. Farmers accessed an Area Yield Index Insurance (AYII) product

covering maize for the rainy season (November 2020-April 2021) and maize and beans for the dry season (May 2021 to October 2021). To sensitize and raise awareness on insurance and risk management among farmers, while complying to COVID-19 restrictive measures, WFP Madagascar developed and broadcasted a series of radio programmes.



3,500 farmers participated in over 200 VSLAs. The initiative supports farmers to build up savings for risk management as well as for investing in agricultural production and livelihoods diversification. Farmers are also provided with financial education trainings.



# R4 Malawi

# 2020

Since 2015



**66,396** households (331,980 people covered)\*



**62 percent** of insured are women



Southern Region



CUMO, DoDMA, DCCMS, Emmanuel International, CARE, Find Your Feet FISD, Hannover Re, Insurance Association of Malawi, IRI, MoA, MoFEP&D, NICO Insurance, Plan International Malawi, Pula Advisors, UoR, UP, World Vision Malawi, Farm Radio Trust



SDC, USAID, BMZ, DFID, Flanders, Norway, Adaptation Fund

\* This figure refers to the number of farming households insured for the 2020/21 season. Insurance premiums are expected to be paid in early 2021.

## The Integrated Risk Management (IRM) approach in Malawi

**Risk Reduction:** By participating in WFP's Food for Assets (FFA) programme, farmers build assets such as soil and water conservation structures and apply conservation agriculture techniques.

**Risk Transfer:** Farmers access insurance by participating in FFA activities and investing their time in building homestead assets to improve agricultural productivity.

**Risk Retention and Prudent Risk Taking:** Savings are promoted through Village Savings and Lending groups (VSLs). The uptake of credit is promoted through microfinance institutions to support farmers in making larger investments in their livelihoods, for prudent risk taking.

## 2020 Context

The 2019/2020 agricultural season was mostly above average, resulting in increased crop production. Nonetheless, some districts in southern Malawi and one district in central Malawi experienced localized production shortages. According to the Famine Early Warning Systems Network (FEWS NET) Food Security Outlook, access to food and incomes in these districts were anticipated to be insufficient to meet all food needs. Stressed (IPC Phase 2) outcomes were expected in these areas in the presence of humanitarian assistance. COVID-19 restrictive measures particularly affected Malawi's urban population, with low-income households in several cities expected to be facing Crisis (IPC Phase 3) outcomes.

## 2020 Key Achievements



128,000 households (55 percent women) participated in WFP's FFA programme and engaged in land resource management, irrigation, crop and livestock production and reforestation activities.



Nearly 38,000 farmers participated in VSL groups, saving a total of approximately US\$650,000. In 2020, WFP identified areas of collaboration with the Malawi University of Science and Technology (MUST) to support efficient savings operations, including the development of digital solutions.



Following the roll out of the Adaptation Fund (AF) project, WFP Malawi scaled up provision of insurance from 38,000 farmers in the 2019/20 season to almost 67,000 in 2020/21, with premiums expected to be paid in early 2021. The Weather Index Insurance (WII) product was readjusted into an Area Yield Index Insurance (AYII) product to include other risks contributing



to yield loss, as demanded by participating households in the previous season.

WFP scaled up the Participatory Integrated Climate Services for Agriculture (PICSA) approach to reach 11,800 households in eight districts through extension officers and lead farmers. WFP Malawi also delivered messages on COVID-19 awareness and preventive measures through an integrated radio program with the help of WFP's partner Farm Radio Trust.



WFP Malawi fostered linkages between the Smallholder Agriculture Market Support (SAMS) programme and FFA, IRM, and Home-grown School Feeding (HGSF) activities, targeting surplus and potential surplus producing farmers. This included, among others, linking horticulture farmers in FFA-supported irrigation schemes to local supermarkets.



Farmers were trained on post-harvest handling and loss prevention (PHL) to reduce yield losses associated with poor harvesting and storage techniques.

# R4 Mozambique

## 2020

 Since **2019**



**2,403** households (12,015 people covered)\*



**80 percent** of insured are women



Gaza, Tete, Nampula, Zambezia



MADER, MTA, INGC, INAM, ADRA, Aceagrarios, Blue Marble, Pula Advisors, University of Reading, IRI, InovAgro, ICS, SDAE



FICA, SDC, GCF

\* This figure refers to the number of farming households insured for the 2020/21 season. Insurance premiums are expected to be paid in early 2021.

