



WFP
World Food Programme

SAVING
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Climate Risk Insurance Annual Report 2023

April 2024



Smallholder farmer working on community gardens in La Unión, El Salvador.

WFP/Diego Santamaria

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Photo cover:

EAST AFRICA: WFP/Alessandro Abbonizio

SOUTHERN AFRICA: WFP/Alfredo Zuniga

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LATIN AMERICA AND THE CARIBBEAN: WFP/Giulio d'Adamo

Acronyms

AA	Anticipatory Action
ACRIFA	Africa Climate Risk Insurance Facility for Adaptation
ADRFi	Africa Disaster Risk Financing Programme
AF	Adaptation Fund
AfDB	African Development Bank
AICRM	Africa Integrated Climate Risk Management
ARC	African Risk Capacity
ARC Ltd	African Risk Capacity Limited
ARV	Africa RiskView
AYII	Area Yield Index Insurance
BMZ	Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany
CBPP	Community-based participatory planning
CBT	Cash-based Transfer
CCRIF SPC	Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company
CDRFI	Climate and Disaster Risk Financing and Insurance
CDP	Centre for Disaster Protection
CHIRPS	Climate Hazards Group InfraRed Precipitation with Station data
CO	Country Office
CoE	Center of Excellence on Gender-smart Solutions
CRI	Climate Risk Insurance
DANIDA	Danish International Development Agency
DRIVE	De-risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa
DRM	Disaster Risk Management
DRF	Disaster Risk Financing
FbF	Forecast-based Financing
FCDO	Foreign, Commonwealth, & Development Office
FFA	Food Assistance for Assets
FII	Forecast Index Insurance
FIP	Final Implementation Plan
FISP	Farmer Input Support Programme
GCF	Green Climate Fund
GIZ	German Agency for International Cooperation
GSFF	Global Shield Financing Facility
GTA	Gender Transformative Approaches
HGSF	Home-Grown School Feeding
ICRM	Integrated Climate Risk Management

IDF	Insurance Development Forum
IDP	Internally Displaced People
IFAD	International Fund for Agricultural Development
IGP	InsuResilience Global Partnership
IPC	Integrated Food Security Phase Classification
KfW	Kreditanstalt fuer Wiederaufbau - German state-owned development bank
KOICA	Korea International Cooperation Agency
MCO	Multi-country Office
MEL	Monitoring, evaluating, and learning
MoU	Memorandum of Understanding
NDVI	Normalized Difference Vegetation Index
OP	Operational Plan
PCA	Partnership for Central America (PCA)
PICRIC	Pacific Catastrophe Risk Insurance Company
PICSA	Participatory Integrated Climate Services for Agriculture
REAP	Risk-informed Early Action Partnership
RUSACCO	Rural Savings and Credit Cooperative (RuSACCO)
R4	R4 Rural Resilience Initiative
RTP	Risk Transfer Parameters
SAMS	Smallholder Agricultural Market Support
SDC	Swiss Agency for Development and Cooperation
SDGs	Sustainable Development Goals
SEADRIF	Southeast Asia Disaster Risk Insurance Facility
SIDS	Small Islands Developing States
SLP	Seasonal Livelihoods Planning
ToT	Training of Trainers
TWG	Technical Working Group
UNCDF	UN Capital Development Fund
UNDP	UN Development Programme
USAID	United States Agency for International Development
VESA	Village Economic and Social Associations
VSL	Village Savings and Loans Group
WB	World Bank
WII	Weather Index Insurance
WRSI	Water Requirement Satisfaction Index
WFP	World Food Programme



Taimy Chakma's shop at biweekly community Women's Market, Bangladesh.

WFP/Sayed Asif Mahmud

Foreword

In 2023, the destructive impact of the global climate crisis was undeniable. Extreme heatwaves, devastating floods, unprecedented storms and persistent droughts have contributed to unprecedented levels of humanitarian need. 2023 was the hottest year ever recorded, with February 2024 marking the first 12 months in which global temperatures were 1.5°C degrees warmer on average than in pre-industrial times. The critical window of action to keep global temperatures below the 1.5°C limit of the Paris agreement is beginning to close, and vulnerable communities around the world are paying the price for this lack of transformative action.

A new Loss & Damage Fund was created at COP28, bringing some grounds for optimism. However, 2023 still ended with a highly concerning outlook for the years ahead. Food assistance needs are projected to grow and humanitarian budgets are shrinking. On this trajectory, the world's vulnerable communities in hazard-prone settings are set to absorb the worst impacts of a global climate crisis they had no part in creating.

It is unthinkable that we could leave them to this fate. That is why it is now crucial for WFP and its partners to invest in programmes that can help to avert, minimize and address the losses and damages associated with climate-related disasters. The aim must be to support governments and communities to proactively manage climate risks through a broad range of climate and disaster risk financing solutions, optimizing resources and mitigating impacts.

Since 2008, WFP has enabled food-insecure communities to receive financial protection through climate risk insurance solutions. At community level, WFP keeps integrating inclusive insurance coverage with other activities that strengthen resilience and reduce vulnerability to external shocks and stresses. WFP is also

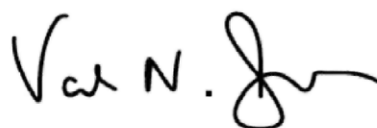
supporting the development of insurance solutions, and expanding coverage of regional risk pools such as the African Risk Capacity (ARC) to finance an early disaster response when a catastrophic climate shock triggers a payout.

In 2023, WFP supported 5.1 million vulnerable people in 27 countries to access climate risk insurance protection, with financial coverage totalling nearly US\$300 million. In areas affected by drought, floods and tropical cyclones, US\$17.8 million in payouts enabled WFP to assist nearly 800,000 people –an increase of US\$3 million from 2022. In 2024, WFP plans to expand the reach and coverage of its climate risk insurance portfolio in Africa and intensify its work with regional risk pools in the Pacific and Caribbean regions. Following through on its commitments to ramp up climate protection in fragile contexts, WFP will pilot the use of climate risk insurance for countries affected by conflict, and will generate evidence about the layering of climate and disaster risk financing solutions to optimize the use of limited resources.

We are grateful for the continuous support of our partners and donors and look forward to continuing this important work in 2024.

Valerie Guarnieri

*Assistant Executive Director,
Programme and Operations
World Food Programme*



VISION, GOALS, TARGETS

VISION

The World Food Programme (WFP) is the leading humanitarian organization saving lives and changing lives, delivering food assistance in emergencies and working with communities to improve nutrition and build resilience. WFP's vision is to end global hunger by helping reduce risk and vulnerability to shocks and achieving sustainable food security and nutrition.

For WFP, enabling access to climate and disaster risk financing instruments is central to fulfilling its mandate of saving lives and changing lives while ending global hunger. The fast recovery and protection from loss and damages that access to climate risk insurance can provide helps countries and households to better manage the impacts of the climate crisis, which is why WFP is advancing financial protection as one avenue for building resilience to extreme weather events.

Through its climate risk insurance programmes, WFP supports governments and communities to cope with shocks, financing early responses after catastrophic events, enabling faster recovery from climate extremes and promoting resilience-building measures that protect individuals and communities from growing climate risks.

**SAFEGUARDING FOOD SECURITY
AND BUILDING RESILIENCE THROUGH
FINANCIAL PROTECTION AGAINST
CLIMATE-RELATED RISKS FOR THE
MOST VULNERABLE**

GOALS

WFP aims to build the resilience of climate vulnerable and food insecure people by enabling access to sustainable, scalable, and innovative climate risk insurance instruments. It aims to improve the current humanitarian financing model to a more forward-looking one that enables more timely financing for quicker and more predictable action and assistance to populations at risk. WFP aims to achieve this by:

- **PROMOTING** an enabling environment for climate and disaster risk financing instruments – and in particular, climate risk insurance solutions – by strengthening the capacities of governments and local stakeholders and fostering public-private partnerships.
- **INVESTING** in systems and facilitating the creation of conducive market conditions for sustainable insurance services while making products more innovative, efficient, and valuable to the insured.
- **ADOPTING** risk-layered approaches, combining several climate risk financing solutions, to efficiently address different timing, severity and frequency levels of risk. In particular, integrate risk transfer (insurance), risk retention (savings, contingency funds, and anticipatory action) approaches.
- **FOSTERING** integration and linkages with WFP programmes, as well as government and private sector programmes and initiatives, in particular around social protection, market access and emergency preparedness.
- **STRENGTHENING** existing collaboration with international agencies, institutions and global insurance networks and platforms .
- **GENERATING** robust evidence on the impacts and effectiveness of climate risk insurance and early action.

ENABLING ACCESS TO SUSTAINABLE AND SCALABLE CLIMATE RISK INSURANCE SOLUTIONS THROUGH INTEGRATED AND RISK-LAYERED APPROACHES

TARGETS

TARGET 1.