### R4 programme in Mozambique

**Risk Reduction:** Farmers apply Conservation Agriculture (CA) techniques such as minimal soil disturbance, permanent soil cover and crop rotations. Farmers also receive climate information services to help them make informed decisions in the context of increasing climate variability and change.

**Risk Transfer:** Farmers access insurance by applying CA techniques.

**Risk Retention and Prudent Risk Taking:** Farmers participate in Village Savings and Lending groups (VSLs). Gross margins analysis and market assessments were conducted to plan the roll out of prudent risk taking in future years. Farmers are also supported to diversify their livelihoods and make small-scale investments through easier access to formal credit.

### 2020 Context

The 2019/2020 agricultural season was characterized by normal to below normal rainfall. The northern part of Mozambique experienced heavy rainfall and floods, causing damages to nearly 200,000 hectares of crops, while the southern part of the country experienced drought conditions, affecting over 160,000 hectares. Ongoing conflicts in Cabo Delgado led to increased displacement in the region, with Internally Displaced People (IDPs) losing access to basic livelihoods and experiencing Crisis (IPC Phase 3) outcomes. In drought-affected areas, due to below-average harvests, households started resorting to negative coping strategies and facing Crisis (IPC Phase 3) outcomes. COVID-19 particularly affected urban and peri-urban areas, where poorest households started facing Stressed (IPC Phase 2) outcomes.

### 2020 Key Achievements



Nearly 5,000 farmers (70 percent women) were supported in Tete and Gaza with the application of CA practices. Farmers were also trained in CA techniques and received agricultural inputs ahead of the agricultural season.



2020 marked the introduction of insurance among targeted farmers. A total of 2,403 farmers (80 percent women) registered for insurance for the 2020/2021 season, with insurance premiums expected to be paid in the first quarter of 2021. The Weather Index Insurance (WII) product protects farmers against the risk of drought and dry spells.



3,240 farmers (66 percent women) participated in 104 savings groups, saving a total of US\$30,109 and accessing loans of up to US\$27,508. Farmers also received trainings on financial literacy, group formation, savings and loans, and governance.



In 2020, WFP supported the production and dissemination of monthly climate monitoring bulletins and agro-meteorological bulletins, in collaboration with the National Meteorological Institute (INAM) and the Ministry of Agriculture and Rural Development (MADER).

In coordination with INAM and local authorities, WFP installed manual rain gauges in 17 communities, tracking the amount of rainfall during the agricultural season.

33 Government staff were trained in the Participatory Integrated Climate Services for Agriculture (PICSA) methodology. Ahead of the agricultural season, trainers supported over 4,000 farmers to make informed agricultural decisions in Tete and Gaza provinces.



# R4 Zambia

## 2020

 Since **2015**



**7,821** households (39,105 people covered)



**48 percent** of insured are women



Southern Region



DAPP, DMMU, Hannover Re, Heifer Intl, IRI, Mayfair insurance, MFinance, MET, MoA, MTN, Musika, Pula Advisors, Techno serve, Vision Fund Zambia, Zanaco, ZMD, FAO



SDC, KOICA, Green Climate Fund, SIDA

### R4 programme in Zambia

**Risk Reduction:** Farmers apply Conservation Agriculture (CA) techniques such as minimal soil disturbance, permanent soil cover and crop rotations.

**Risk Transfer:** Farmers are insured by applying CA techniques on at least one hectare of land.

**Risk Retention and Prudent Risk Taking:** Savings are promoted through Village Savings and Lending groups (VSLs). Improved access to credit facilities is promoted as part of the prudent risk-taking activities, including savings-credit linked products that support farmers' application of CA practices and agricultural investments.

### 2020 Context

The 2019/2020 agricultural season was characterized by normal to above normal rainfall, with some dry spells experienced in the southern parts of Zambia. The overall favorable rainfall conditions resulted in above average agricultural production, although southern areas experienced production shortfalls. COVID-19 restrictions negatively impacted supply chains, markets and incomes, increasing existing vulnerabilities and the prevalence of food insecurity among the rural population. According to the Integrated Phase Classification (IPC) food insecurity analysis, 1.98 million were expected to be facing high levels of acute food insecurity (IPC Phase 3 or above) during the lean season.