7 million people protected by climate risk insurance **in 2025**.

TARGET 2

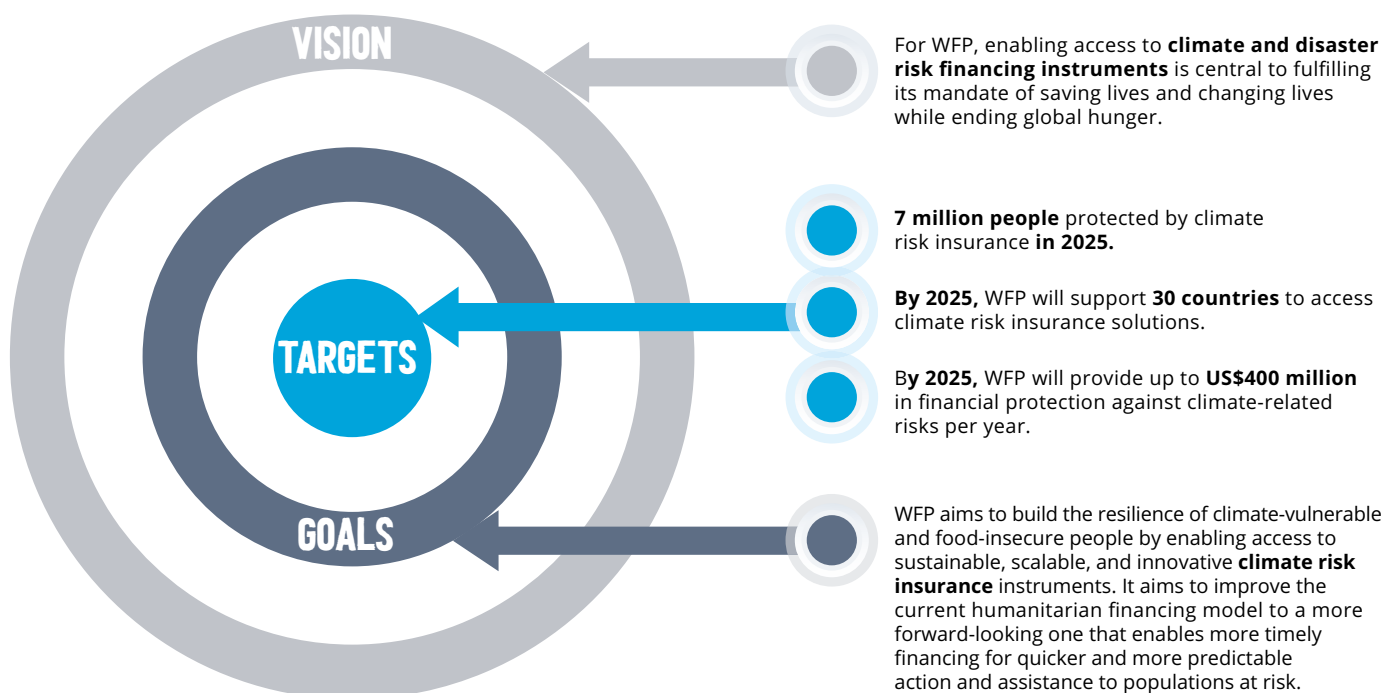
By 2025, WFP will support **30 countries** to access climate risk insurance solutions.

TARGET 3.

By 2025, WFP will provide up to **US\$400 million** in financial protection against climate-related risks per year.

INTERNATIONAL COMMUNITY COMMITMENTS & TARGETS

As part of the InsuResilience Vision 2025, the G7 and other countries have committed to ensuring 500 million poor and vulnerable people are covered against climate and disaster shocks by pre-arranged finance and insurance mechanisms by 2025. Moreover, in 2022, the G7/V20 launched the Global Shield against Climate Risks at COP27, an initiative for pre-arranged financial support designed to be easily deployed in times of climate-related disasters. WFP is a member of the Global Shield Coordination Hub to support the expansion of climate and disaster risk financing protection in vulnerable countries across the globe. WFP is partnering with IFAD, AfDB and ARC to implement a seven-country programme in the Sahel through a Green Climate Fund project that will provide WFP with US\$30 million as the lead for the inclusive insurance activity. Through its climate risk insurance programmes, WFP is contributing to reaching the goals of the international community in scaling up protection of the most vulnerable against increasing climate risks.



OUR ACTION IN 2023

Macroinsurance



2.5 million people protected by macro-level insurance during the 2022/23 season



Total value of premium amounts to **US\$9.2 million**



Over **US\$62.6 million** in financial coverage



Over **617,000** people received WFP assistance funded by macroinsurance payouts in 2023



US\$15.7 million in insurance payouts triggered during the 2022/23 season, of which **US\$13.1 million** was transferred to beneficiaries in 2023.

Inclusive insurance



Over **2.5 million** people covered by inclusive and/or meso-level insurance in 2023



Total value of premium amounts to nearly **US\$12.9 million**



Over **US\$235 million** in financial coverage, including over **US\$177 million** in indirect coverage through technical assistance



Over **205,000** people benefiting from inclusive insurance payouts distributed in 2023



Over **US\$2.1 million** in insurance payouts distributed in 2023

Financial Inclusion



Nearly **300,000** participants engaged in financial inclusion initiatives in countries where WFP implements climate risk insurance programmes



70 percent of participants are **women**



Over **US\$1.8 million** saved by participants of financial inclusion programmes in countries where WFP implements climate risk insurance programmes



US\$2 million of loans accessed by financial inclusion initiative participants in countries where WFP implements climate risk insurance programmes



A female farmer underwent a training to utilize the community rain gauge, a device pivotal for providing the community with essential rainfall data in Tete, Mozambique.

WFP/Alfredo Zuniga

WFP-supported Climate Risk Financing and Insurance Programmes

The climate crisis is one of the leading causes of global hunger. Climate shocks damage crops, reduce yields and pasture growth and threaten people's lives, livelihoods, and food security. For over a decade, WFP has been promoting climate action and climate risk management to prevent crises and promote people's resilience to climate shocks.

Climate risk financing, including climate risk insurance, are important solutions that support WFP's mandate of saving lives and changing lives. They enable governments and communities to better manage climate shocks, providing timely resources that support early responses and faster recovery, while reinforcing governments and communities' ability to cope with future disruptions. By linking climate risk financing with government-led social protection systems at regional or local levels, these schemes can better reach and target the needs of vulnerable people in response to climate shocks.

Over the last decade, WFP has led the way in developing and testing innovative climate risk financing solutions. When these solutions are integrated with other risk management strategies such as nature-based protection, climate services, adoption of improved farming practices

and better access to financial services, they provide essential protection against different types and levels of shocks, unlock investment potential and support livelihoods diversification. WFP's insurance programmes focus on two workstreams that support beneficiaries through inclusive insurance and macroinsurance.

Inclusive Insurance

Smallholder farmers, pastoralists, and micro-, small and medium-sized enterprises (MSMEs) across the world are highly vulnerable to climate-related risks, such as droughts, floods and storms. They also have very limited access to the risk financing tools and services that can provide protection from the resulting financial losses. WFP helps climate-vulnerable households to manage these risks and reduce vulnerabilities using an integrated set of risk management strategies that include access to inclusive insurance, risk reduction measures and financial services. These tools complement each other and provide support for different risk severity levels, enabling individuals to manage a variety of risks.

Box 1

WFP-SUPPORTED INCLUSIVE INSURANCE PROGRAMMES

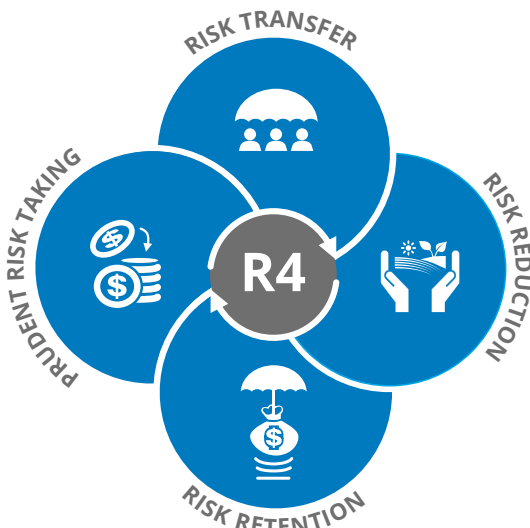
Countries where WFP provides support through direct engagement on product design, implementation and premium payment: Bangladesh, Burkina Faso, Cuba, El Salvador, Ethiopia, Guatemala, Haiti, Ivory Coast, Kenya, Kyrgyz Republic, Madagascar, Malawi, Mozambique, Nicaragua, Senegal and Zimbabwe.