### 2020 Key Achievements



Over 18,000 farmers (49 percent women) applied CA practices and crop diversification on 24,630 hectares of lands.



14,707 farmers (58 percent women) participated in 649 VSL groups, saving over US\$200,000. Farmers received trainings on financial literacy, record keeping, entrepreneurship, leadership and governance. In 2020, 3,924 farmers accessed input credit from savings groups and 4,789 were linked to formal financing. Moreover, 1,000 farmers were supported to adopt drought tolerant crops, thanks to the partnership between WFP and ABInBev (Zambia breweries), providing input credit to sorghum value chain smallholder farmers.



7,821 farmers (48 percent women) accessed insurance for the 2020/21 agricultural season. Through the Technical Working Group (TWG), WFP provided technical assistance to the Government to enhance its capacity to develop and manage index insurance products. In addition, WFP supported the Government to design and launch an Index-based Livestock Insurance (IBLI) scheme.



33 government extension staff and 194 rain gauge minders were trained on climate information services. Moreover, 97 rain gauges were installed, two seasonal forecasts were produced, and weather information was translated into four major local languages and shared among farmers to inform their agricultural decisions.



To support farmers' access to markets, 550 micro-aggregators and 110 intermediary aggregators facilitated market linkages for over 21,000 farmers (78 percent women) who managed to bulk and supply a total of 23,600 MT of diverse value chains on the market. In addition, WFP Zambia is working on the operationalization of the Warehouse Receipt System (WRS), enabling farmers to deposit their commodities in exchange for a warehouse receipt. The system allows farmers to store their commodities while decreasing the need to sell them soon after harvest.

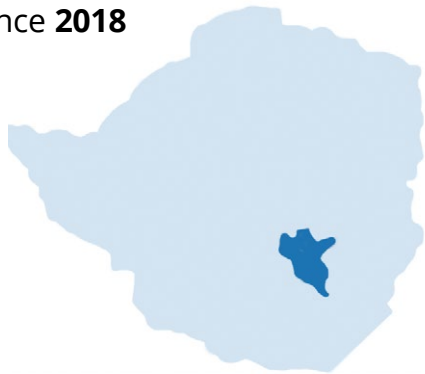


To promote awareness on Post-Harvest Losses (PHL) in a COVID-19 environment, WFP Zambia developed radio programmes on PHL in four major local languages, to be broadcasted on national and community radio stations targeting all the implementing districts.

# R4 Zimbabwe

2020

Since 2018



5,984 households (29,920 people covered)



62 percent of insured are women



Masvingo, Rushinga, Mwenezi



Aquaculture, Blue Marble, CIMMYT, Foundations for Farming, Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement, Mwenezi Development Training Center, Old Mutual, SNV, CDTO



SDC, USAID, GCF

## R4 programme in Zimbabwe

**Risk Reduction:** Farmers participate in WFP's Food for Assets (FFA) programme and engage in activities that increase the adoption of appropriate seeds and agricultural practices.

**Risk Transfer:** Farmers access weather index insurance by contributing their labour and time to the development of risk reduction assets.

**Risk Retention and Prudent Risk Taking:** Farmers participate in Village Savings and Lending groups (VSLs), which support participants in establishing small-scale savings used to build 'risk reserves'. Farmers also access credit from the VSLs to start income generating activities as well as cover their expenses.

## 2020 Context

In 2020, Zimbabwe suffered from the compounded impacts of a poor rainfall season, a deteriorating macroeconomic environment and COVID-19, resulting in an increased number of people facing high levels of acute food insecurity, estimated at 2.61 million, according to latest Integrated Food Security Phase Classification (IPC) analysis, covering the 2020 October-December period.

The 2019/2020 agricultural season was characterized by a late start of the season, long dry spells in late December and January as well as early cessation of the rains, negatively affecting the planted crops. The situation was made worse by COVID-19 restrictions which resulted in household income reductions amounting to over 50 percent.

## 2020 Key Achievements



6,000 farmers (65 percent women) participated in asset creation activities, including check dam construction, gully reclamation, tree planting, compost making and rehabilitation of roads.