Countries where WFP provides technical assistance to governments: Democratic Republic of Congo and Zambia.

The R4 Rural Resilience Initiative

The R4 Rural Resilience Initiative (R4) began as a strategic partnership between 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. R4 is WFP's approach for integrated climate risk management that combines four strategies that together contribute to:

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



In 2023, R4 reached over **550,000** vulnerable households and their families in 18 countries in Africa, Asia and Latin America and the Caribbean. A study carried out by Tetra Tech in 2023 found that R4 has positively impacted households through improving their food security, food consumption and their capacities to respond to and recover from climate-related shocks. The results demonstrated that, when part of an integrated risk management approach, insurance has prevented households from adopting negative coping strategies and reducing food consumption following climate-related losses. The study also found that, in general, more well-off farmers showed more substantial improvements in food consumption, wealth and agricultural investments, as they might be better equipped to comprehend and capitalize on the interventions. Also, it was found that R4 participants may not prioritize the necessary investments to enhance productivity and long-term resilience. These findings validate WFP's new strategic approach, which intends to target farmers from different socio-economic profiles and reinforce the integration with WFP's programmes and activities aimed at promoting productivity and access to markets.

The new R4 Model: R4+

To enhance and advance the positive impacts of R4, WFP has upgraded the R4 Initiative to R4+. This is crucial to achieving WFP's 2024 and 2025 targets, as well as for building more sustainable, inclusive climate risk finance solutions that integrate innovative approaches.

The upgrade of R4 to R4+ is characterized by:

- Revamping the R4 components to revolve around financial services for climate resilience.
- Reinforcing the capacities of Financial Service Providers (FSP), such as microfinance institutions and rural banks, to build a business case for climate-sensitive financial services, by recognizing R4+ as a valid approach to better manage their own climate risk exposure¹.
- Fostering strategic integration within national systems that promote climate resilience, productivity, access to finance, access to markets, and adaptive social protection.

1. This could support financial institutions in the context of global engagements such as the Task Force on Climate-related Financial Disclosure (TCFD) and the Taskforce of Nature-related Financial Disclosures (TNFD).

- Mainstreaming gender within all R4+ components, striving to improve outcomes for women and their families, without leaving any segment of the community behind.
- Close integration of R4+ components with activities that WFP supports that unlock access to finance, such as [SheCan](#) and other programmes that enable women's digital financial inclusion through cash transfers, as well as integration with programmes that promote [productivity and access to markets](#) such as the Smallholder Agriculture Market Support (SAMS) and the Home-Grown School Feeding Programme (HGSP).
- Building strategic partnerships with UN agencies and other public and private stakeholders is considered essential to jointly advance the climate resilience agenda through financial services supported by capacity building, alignment, evidence generation and accountability.



RISK TRANSFER

R4 enables the poorest farmers, pastoralists, or small and medium entrepreneurs (MSMEs) to access climate risk insurance. Since 2011, 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 communities². However, there are increasingly more challenges due to the rise in frequency and severity of climate hazards affecting the availability of affordable climate risk insurance products that provide value for the insured. To address this, R4+ will focus on:

- increasing the value of insurance schemes through conducting quality assurance of the products and concurrently providing technical capacity to governments to assess the quality;
- ensuring sustainability of insurance schemes through integration with national systems aiming to promote income generation, productivity, access to markets and shock-responsive social protection;

2. Index-based insurance compensates participants based on changes in a pre-determined index that is associated with crop performance, vegetation, wind speed, or flooded areas, rather than onsite assessments of actual damage or losses. Insurance payouts are distributed to insured participants if the index falls beyond the pre-determined threshold. Payouts enable farmers to buy food and continue to invest in agricultural inputs or livestock feed, or even pursue their income generating activity. Predictable income can reduce negative coping strategies and encourage rural households to invest in activities and technologies with higher rates of return.

- enhancing meso-level schemes where cooperatives, financial institutions and local governments have an instrumental role;
- developing alternative risk transfer solutions beyond insurance;
- and pushing the boundaries of the insurance industry to leverage its expertise in risk analytics and as institutional investors.



RISK REDUCTION

R4+ will enable access to innovative financial services promoting risk reduction and adaptation that includes the following interventions:

- unlocking access to credit and savings (formal and informal) to fund adaptation and risk reduction through the design and scale-up of innovative products while concurrently de-risking and supporting FSP to enable them to offer these products more widely;
- enhancing how insurance products can promote risk reduction and adaptation outcomes through designing products and other financial instruments that can provide financing for anticipatory actions coupled with developing insurance products that reward risk reduction³ through premium discounts, as well as allowing cash constrained households to have the option to pay insurance premiums by participating in risk reduction activities as part of WFP's smart subsidy strategy.



RISK RETENTION

The climate crisis is forcing increasingly more people to directly absorb the harmful financial impacts triggered by climate hazards. Against this backdrop, reinforcing communities' financial capacity to absorb these impacts is paramount. R4+ will continue reinforcing the financial capacity of Village, Savings, and Loan Associations (VSLAs) and Community Based

3. This includes participation in asset creation and rehabilitation activities, adoption of improved agricultural practices, such as Conservation Agriculture (CA), as well as participation in financial education and Post-Harvest Loss (PHL) management trainings. These activities aim to promote farmers' resilience by steadily decreasing their vulnerability to climate risks and foster higher productivity by building the natural asset base available to farmers.

Organisations (CBOs) to ensure funds are available for communities to prepare for, adapt to and respond to climate shocks. R4+ will continue reinforcing individual or group savings (formal and informal), retaining a portion of risks within households and communities and providing farmers with a buffer for short-term needs with a special focus on climate risk management. Efforts to reinforce group savings will continue so individual members can access loans to manage their needs in relation to climate risk, providing a self-insurance mechanism for the community. A goal of R4+ is to test and scale up the Savings and Insurance Layering (SAIL) approach through setting up or repurposing existing VSLA or financial cooperatives' funds to be exclusively aimed at providing robust emergency funds that help communities absorb less severe but more frequent events.



PRUDENT RISK TAKING

Insurance is not only a protection mechanism for providing rapid compensation after shocks, but by protecting investments, it allows participants to increase production and incomes in good years while also stimulating investments in more resilient livelihoods. Insurance also plays a key role in unlocking access to formal financial services, acting as a collateral for loans. Improving access to credit allows households to invest in their productive activities, as well as to diversify their livelihoods by investing in additional income-generating activities. Finally, promoting and facilitating participants' access to markets helps them increase their capacity to produce and sell marketable surplus for improved income.

When livelihoods are resilient, productivity is increased, access to finance and markets are unlocked and insurance is understood as an enabler to this, farmers increase their willingness and ability to pay for it. In this context, R4+ will enhance the integration of insurance schemes with nationally-led programmes that support farmers and small and micro entrepreneurs to increase income and diversify their livelihoods, as well as increasing their productivity and access to markets. R4+ will further unlock access to responsible productive loans through the design and scale-up of specialized credit and savings

lines that encourage climate-smart agriculture, de-risking these loans through credit-linked insurance schemes, but also through meso-level coverage for FSPs combined with sensitization of the exposure that their portfolios have to climate risk.

Box 2

SAVINGS AND INSURANCE LAYERING (SAIL)

To ensure the protection of farmers against the varying severities and frequencies of climate risks, WFP is actively promoting the adoption of a risk-layering model through the Savings and Insurance Layering (SAIL) approach. This approach entails a unique combination of insurance and savings, offering dual benefits to farmers. SAIL utilizes a double-trigger product design, whereby the climate risk insurance component aims to provide protection against infrequent but severe events, while the savings component aims to offer support to farmers during more frequent and less severe events.

The overarching goal of the SAIL approach is to enhance farmers' savings capacity and promote their understanding of the significance of long-term savings. Moreover, SAIL aims to equip farmers with the necessary skills to manage climate risk shocks through a blend of risk management tools, and by providing improved access to finance.

Macroinsurance

Each year, governments and the humanitarian sector spend billions to prepare for, respond to and help vulnerable people recover from increasingly destructive climate disasters. Market-based climate risk financing solutions such as insurance policies that cover national-level disasters, purchased by governments or humanitarian organizations, can enable faster, more cost-effective and predictable responses to climate-related disasters. WFP is a key humanitarian partner directly purchasing and supporting governments to purchase insurance products that can offer rapid finance to organizations and government agencies supporting affected communities after major disasters. Macro-level insurance is one approach where WFP partners with national governments and regional risk pools to purchase an insurance product, such as under the African Risk Capacity (ARC)⁴ Replica programme, or top-up the premium of government partners' existing insurance policies to finance government-owned shock responsive social protection systems or to finance WFP's assistance when a climate shock triggers a payout.

4. The African Union's African Risk Capacity (ARC) is a ground-breaking regional risk-pooling platform that provides financial tools and infrastructure to help African Union Member States manage climate-related disaster risk.