Over 2,000 farmers (78 percent women) participated in 234 VSL groups, saving a total of US\$10,798. Moreover, 414 farmers (78 percent women) accessed and fully repaid their loans worth US\$10,798. Farmers also received trainings on financial education, including on VSL, record keeping, governance, and leadership.



5,984 farmers (62 percent women) were insured against drought for the 2020/21 agricultural season in Rushinga and Masvingo districts. WFP Zimbabwe developed an interactive mobile-based game for Weather Index Insurance (WII) to increase farmers' awareness about insurance.



1,036 farmers received trainings on appropriate post-harvest handling and storage techniques to minimize yield losses and better store their commodities. Moreover, selected farmers were trained to build post-harvest infrastructure, including metal silos and solar driers.



248 Producer and Marketing groups (PMGs) were registered, with 2,544 members (74 percent women) receiving capacity building trainings on market research, identification of viable and reliable markets, and conducting gross margin. To support farmers' access to market in a COVID-19 environment, farmers were also supported through a digital platform providing tips on how to reach local markets, as well as agricultural information.



As part of the efforts to promote appropriate agricultural practices and access to inputs, WFP Zimbabwe and its partners continued promoting conservation agriculture through the 'mother-baby trial' approach. A total of 55 mother trials and 400 baby trials were prepared, allowing farmers to observe appropriate agricultural practices in 'mother trials' to be tested and replicated in 'baby trials' plots.

Figure 7.

# R4 ASIA 2020



## LEGEND

- Number of farming households insured
- Percentage of women insured
- US\$ Value of premiums
- US\$ Value of sum insured
- US\$ Value of payouts disbursed in 2020
- Number of people benefitting from insurance payouts
- Current R4 countries



# R4 Bangladesh

2020

Since 2020



2,000 households (10,000 people covered)



100 percent of insured are women



Kurigram



Oxfam Bangladesh, Green Delta Insurance, International Water Management Institute, National Development Programme, Save Earth Climate Services, Weather Risk Management Services



KOICA

## R4 programme in Bangladesh

**Risk Reduction:** Casual agricultural labourers engage in risk reduction activities such as planting coconut trees, as their contribution to the insurance premium.

**Risk Transfer:** Casual labourers access index-based flood insurance that protects them against catastrophic flooding during the monsoon season. The overall goal of the initiative is to increase the ability of vulnerable households living in flood-affected areas to manage climate-related shocks, while improving their ability to reduce and cope with the risks that can affect their food security.

## 2020 Context

Bangladesh was hit by tropical Cyclone Amphan in May 2020 and experienced widespread floods during the monsoon season in July and August, affecting the livelihoods of approximately five million people and destroying houses and vital infrastructures. The climate-related shocks were exacerbated by the impacts of COVID-19, with restrictive measures to contain the spread of the virus negatively affecting households' income and food security. In June 2020, an estimated 29.5 percent of the total population was classified as poor, increasing from the 20.5 percent registered in June 2019.

## 2020 Key Achievements



As part of the risk reduction component, casual agricultural labourers engaged in activities for reducing risks such as planting coconut trees. These activities are aimed at decreasing their vulnerability to shocks over time and allow households to access insurance policies.



In 2020, WFP in partnership with Oxfam Bangladesh and Green Delta Insurance Company Ltd (GDIC) launched a new flood insurance product to protect 2,000 female agricultural labourers in the Northern Kurigram district of Bangladesh from catastrophic flood events. Following extensive floods, the index triggered US\$63,936 in insurance payouts, protecting labourers against wage losses. All participating households in the two unions received payouts of US\$32, benefitting a total of 10,000 people.

## Forecast-based Financing in Bangladesh

Under the Resilience Innovation Programme, WFP also implements Forecast-based Financing (FbF), an innovative approach that uses reliable weather forecasts to trigger anticipatory actions and release humanitarian funds for pre-agreed activities when weather/climate forecasts indicate an elevated risk. In July 2020, WFP supported 6,000 vulnerable households in five unions of Kurigram district with early warning messages and anticipatory cash-based transfers of US\$53, ahead of severe flood impact. In total, in Bangladesh, WFP reached 29,000 households (145,000 people). These interventions supported the most vulnerable households -including families with persons with disabilities and elderly people, and households headed by single women- to prepare and protect themselves from the impacts of the upcoming floods.



*Farmer working in her field in Malawi.*

WFP/Badre Bahaji

# Where are we and where are we going?

While the pandemic presented a set of challenges for implementation, WFP has continued to support vulnerable and resource-poor communities to better manage climate risks and build their resilience against compound shocks. In 2020, WFP has allowed nearly **180,000 farmers (55 percent women)** to access index insurance as part of integrated risk management initiatives in **ten countries**, representing nearly a **90 percent** increase compared to last year. Under the R4 global brand, these initiatives expanded to **three new countries**, namely Bangladesh, Madagascar and Mozambique, while the Risk Transfer global team supported the development of new products, provided technical assistance to governments,

and laid the groundwork for expansion into the Latin American and Caribbean region. In order to boost the operational capacity on risk financing in WFP's regional offices, **four regional insurance advisors** were hired to support the growing portfolio of countries and risk financing solutions.

COVID-19 restrictions and measures to limit the spread of the virus required WFP to adjust its programmes in the different R4 countries. This included: developing new processes for the distribution of insurance products; adapting the conditionality to access insurance; promoting digital solutions to ensure farmers continued

receiving information and accessing services shifting to remote monitoring tools; and ensuring appropriate COVID-19 preventive measures when disbursing payouts and during in-person trainings.

Farmers' **ability to pay for insurance in cash** has been particularly affected by the pandemic, with only about 3,500 farmers being able to pay their premium fully in cash in 2020, down from 5,000 in 2019. In many R4 countries, farmers' premium contribution in cash was waived, with farmers only required to adopt their country-specific conditionality to access insurance. This helped ensure that farmers were covered against drought and other production risks, at a time when they already faced economic challenges associated with COVID-19.

Despite a slowdown in cash contributions, a number of other achievements contributed towards the **sustainability strategy** of the initiative. In Ethiopia, as part of the efforts to increase private sector participation and national ownership of microinsurance programmes, progress was made to handover distribution and management of microinsurance products to two local insurance companies, building their internal capacity to lead on pricing, beneficiary registration, training and awareness creation, and ensuring their involvement in national, regional and local index design teams that continue to be supported by the International Research Institute for Climate and Society (IRI). In Kenya, WFP is fostering linkages with national and county governments insurance programs, with R4-developed products continuing to benefit from a 50 percent premium subsidy from the Ministry of Agriculture, Livestock, Fisheries and Irrigation (MoALF&I) and WFP providing technical assistance to the International Fund for Agricultural Development (IFAD) and the Food and Agriculture Organization (FAO) for insurance product design. As part of the country's sustainability plans, next year WFP Kenya will introduce the risk retention component, strengthening Village Savings and Loan Associations (VSLAs), promoting financial literacy, income diversification and a farmers' savings scheme for premium contribution. In Zambia, WFP continued to provide technical assistance to the Government to strengthen its capacity on Weather Index Insurance (WII) product development and monitoring and helping mainstream the distribution of the insurance product through the national Farmer Input Support Programme

(FISP).<sup>4</sup> Lastly, the last phase of the R4 Southern Africa programme supported by the Swiss Agency for Development and Cooperation (SDC) in Malawi, Zambia, and Zimbabwe will have a strong focus on creating national capacities and ensuring the sustainability of the insurance system in the respective countries.

In 2020, WFP continued supporting the development of **innovative products**, including its first Index-based Flood Insurance product protecting households from catastrophic flooding in Bangladesh and two Hybrid Index Insurance (HII) products, combining both Weather Index Insurance (WII) and Area Yield Index Insurance (AYII) in Kenya and Malawi. In Guatemala, WFP supported the design of an index insurance product protecting business interruption against drought and excess rainfall. The product, which will be introduced in May 2021, covers smallholder farmers and small and micro entrepreneurs irrespective of the productive activity being conducted.

WFP has also continued to develop its portfolio of **livestock insurance** products, providing 15,500 pastoralist households with index-based livestock insurance through the Satellite Index Insurance for Pastoralists in Ethiopia (SIIPE) programme in the Somali region of Ethiopia and supporting the launch of a new livestock insurance scheme in Zambia for 5,000 livestock farmers, under the leadership of the Zambia Ministry of Fisheries and Livestock (MFL) and in collaboration with IFAD and Pula Advisors. In case of drought, these products provide regular payouts during the season that can be used to provide supplementary feeding as well as timely veterinary care, thus preventing core breeding animals from dying.