Box 3

WFP-SUPPORTED MACROINSURANCE PROGRAMMES

Countries where WFP directly purchased a policy: Burkina Faso, Madagascar, Mali, Mauritania, Mozambique, The Gambia, Sudan, Zambia, and Zimbabwe.

Countries where WFP provided a top-up to the government's policy: Belize, Dominica, Nicaragua, St Lucia.

Countries with a trigger-based contingency layer: Madagascar and Zimbabwe.

Countries where WFP is expanding in 2024: Pacific Small Island Developing States, Somalia.

ARC Replica

ARC Replica is a programme designed to improve emergency preparedness and operational response after climate-related disasters and provide rapid financing to WFP to implement humanitarian assistance in case of a catastrophic event, such as drought or tropical cyclone. In addition, ARC Replica invests in strengthening African governments' capacities and systems in climate risk financing and management. ARC Replica coverage is a parametric insurance product offered by ARC Ltd to WFP, the Start Network, and other humanitarian organizations (Replica Partners) to complement and/or enhance the insurance policies purchased by African governments to protect against extreme droughts or tropical cyclones.

With ARC's Replica coverage, Replica Partners can match the insurance coverage of eligible ARC Member States by purchasing a 'Replica Policy' or by independently purchasing their own policies, in cases where the government does not purchase insurance protection for a given season. This increases the amount of financial protection available for vulnerable populations in Africa, ensuring a greater number of vulnerable people receive assistance when extreme droughts or tropical cyclones in covered countries trigger insurance payouts.

Through ARC Replica, WFP provides technical assistance to governments to improve and customize parametric hazard models. In addition, WFP strengthens the response capacity in the country through better coordination and contingency planning between governments and the international humanitarian system. The Replica Partner's contingency plans are developed and endorsed in close consultation with the Replica Country government and outline the details

of potential interventions WFP could implement in case insurance payouts are triggered by a large-scale climate shock, being mindful to complement those interventions which the government plans to implement.

In 2023, WFP protected 1.8 million people in **Burkina Faso, Mali, Madagascar, Mauritania, Mozambique, Sudan, The Gambia, Zambia** and **Zimbabwe** from catastrophic drought and tropical cyclone through ARC Replica, with financial protection totalling over US\$48 million. Following catastrophic droughts and tropical cyclone events, WFP received over US\$15.7 million in insurance payouts. Specifically, WFP received payouts in Burkina Faso (US\$7 million), Mali (US\$8 million), The Gambia (US\$187,600), and Madagascar (US\$300,000). With the payouts, in 2023, WFP was able to reach over 137,000 people with food assistance through cash transfers in Burkina Faso and 6,500 people in the Gambia. In Mali, WFP reached over 50,000 people with food assistance through cash-based transfers, nearly 250,000 with social protection top-ups and 24,000 children and pregnant and lactating women with nutrition supplementation. In Madagascar, the insurance payout allowed WFP to provide cash transfers to over 33,000 people to meet their food needs after Cyclone Freddy.



Setting up the distribution of food and nutritional assistance to vulnerable households affected by the lean season in the village of Moutaalag El Meden, in the Selibabi department of Mauritania.

WFP/ Richard Mbouet

2023/24 ARC REPLICA PORTFOLIO			
COUNTRY (cover for drought, unless specified otherwise)	PREMIUM (US\$)	MAX COVERAGE	NUMBER OF PEOPLE PROTECTED
BURKINA FASO	1,000,000	4,719,054	117,976
THE GAMBIA	400,000	1,880,425	34,190
MADAGASCAR	750,000	3,966,000	132,200
MADAGASCAR (tropical cyclone)	750,000	3,865,060	386,506
MALI	2,000,000	11,482,806	570,149
MAURITANIA (crop)	500,000	2,185,019	36,417
MAURITANIA (pastoral)	500,000	2,753,420	45,890
MOZAMBIQUE	250,000	1,016,453	23,638
MOZAMBIQUE (tropical cyclone)	500,000	4,760,987	188,726
SUDAN	500,000	2,642,491	62,916
ZAMBIA	500,000	3,326,320	83,160
ZIMBABWE	1,000,000	6,131,785	153,295
TOTAL	8,650,000	48,729,820	1,805,037



WFP beneficiaries Aicha Mohammed and her husband Sadaa, seated in the stable of their home in the village of Moutaalag El Meden, Selibabi district, Mauritania.

WFP/Richard Mbouet

WFP's national-level climate risk insurance approach in the Latin America and Caribbean Region

Based on the lessons learnt from the ARC Replica experience in Africa, WFP has expanded its national-level climate risk financing portfolio to Latin America and the Caribbean through providing premium top-ups for government policies purchased from the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC) and linking them with the governments' social protection systems to make them more shock responsive.

In the Caribbean, in 2023, WFP topped-up macroinsurance premiums for Belize, Dominica, and St Lucia, through CCRIF SPC. In Dominica, WFP provided premium support of US\$200,000 to top-up the CCRIF SPC Tropical Cyclone policy, providing an additional coverage of US\$5.5 million that will protect over 40,000 people from catastrophic cyclone events. In Belize, WFP provided premium top-ups of US\$100,000, providing an additional coverage of over US\$749,000, covering 5,132 people against severe tropical cyclones and excess rainfall events. In St Lucia, WFP provided premium top-ups of US\$100,000, providing an additional coverage of over US\$2.3 million, covering 17,000 people. In the event of a tropical cyclone or excess rainfall triggering these policies, a portion of the payout will be allocated to directly assist people that have been impacted by the hurricane, either through disbursements from scaled-up national social protection programmes or bespoke cash assistance. Such a solution can help social protection systems become more shock responsive, ensuring more rapid and targeted responses for the most vulnerable.

In 2023, WFP also topped-up macroinsurance premiums for Nicaragua through CCRIF SPC, with over US\$240,000 for the earthquake and tropical cyclone policies for the 2023/2024 season that provided additional coverage of US\$5.4 million for protecting over 660,000 people from catastrophic cyclone and earthquake events. This is the second year that WFP provides premium top-ups. In 2022/23, following the impacts of Hurricane Julia, the macroinsurance policy triggered a payout, with CCRIF SPC disbursing US\$8.9 million to the Government of Nicaragua. Out of this amount, WFP received nearly US\$640,000, which was used to create and improve school gardens and deliver fruit trees to farming families to improve the

food security of over 120,000 people in 600 rural and urban schools in impacted areas, in coordination with the national and local authorities of Nicaragua.

In 2023, WFP started to build a partnership with the Pacific Catastrophe Risk Insurance Company (PCRIC) through joint participation and organization of events and the development of a Memorandum of Understanding. In 2024, WFP will work closely with PCRIC and government partners to increase coverage in the region and improve 'money out' systems in the pilot countries so payouts can reach affected people as swiftly as possible. WFP also conducted an exploratory mission on CDRFI in Cambodia, which led to the development of a capacity development workplan for the country on this topic to be rolled out in 2024.

Risk Layering

To effectively address different levels of risks, WFP is adopting a risk-layering approach, combining different risk financing tools according to the frequency and severity of shocks. On the macro level, WFP will integrate insurance solutions for less frequent, more extreme risks with complementary risk financing tools to address more frequent, less severe shocks, or shocks that are severe on a local level but would not trigger the macroinsurance policy at the national level. Such complementary solutions include, for instance, a contingency funding mechanism (such as an index- or forecast-based contingency fund) in years when small-scale or localized

climate shocks affect people below the threshold of insurance payouts. These small-scale, localised shocks can cumulatively constrain national development, causing hardship and suffering to the most vulnerable individuals and households, who are susceptible to being pushed from chronic hunger into an acute food crisis. This blend of insurance and contingency financing represents an opportunity to test and refine triggers and sequences for the release of pre-arranged finance from the public and private sectors, to efficiently combine different financial instruments for different levels of risk, and to analyse the cost/benefit ratio of different combinations of risk financing instruments.

In 2023, an index-based contingency fund has been designed by WFP, together with ARC Ltd. The fund will be able to trigger for drought events that reach a one in four-year return period in a single locality, whereas the ARC Replica insurance will trigger when a one in four-year event is reached on a national scale. This will be piloted in 2024 in up to four countries, including Mali, Mauritania, Zimbabwe and Madagascar.

In addition to providing protection at the country level, WFP is exploring more catastrophic products at the regional level. In 2024, WFP will pilot a regional catastrophic insurance layer in West Africa, covering up to three countries (Burkina Faso, Mali and Niger). This initiative will optimize coverage in the case of an extreme drought (severity of more than one in 10-year return period) and complement existing risk financing tools at the national levels.



Solange, a WFP beneficiary, shares a meal with her children at her home in Nossombougou, Mali.

WFP/Arlette Bashizi



Interviews

Support related to
WFP-supported climate risk financing programmes

African Risk Capacity Insurance Limited
(ARC Ltd) Interview

Lesley Ndlovu

CEO, African Risk Capacity Insurance Limited (ARC Ltd)



In 2023, I am proud to report that the partnership between ARC Ltd and WFP has resulted in protective coverage amounting to US\$48 million for 4.8 million people in nine countries: Burkina Faso, The Gambia, Madagascar, Mali, Mauritania, Mozambique, Sudan, Zambia and Zimbabwe for two different perils—drought and tropical cyclone. Furthermore, it led to the issuance of the first Replica Tropical Cyclone Policy in Mozambique, providing coverage for an additional 183,726 people.

This collaboration has not only facilitated the provision of insurance coverage but has also resulted in the provision of technical expertise in risk assessment and the development of tailored insurance products catering to the specific needs of vulnerable communities affected by climate change.

In 2024, we anticipate more groundbreaking initiatives with even greater flexibility for Replica Partners, enabling them to offer much-needed support to African Governments. For ARC Ltd, supporting the scale-up of climate risk insurance programmes is a strategic priority as it aligns with the broader mission of enhancing climate resilience in vulnerable regions. In its new strategy, ARC Ltd envisions providing insurance coverage to the 700 million people that are vulnerable to the impacts of climate-related risks.

These programmes are vital for providing financial protection and fostering resilience against climate-related shocks. ARC Ltd believes that WFP can play a critical role in this effort by leveraging its global network and expertise in humanitarian assistance to integrate insurance solutions into broader climate risk management strategies and identify potential new partners who contribute to the wider Replica goals.

By working collaboratively, ARC and WFP can drive innovation in climate risk management, enhance the reach and impact of insurance programmes, and ultimately contribute to a more resilient and sustainable future for vulnerable communities in Africa.

“For ARC Ltd, supporting the scale-up of climate risk insurance programmes is a strategic priority as it aligns with the broader mission of enhancing climate resilience in vulnerable regions,”

Anticipated advancements in climate and disaster risk financing, crucial for entities like WFP, are expected to significantly reshape the sector. The integration of technologies like Artificial Intelligence (AI), big data and satellite imagery is projected to refine risk assessments and responses, proving particularly advantageous for WFP's risk financing programmes.

Policy innovation will play a pivotal role, advocating for comprehensive risk management strategies that combine insurance solutions with sustainability and resilience efforts. The expansion of public-private partnerships will be instrumental, pooling resources, knowledge, and driving innovation in climate risk financing.

Furthermore, an increased focus on inclusivity and accessibility is vital, ensuring that the most vulnerable, often disproportionately affected by climate disasters, receive necessary support.

Lastly, sustainability will be integrated into the heart of disaster risk financing, harmonizing risk management with global sustainability objectives. Collectively, these advancements, encompassing technology, policy, collaboration, inclusivity and sustainability, are poised to markedly enhance the efficacy and reach of WFP's programmes.

The role of climate risk insurance in addressing the climate crisis is multifaceted. It provides a crucial safety net, enabling quicker recovery from climate-induced disasters, which is vital given the increasing frequency and severity of such events. By integrating climate risks into their underwriting and investment decisions, insurers can influence sustainable practices and resilience building.

The insurance industry is uniquely positioned to drive awareness and action towards mitigating climate change risks, leveraging their expertise in risk assessment and financial protection. They also play a key role in advocating for sustainable policies and investments, contributing significantly to the transition towards a more resilient, low-carbon economy.

Additionally, insurers can facilitate the development of climate-resilient infrastructure and encourage adaptation measures, ensuring future insurability and addressing the protection gap in vulnerable regions.



Interviews

Support related to
ARC Replica programme

Global Affairs Canada Interview

Marcia Colquhoun

*Executive Director, Pan-Africa and Regional Development Division,
Global Affairs Canada*



Global Affairs Canada is providing CAD43 million of financing (over four years) to support the African Risk Capacity (ARC) programme through three interconnected projects: (i) support to ARC Agency; (ii) support to ARC Replica; and (iii) support to the African Development Bank's Africa Disaster Risk Financing programme. Through these initiatives Canada is supporting efforts that are reaching vulnerable populations, assisting African governments to improve national disaster risk preparedness and response, and enhancing the integration of gender equality considerations across climate disaster management programmes. These initiatives target vulnerable communities and households in areas prone to natural hazards, as well as national and local governments, disaster management committees, civil society organizations, and women-led organizations.

It is well known and understood that gender-responsive climate risk financing is essential given the devastating impacts of climate change, the disproportionate vulnerabilities of women, and the potential of women as agents of change. For these reasons, at least 80 percent of Canada's climate finance projects must integrate gender equality.

WFP can support enhanced gender-responsive climate risk financing by strengthening the capacity of those facing climate vulnerabilities to be able to maintain food security and protect livelihoods.

“WFP can support enhanced gender-responsive climate risk financing, including by strengthening the capacity of those facing climate vulnerabilities to be able to maintain food security and protect livelihoods.”

Gender mainstreaming enables the design and implementation of programmes that strengthen the resilience of those most impacted by climate change, including women, the elderly, youth, children and people with disabilities. For climate risk financing instruments to be more gender-responsive, disaster planning needs to be based on disaggregated data and consider differences in vulnerabilities and corresponding response measures.

The Government of Canada is striving to advance feminist climate action that supports the poorest and most vulnerable. These efforts include improving gender-sensitive governance for climate change mitigation and adaptation and increasing the awareness and capacity among vulnerable groups to develop, implement and participate in climate governance.

Those most affected by climate change should have opportunities to participate in decision-making and play leading roles in the design and management of climate risk financing programmes.

We hope that all governments will develop climate risk preparedness responses that reflect the diverse needs of their at-risk-populations and implement monitoring and reporting systems that collect disaggregated data and adjust their responses based on said data.

We hope that WFP can continue working with the relevant leads in the climate and disaster risk financing sector to address research and development gaps, including those related to gender and disaster risk management, disaggregated data collection and analysis, innovative financing, and impact assessments, where WFP has added value and expertise.



Interviews

Support related to
WFP's inclusive insurance programmes

Hollard Seguros Mozambique Interview

Israel Muchena

Managing Director Agriculture Insurance, Hollard Seguros Mozambique

Cláudia Mota

Manager Agriculture Insurance, Hollard Seguros Mozambique



In collaboration with WFP, Hollard Seguros Mozambique offers a weather index insurance product as part of the risk transfer component of the R4 Rural Resilience Initiative, an integrated climate risk management approach implemented by WFP Mozambique in the provinces of Tete and Sofala. The initiative promotes access to several risk management strategies and financial services, including conservation agriculture, climate services, access to savings and loans, income generating activities and access to market.

With regards to Hollard's strategy and long-term vision in the field of climate risk insurance, we believe that Hollard should aim to collaborate with WFP and other key stakeholders interested in building the resilience of rural farmers. This includes expanding Hollard's areas of coverage to all provinces of the country and insuring a significant number of smallholder farmers from the target population of more than four million, as per the most recent survey. To achieve this goal, Hollard Mozambique plans to develop a digital platform to support the distribution of climate risk insurance and other relevant products through a network of agrodealers in the last mile of delivery to smallholder farmers.

“We believe that the sustainability of climate risk inclusive insurance can only be attained if we can offer farmers an opportunity to learn through the experience of tangible benefits and value-added services,”

We believe that the sustainability of climate risk inclusive insurance can only be attained if farmers are offered an opportunity to learn through the experience of tangible benefits and value-added services that should be offered besides risk transfer, which by its nature tends to be intangible, aleatory and conditional.

For instance, bundling insurance with seeds can facilitate the distribution and uptake of inclusive insurance among smallholder farmers. The seed sector already has distribution channels in the rural area, offering one of the most cost-effective means for distribution of seeds as well as complementary inclusive insurance products and other value-added services to the target population of smallholder farmers, with whom it already has an established relationship of trust. Trust is one of the most critical enabling conditions for the promotion of new products and services.

Mozambique has been identified as one of the most vulnerable countries in the world to extreme climatic events. While we cannot change the country's geography and its high exposure to natural hazards, the only realistic intervention at our disposal is how to minimize the impacts of climate-related risks. Climate risk insurance is one of the most effective means of reducing the financial impacts of catastrophic climatic events that are beyond our control.



Interviews

Support related to the
ARC Replica Programme

National Disaster Management Agency
of The Gambia Interview

Mawdo Amadou Jallow

Government Coordinator – African Risk Capacity (ARC)



The collaboration with WFP has undoubtedly been one of the most important partnerships the Government of The Gambia has had over the years, which focuses on protecting what is most important to protect – the lives and livelihoods of the most vulnerable people. This partnership reinforces the Government’s strategy on and appreciation of disaster risk financing and risk-pooling.