To address the multiple dimensions of risk in an effective and efficient manner, WFP promotes the **integration and layering** of climate risk financing solutions - including Forecast-based Financing (FbF), microinsurance and macro or meso insurance- through a holistic risk layered approach. When implemented in the same geographic region, climate risk financing instruments can ensure that all segments of the population are protected from a wide range of climate-related risks. Together these instruments can better protect vulnerable people's lives and livelihoods, reduce the effects of economic

4. FISP is a government agriculture input subsidy programme for smallholder farmers, that has introduced microinsurance to around one million farmers.



losses and damages and reduce expenditures for humanitarian response arising from repeated climatic shocks, as illustrated by in the following examples:

- In Bangladesh, WFP introduced a flood insurance product as part of its efforts to increase integration and complementarity with the existing FbF mechanism. In 2020, both risk financing instruments were activated, with the FbF mechanism supporting vulnerable households with early warning messages and an anticipatory cash transfer of US\$53 per beneficiary four days before severe flood impact and the insurance product triggering US\$32 in payouts per beneficiary once the catastrophic floods occurred. Anticipatory cash transfers enabled vulnerable households to prepare and protect themselves from the upcoming floods, allowing them to purchase essential supplies, strengthen their shelters and protecting their assets, while insurance payouts compensated vulnerable families for wage losses due to the floods, enabling a faster recovery and preventing long-lasting negative impacts. As there was only a small geographic overlap between the two actions, the benefits of their complementarity are promising and should be the object of further studies.
- In Zimbabwe, WFP bought its first ARC Replica policy for the 2019/20 season, which triggered over US\$290,000 in payouts to support drought response. The country also implements an FbF intervention as part of its broader climate risk financing portfolio. Both instruments aim to complement WFP's existing microinsurance activities, offering a range of innovative and complementary tools to maximize efforts to build resilience to climate risks.
- In Mozambique, WFP has been working to integrate the R4 model with a drought early warning system intended to enhance national drought monitoring and forecasting capacity. Next year, the Country Office will also explore opportunities to foster linkages with the ARC Replica mechanism.
- In Burkina Faso, WFP has partnered with a micro insurance company that uses an index developed using the Africa Risk view (ARV) software, the same used by ARC. In a country where WFP is also an ARC Replica partner, this complementarity strengthens seasonal monitoring, but also product design and

pricing processes, as both programmes can learn one from another.

Investing in a systematic, rigorous, transparent and cost-effective **Monitoring, Evaluation and Learning (MEL)** system<sup>5</sup> that is consistent across R4 countries, has remained a priority for WFP in 2020. Despite the restrictions and challenges posed by COVID-19 to regular monitoring activities, WFP has continued in its efforts to document and build the evidence on microinsurance as an effective risk management tool to support the resilience of vulnerable communities and households against increasing climate risks. While restrictions to face-to-face data collection limited the possibility to conduct outcome monitoring surveys in almost all R4 countries, some lessons can be drawn from the monitoring activities conducted in 2020 to inform programme decisions.

**Beneficiary Contact Monitoring (BCM)** surveys conducted after payouts disbursements in Ethiopia, Zambia and Zimbabwe found positive perceptions about the insurance component among a large majority of participating farmers. While the level of satisfaction varied according to the amount of payout received, timeliness of disbursement and ease of access, nearly all participants in the three countries reported to be willing to continue enrolling in the insurance programme and indicated their willingness to pay a cash contribution if requested. The insurance payouts were mainly used to purchase food and agricultural inputs in the three countries, which can potentially limit the degradation of households' food security after a failed growing season. In Ethiopia, farmers also spent their payout to buy insurance coverage for the next agriculture season, showing that participants start seeing the value of insurance and begin investing own resources to purchase it.

Findings from repeated **outcome monitoring** surveys in Zambia revealed that, despite an overall declining food security situation among participating households – due to consecutive crop failures during the 2017/2018 and 2018/2019 farming seasons– farmers' adoption of negative livelihood coping strategies was minimal. This indicates that households have been able to cope with the effects of droughts without significantly reducing

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5. For more detailed analyses, please refer to the Monitoring, Evaluation and Learning (MEL) chapter.

their future productivity and ability to withstand small-scale shocks. Findings also showed positive trends in assets' ownership among participating households, which are critical for protecting households against climate and other shocks.

Efforts to move forward with a **research agenda** that aims at informing the design of more efficient practices in insurance programming for resilience building, were hampered in 2020. WFP defined four key research areas to i) identify the drivers of sustainability of R4 initiative, ii) assess the effects of early payouts on shock absorption, iii) understand how Disaster Risk Reduction (DRR) investments can make insurance more cost-effective, and iv) determine how insurance can effectively act as an incentive for prudent risk taking. The first set of research actions was initially designed to be conducted in Ethiopia, but research efforts had to be put on hold first due to the COVID-19 travel restrictions, then to the ongoing conflicts in the country. The research agenda will be further revised and adapted to existing access and primary data collection limitations. WFP also continued to facilitate cross country learnings among Country Offices implementing R4, including through national stakeholder consultations conducted by WFP Malawi, Zambia and Zimbabwe and through a regional workshop where the three countries shared main achievements, experiences and lessons learned from their implementation of the R4 programme.

In 2020, WFP strengthened its **engagement with global insurance-related platforms**, at both strategic and operational level – namely, the InsuResilience Global Partnership (IGP), the Insurance Development Forum (IDF) and the Micro Insurance Network (MiN). WFP's Assistant Executive Director for Partnership & Advocacy was elected as a member of the **InsuResilience Global Partnership High-Level Consultative Group**, the highest governing body and strategic driver of the IGP. At the operational level, WFP actively engaged and contributed to the work of the IGP's Gender and of the Impact Working Groups, participating in panels,<sup>6</sup> sharing examples of WFP's work, best practices and achievements in mainstreaming gender and implementing a systematic and rigorous MEL system in climate risk insurance.

6. As part of the IGP's Gender Working Group, WFP participated as panelist to the LIVE TALK 01: Integrating Gender Responsive Strategies into Climate and Disaster Risk Finance and Insurance Solutions.

As a member of the **Micro Insurance Network**, WFP is co-chairing the Best Practice Group (BPG) on Climate Change and Food Security. The aim of the group is to support the development of best practice solutions to improve the quality of microinsurance services in a context of increasing climate variability and change. Particularly, the group investigates the impact of climate change and climate trends in the design and pricing of index insurance products. The group brings together knowledge and experience from the academia and research institutions, but also from actuaries and risk takers from the insurance and reinsurance industry to better understand the expectations and constraints, and provide more transparency and clearer framework to improve index design, pricing process and ultimately offer the best products to end customers, at optimum rates.

WFP is a member of the **Operational Committee of the Insurance Development Forum (IDF)**, as well as an active member of the Inclusive Insurance working group and Sovereign & Humanitarian working group. Through its engagement with the IDF, WFP has the opportunity to promote the value of its inclusive and integrated approach in resource-poor contexts, contribute to enhancing coordination and collaboration between the private sector and Governments to improve the impact and efficiency of technical assistance and public funding, and to access innovative tools and approaches for inclusion in its resilience building programmes that operate in communities prone to recurrent disasters.

Demonstrating that insurance solutions can be made accessible in a sustainable way to large numbers of resource-poor households requires long term investments and predictable resources to ensure the continuity of operations. WFP is grateful for the continuous support from donors committed to promoting R4 and the mainstreaming of microinsurance as part of integrated risk management, including: the Swiss Agency for Development and Cooperation (SDC) and KfW - main supporters of the R4 Initiative at global level; multilateral climate funds, including the Green Climate Fund (GCF) and the Adaptation Fund (AF); and bilateral donors providing contributions directly to WFP Country Strategic Programmes, including the Swedish International Development Cooperation Agency (SIDA), the Government of Flanders, the Department for International Development (DFID), the Korea International Cooperation Agency (KOICA), the US agency for International Development (USAID), and the SDG Fund.

## Looking Ahead

In 2021, WFP will continue mainstreaming microinsurance as part of integrated risk management, scaling up its interventions in existing countries as well as expanding to a number of new countries.