Since 2019, the collaboration between the Government of The Gambia and WFP through the ARC Replica programme is a welcome partnership that has led to the protection of gains made in the agricultural sector through insurance. The recently concluded implementation of the ARC and ARC Replica payout-funded responses by the Government and WFP clearly demonstrates that the best way to achieve disaster risk reduction is through partnership.

During the 2022/23 payout-funded response, the Government leveraged WFP’s targeting methods and used its facilities to deliver support to 35,000 individuals. Equally, WFP complemented the Government’s response by reaching out to a portion of the 153,059 people affected by the drought.

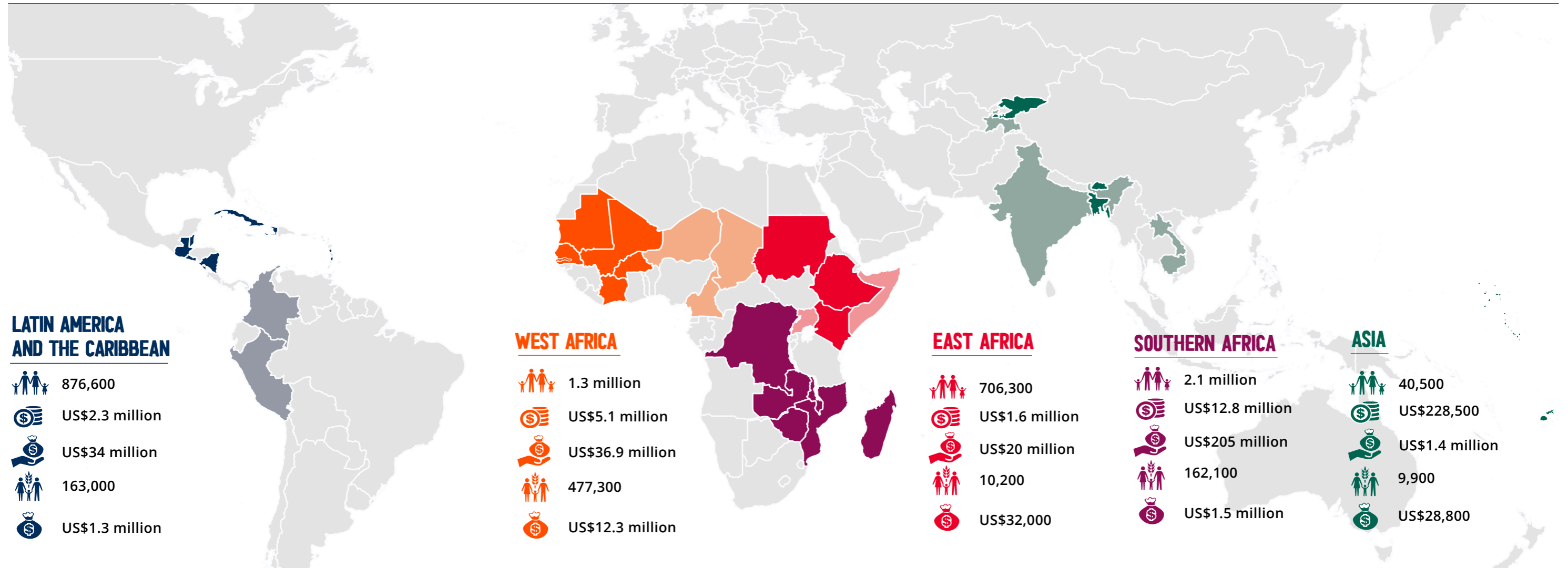
“The collaboration with WFP has undoubtedly been one of the most important partnerships the Government of The Gambia has had over the years, which focuses on protecting what is most important to protect –the lives and livelihoods of the most vulnerable people,,

Given recent events in the world, coupled with the limited financial resources available to the Government, continuing the ARC Replica programme is essential to ensure the scale-up of climate risk insurance programmes. Premium financing remains a challenge for the Government. Reinforcing the existing financial and technical capacity on ARC is integral to maximizing the gains made. Additionally, risk financing and related contingency planning is still a relatively new domain in the country, which requires people with the necessary skills and expertise to make it effective. Thus, WFP’s capacity building support to the technical working group is key for the Government.

As the Government finalizes a strategy on Disaster Risk Financing (DRF) with the African Development Bank (AfDB), it is crucial to bolster efforts to realize the objectives outlined in this document. An important achievement would be designing institutional frameworks that can support the implementation of effective DRF mechanisms.

Climate risk insurance, as a risk transfer measure, holds significant potential in tackling the climate crisis. It can contribute meaningfully to capacity development, providing finance for response and recovery, mitigating climate exposure risks, and fostering resilience building, among other critical aspects.

OUR REACH AND SCALE IN 2023



In 2023, WFP provided financial protection through its climate risk insurance instruments to over **5.1 million people** in **27 countries** across Africa, Asia, Latin America and the Caribbean.

In areas affected by drought, floods and tropical cyclones, the insurance policies triggered **US\$17.8 million** insurance payouts during the 2022/23 season, allowing WFP to assist nearly **800,000 people** with direct transfers of around **US\$15.2 million** in 2023.

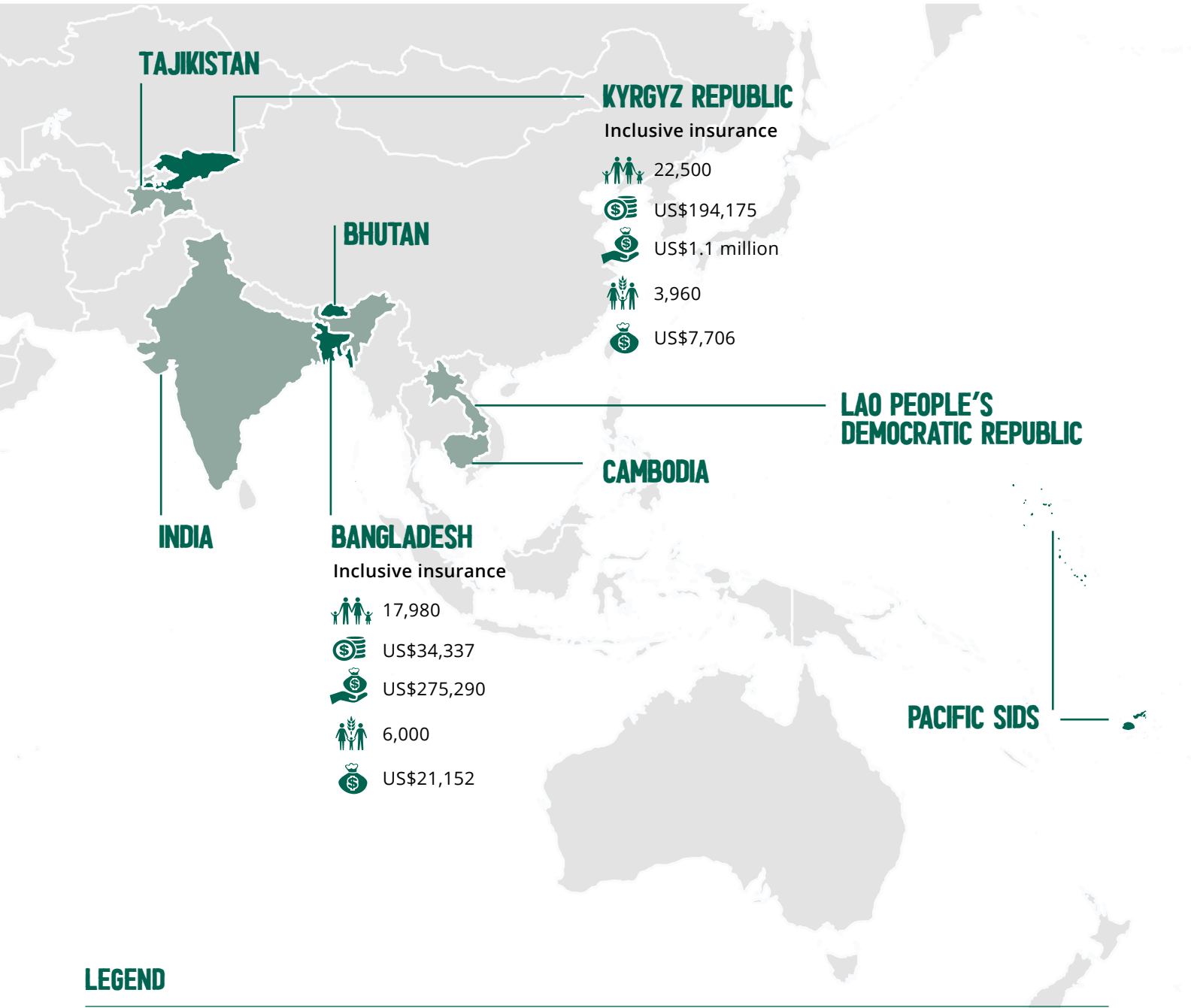
LEGEND

- Number of people covered by insurance
- US\$ value of premiums
- US\$ value of sum insured
- Number of people benefiting from insurance payouts
- US\$ value of payouts triggered and/or disbursed in 2023
- Current countries
- Expansion countries

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The designations employed and the presentation of material in the maps do not imply the expression of any opinion whatsoever of WFP concerning the legal or constitutional status of any country, territory or sea area, or concerning the delimitation of frontiers.

ASIA



LEGEND



Number of people covered by insurance



Number of people benefiting from insurance payouts



US\$ value of premiums



US\$ value of payouts triggered and/or disbursed in 2023



US\$ value of sum insured


Current countries


Expansion countries


BANGLADESH


 With financial support from Korean International Cooperation Agency (KOICA)


Inclusive insurance and ICRM

 **17,980** people covered with inclusive insurance

 **3,596** households insured (50 percent women)

 **US\$34,337** of insurance premium

 **US\$275,290** of sum insured

 **US\$21,152** of payouts distributed, benefiting **6,000** people

COUNTRY CONTEXT



In 2023, Bangladesh grappled with multifaceted challenges. Bangladesh has been ranked the 7th most climate-vulnerable country in the world according to Germanwatch's Global Climate Risk Index in 2021. The country faced environmental adversity as Cyclone Mocha wreaked havoc, damaging 327,000 hectares of agricultural lands and erasing agricultural production valued at approximately US\$22.6 million. The cyclone's total direct damage is estimated at a staggering US\$2.24 billion, intensifying macroeconomic vulnerabilities and amplifying socio-economic strains.

The election year exacerbated political instability, with significant disruptions from October onwards, stalling crucial workshops and advocacy efforts. Concurrently, soaring prices of essential food products and daily commodities strained household budgets, pushing affordability limits for many.

CLIMATE RISK FINANCING AND INSURANCE IN BANGLADESH

In Bangladesh, the Climate Risk Insurance (CRI) project has effectively implemented a comprehensive risk financing approach to address the growing financial impacts of climate-related disasters. A key aspect of this strategy is the integration of inclusive insurance and financial inclusion tools designed specifically for smallholder farmers. These tools are strategically linked with WFP's Cash-Based Transfers (CBT) programmes and actively involve agricultural market support through farmer hubs. Specifically, initiatives such as Anticipatory Actions (AA) and Seasonal Livelihoods Planning (SLP) have been instrumental in enhancing community resilience by proactively addressing vulnerabilities within the broader framework of the R4 Rural Resilience Initiative. The concerted efforts of WFP further enhance the effectiveness of the CRI mechanism and instill confidence among project participants. By intertwining insurance mechanisms with WFP's broader agenda, Bangladesh endeavors to protect its climate-vulnerable communities by striking a delicate balance between insurance solutions and holistic strategies aimed at addressing loss and damage.

2023 PROGRESS

WFP Bangladesh supports access to two CRI products, a Flood Index-based Insurance and Weather Index-based Insurance (WII). In 2023, these products were modified based on experiences from the previous year. In two unions of Kurigram district, 1,819 agricultural day labourers received insurance policies to protect their households' income losses arising from catastrophic floods during the 1 July - 30 September coverage window. Among them, 891 households will receive a payout in early 2024.

WFP also provided access to the WII for 1,777 households that were cultivating winter crops and Boro rice. To scale up the insurance enrolment under WII, WFP has initiated a new field partnership with Rangpur Dinajpur Rural Service (RDRS), which started enrolling 6,000 Boro rice producers in December 2023 for the upcoming 2024 agricultural season.

A capacity development programme was conducted in collaboration with the Bangladesh Insurance Academy (BIA) to enhance the knowledge base of 177 public sector representatives. Additionally, 300 lead farmers in the intervention area underwent 10 training sessions to improve their engagement and knowledge. To raise awareness, 180 Insurance Participants Meetings were organized, with a total attendance of 4,794 farmers. Furthermore, approximately 20,000 households in Kurigram were reached through the organization of folk song events and the broadcasting of CRI related promotions on a local TV channel.

The Farmer Hub is a comprehensive solution tailored specifically for the agricultural community. It includes efforts to increase financial inclusion, as well as providing advisory, technological, and resource-based assistance to address the multifaceted challenges faced by farmers. Through the Farmer Hub, 1,643 farmers have gained access to valuable agricultural information, including production techniques and cost-free farming essentials like seed bags and fertilizers. The Farmer Hub also provides agrometeorological services, sending weekly weather forecasts and agriculture advice to farmers' mobile phones. This helps farmers prepare for natural calamities and save on expenses, such as refraining from using costly fertilizers when there is a chance of rain. Ultimately, the Farmer Hub aims to catalyze sustainable growth and resilience within the farming sector.

Among the key lessons learned this year:

- The absence of comprehensive policies, guidelines, and a shared understanding among key stakeholders, combined with the lack of awareness of CRI as an effective risk mitigation tool hampers cohesive action and clarity, limiting engagement of the private sector entities in the CRI landscape, especially in remote areas.
- Inadequate capacity of domestic reinsurance companies or unfavorable offers from international reinsurer have also limited insurance companies' ability to scale CRI in Bangladesh.
- The impact assessment of CRI found that 90 percent of project beneficiaries and community members have expressed interest in the CRI programme thanks to its effective protection of their livelihoods against disasters and climate change.

2023 KEY ACHIEVEMENTS



WFP partnered with RDRS to scale up CRI efforts for Boro and Aman rice producers.



1,643 farmers in Farmers Hub had access to information related to agriculture production, cropping practices, and cost-free seed bags, fertilizers, nets, and other farming essentials.




In a total of 21 sessions, 177 government officials and public representatives and 300 lead farmers were trained on the benefits and activities of CRI.





2,091 insured farmers' households invested in other income-generating activities, in farming activities and met household expenditures with the payout they received.


KYRGYZ REPUBLIC


 With financial support from Swiss Agency for Development and Cooperation (SDC)

Inclusive insurance and ICRM

 **22,500** people covered with inclusive meso-insurance

 **4,500** households insured (52 percent women)

 **US\$194,175** of insurance premium

 **US\$1,196,572** of sum insured

 **US\$7,706** of payouts distributed, benefiting **3,960** people

COUNTRY CONTEXT



The Kyrgyz Republic is highly exposed and vulnerable to a range of geological, hydro-meteorological, biological, and technological hazards. The country is facing increasingly frequent mudslides and seasonal flooding and other climatic shocks resulting in significant human and financial losses. In 2022, mudflows and floods, associated flooding and coastal erosion cause 31.7 percent of all recorded disasters and 11 percent were caused by meteorological hazards. Earthquakes, however, are the hazard that caused the highest economic losses (US\$163 million) and affected the largest number of people in Kyrgyzstan. Kyrgyzstan is classified as the most exposed country to seismic hazards in Central Asia with an average of 300 earthquakes registered annually. About 66 percent of the population live in housing highly vulnerable to strong earthquakes. Devastating seismic catastrophes occur every 5–10 years. It ranks 52nd on the Global Climate Risk Index as one of the countries which suffers most from extreme weather events and all regions were classified as medium to high risk on the INFORM Global Risk Index 2022.



Aijan (35) poses with one of her children at her farm in Kutrka village, Naryn province. WFP/Giulio d'Adamo

CLIMATE RISK FINANCING AND INSURANCE IN KYRGYZ REPUBLIC

WFP Kyrgyzstan piloted a meso-level insurance approach in 2023 in three districts of Naryn oblast (province). This approach envisages sub-national local government authorities or local aggregators to be the policyholder, providing financial capacity for supporting vulnerable households to protect their livestock in the case of extreme drought. In the current pilot, three district administrations were selected as policyholders. However, due to several procedural constraints and to ensure rapid mobilization of support, it was decided that for 2023 the actual policy should be issued to an interim partner. This partner – the Kyrgyzstan Agricultural Services Forum (KGFAS) (extension service provider) was contracted to work in close contact with beneficiaries and to establish an enabling environment for the pilot. The Climate Risk Insurance (CRI) product is a weather index-based insurance policy covering lack of feedstock availability due to extreme droughts and extended winter conditions. The product has been developed jointly by WFP and the global technical service provider, Blue Marble, and it is being offered by the local insurer, APlus, with the support of the cooperating partner, KGFAS.

2023 PROGRESS

The CRI product was designed to provide pre-arranged financing to local governments, so they can financially support farmers to access fodder when availability is reduced, or when pastures are inaccessible or non-productive due to climate extremes. Administrations of Naryn, Jumgal and Ak-Tala districts of Naryn province were selected as policyholders, with KGFAS acting as an interim policyholder during 2023.