Notably, inspired by the recent design of a Risk Financing Strategy by WFP's Regional Office in **Latin America and the Caribbean** to encourage the adoption by countries in the region of innovative, responsible, sustainable and scalable risk financing tools to support the resilience of the most vulnerable and food insecure people, Guatemala Country Office embraced a layered approach where the complementarity between microinsurance, FbF, and macro and meso risk financing tools is at the core. In 2021, the Country Office will launch an insurance pilot targeting 1,300 participants - the majority being women- and is attracting the interest of other national stakeholders to take part in the pilot. In Cuba, WFP is applying an innovative approach to reduce the vulnerability of farmers to drought and climate change through a combination of microinsurance, crop monitoring and comprehensive risk assessments. In 2021, the Country Office will conduct crop cut exercises that will inform the design of an Area Yield Index Insurance prototype for maize, beans and coffee producers. In El Salvador, WFP worked with the local insurer to tailor a weather-index microinsurance product for the most vulnerable communities, providing them with additional protection against drought, excess rain and earthquake. Other countries such as Dominica, Dominican Republic, Haiti and Nicaragua are currently exploring the pathways to integrate risk financing tools within their programmes.

Next year, WFP will continue its efforts to **integrate microinsurance with other risk financing solutions**, exploring opportunities for further layering and integration with FbF, meso and macro insurance; the latter will be pursued through increased integration with the next iteration of ARC Replica, namely ARC Replica Plus,<sup>7</sup> including testing the use of insurance indices as parametric triggers for contingency finance and/or social protection systems. In addition, WFP will explore the potential for developing Forecast Index Insurance (FII) products, leveraging WFP's extensive experience in both insurance and FbF. In this case, insurance would

provide a market-based approach to support scalable and sustainable implementation of Anticipatory Action. An insurance product could be developed to provide payouts when a particular forecast of a weather event is provided rather than when the event occurs; such payout will finance the adoption of Anticipatory Action.

In 2021, efforts will be intensified to collect and document the evidence related to the sustainability of microinsurance and its role in building the resilience of vulnerable communities against increasing climate-related shocks. WFP will continue to promote the adoption of a coherent MEL system across countries, including new countries introducing microinsurance solutions, while continuing to foster sharing of best practices and lessons learned across countries and moving forward with the research agenda.

R4 will focus on supporting the progressive **transition** of insurance participants out of WFP support through a dual path of creating the conditions for commercially viable insurance services and strengthening synergies with government's social protection systems, while continuing to invest in the integration of insurance with risk reduction and risk retention initiatives. WFP will continue to improve access to savings, working to establish savings mechanisms dedicated to agricultural investment, insurance premium payment, and for coping with more frequent and idiosyncratic shocks. Some countries are already moving in that direction, like Mozambique or Madagascar, but the articulation between savings and insurance could be pushed further. WFP will also continue to focus on building the capacity of governments and local stakeholders, ensuring national ownership of products and systems. Meanwhile, the R4 global team will continue to offer advice to those WFP Country Offices that have expressed interest to introduce microinsurance as part of an integrated risk management strategy and where existing conditions are conducive to developing microinsurance at scale.

Despite the challenges faced in 2020, WFP has continued to make progress on realizing its vision of expanding the R4 Initiative to insure a total of 500,000 farming households by 2022. There are currently at least **11 new countries** that are exploring ways to integrate risk financing tools within their programmes or where feasibility studies and project design are ongoing. In 2021, R4 will continue to move towards its target, while strengthening the efforts to document the evidence that microinsurance is an efficient tool to support the resilience of vulnerable communities and households to climate shocks and that it can be sustainably delivered at scale.

7. ARC Replica Plus will go beyond looking at ARC as a stand-alone instrument for financing risk. The Replica Partners will work to integrate ARC and/or ARC Replica policies into a broader, more holistic risk management approach with different layers of risk financed through different instruments or strategies.



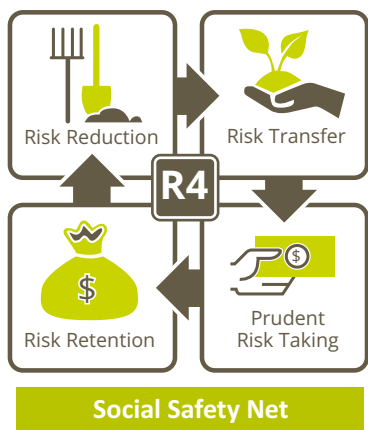


*R4 farmer participating in asset creation activities in Blantyre, Malawi*

WFP/Badre Bahaji

[www.wfp.org/r4](http://www.wfp.org/r4)

With support from



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