Despite 2023 being the first pilot year, WFP succeeded in establishing certain procedures and systems, ensuring the proper regulatory framework for the pilot. Through support provided by the cooperating partner, WFP has engaged local governments and trained numerous farmers on best agricultural practices, basics of financial literacy and insurance. After lower-than-average rainfall in the June – July period, a small payout was triggered by the drought peril that provided US\$7,706 to the Ak-Tala district administration of Naryn province. This was used to procure 26MT of barley for the most vulnerable families with livestock and enrolled in the social protection system. The intervention was selected by the local government from the Response Plans that were developed through technical assistance from WFP as part of the capacity building activities for local authorities.

There were several lessons learned from the implementation of index-based insurance in the country. Firstly, there was a lack of a well-established regulatory framework for index/parametric insurance in the country, which further complicated the implementation process. Another challenge was the lack of experience of local insurers with CRI, that required sensitization and trainings on the product design. Furthermore, the perception of basis risks and small and slow payouts resulted in frustration among farmers who received support from the insurance after the payout triggered. The country also had a low insurance “culture,” with many people, especially in rural areas, considering insurance as a burden similar to taxes. Lastly, there was a misunderstanding of the core intention of insurance, with local stakeholders primarily seeking yearly profitability from the insurance policy rather than understanding the concept of transferring the risk of catastrophic years.

In 2024, WFP Kyrgyzstan plans to continue with the existing CRI product in Naryn, Ak-Tala, Zhumgal districts – with WFP providing a 100 percent premium subsidy on behalf of the district governments, due to their budget constraints. However, to proceed with planned expansions in new districts, WFP will decrease the total coverage and reallocate premium support to other provinces of the country, such as At-Bashy district of Naryn province – where an innovative Forecast based insurance is going to be piloted, and Suzak district of Jalal-Abad province – where a new crop insurance product will be piloted.

2023 KEY ACHIEVEMENTS



Provided complementary trainings and workshops covering topics such as best agricultural practices, basics of insurance and financial literacy for 4,225 people, of which 2,073 were women.



An insurance payout was triggered by the drought peril, providing US\$7,706 to the Ak-Tala district administration of Naryn province.



Successfully developed and launched a meso-level insurance approach, benefitting livestock farmers in the Kyrgyz Republic.



WFP Kyrgyzstan successfully partnered with the global index designer Blue Marble, the local insurer APlus, and the local cooperating partner KGFAS.

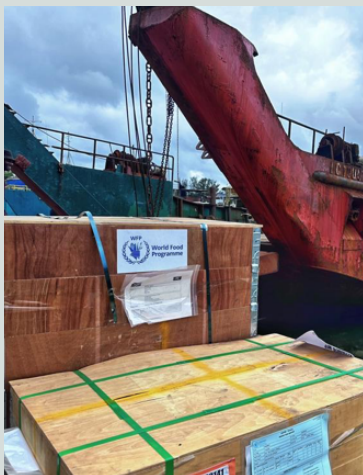
PACIFIC SIDS

With financial support from Global Shield Finance Facility (GSFF)

COUNTRY CONTEXT



The Pacific SIDS grapple with high disaster risk, compounded by unique challenges such as geographical dispersion and market access constraints. In 2023, the region faced significant natural hazards, including Tropical Cyclones Judy and Kevin in Vanuatu, resulting in a state of emergency with 80 percent of the population affected. The aftermath of COVID-19 and a global food crisis heightened existing development challenges, threatening the achievement of Sustainable Development Goals (SDGs) by 2030. Growing inequality, gender disparities, and inadequate public services worsened against the backdrop of the climate crisis, leading to increased dependence on nutritionally deficient imported foods.



WFP readies mobile storage units for shipping to Pentecost Island in response to Tropical Cyclone.

WFP/Titailia Rabuka

CLIMATE RISK FINANCING AND INSURANCE IN PACIFIC SMALL ISLAND DEVELOPING STATES (SIDS)

To strategically address climate and disaster risks, Pacific SIDS are using a variety of financial instruments and funding arrangements that are being offered by institutions such as the World Bank, International Monetary Fund (IMF), UN Capital Development Fund (UNCDF), Asian Development Bank (ADB), UNICEF as well as WFP. Pacific SIDS are also very reliant on bilateral funding during emergencies as well as capacity support by the armed forces of Australia and New Zealand for supply chain and emergency supplies.

In the Pacific, WFP operates by supporting governments to enhance their capacity rather than direct implementation and avoiding parallel initiatives. For example, WFP piloted parametric microinsurance in the Pacific by working through the Fiji Department for Social Welfare, by entering a partnership whereby the Fijian Government would identify the beneficiaries with WFP's support and the insurance coverage is facilitated by WFP but operates through the Fiji Government social protection system. Furthermore, the strategic plan for macroinsurance in the Pacific is to only support government policies (drawing on examples from WFP's support to governments in Latin America and the Caribbean through the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company catastrophic insurance policies) rather than to adopt a Replica model similar to the approach WFP takes in Africa with Africa Risk Capacity (ARC) Ltd.

2023 PROGRESS

In 2023, concrete steps were taken to establish a partnership between WFP and the Pacific Catastrophe Risk Insurance Company (PCRIC), which is the regional risk pool for the Pacific. The partnership is finalizing a joint Memorandum of Understanding (MOU), which was signed by the PCRIC CEO and is awaiting the signature of WFP's Deputy Executive Director (DED). Challenges in obtaining the legal agreement between WFP and PCRIC led to delays in finalization, extending into 2024. Additionally, PCRIC, WFP, and UNDP collaborated on a concept note submitted to the Global Shield against Climate Risks and other donors to enhance macro-level insurance in the region. This includes funding premiums for Pacific SIDS, improving the enabling environment for Disaster Risk Financing (DRF) structures, and enhancing "money-out" processes through social protection systems in Pacific SIDS.

In terms of events, the first DRF Pacific Regional Workshop was jointly planned by PCRIC, WFP, Centre for Disaster Protection (CDP), Risk-informed Early Action Partnership (REAP) and UNCDF and will take place in February 2024. WFP participated as a panellist at a COP28 side-event hosted by PCRIC, focused on embedding parametric insurance in the Regional DRF Toolkit. WFP was also invited to the PCRIC board meeting to provide updates on the WFP-PCRIC partnership and review the Global Shield concept note.

Furthermore, there has been increased engagement with climate risk and DRF stakeholders in the region regarding anticipatory action, parametric insurance, and adaptive social protection. The Fiji Ministry of Women and Social Protection has requested support from WFP in reviewing the Fiji Adaptive Social Protection draft strategy and incorporating more actions related to climate risk insurance instruments. A recent key initiative includes developing anticipatory cash transfers to social welfare beneficiaries before a cyclone through an Anticipatory Action pilot in Fiji.

WFP Pacific faces obstacles to directly engage with all 14 governments, as WFP only has staff based in Fiji and Samoa. This has made it harder to develop initiatives and understand where WFP can best support. In 2024, WFP Pacific will continue developing climate risk insurance through a confirmed partnership with PCRIC, as well as providing premium contributions for two to three government macroinsurance policies through the GSFF grant. The aim will be supporting two to three new drought insurance policies in the Pacific with potential policies being planned for the Federated States of Micronesia, Marshall Islands and Kiribati. Any remaining available funds for premiums provided by GSFF will be provided for policies responding to the 2024/25 cyclone season. Further research and communication pieces will be developed in partnership with PCRIC with the aim to reach both public and technical audiences to increase knowledge and understanding of regional risk pools. WFP will pursue additional funding and support in 2024 to scale up the Fiji anticipatory action pilot to other Pacific SIDS, and funding to further the parametric insurance system in the Pacific.

2023 KEY ACHIEVEMENTS



Food security analysis and data collection conducted in Fiji, Samoa, Tonga, Kiribati and Vanuatu – with analysis around socioeconomic status, food security, coping mechanisms, essential needs and livelihoods.



WFP was invited to be a panelist at the COP28 side event hosted by PCRIC – Embedding Parametric Insurance in the Regional DRF Toolkit". This was attended by WFP Director of Climate and Disaster Risk Reduction, Mr Gernot Laganda.



Piloting of anticipatory action through adaptive social protection, with the Fijian Ministry of Women and Social protection.



Collaborating with PCRIC, CDP, UNCDF and REAP to conduct the first Pacific DRF Regional workshop, that will invite all Pacific governments to attend. With the aim for Pacific Island Countries to better understand DRF instruments and parametric insurance.



STORIES FROM THE FIELD

Pumpkin power: how Bangladeshi women fight the climate crisis*



Farmer Asha Akhter, 29, says things have changed “a lot” since the WFP-supported project was launched.

WFP/Lena von Zabern

Bangladesh is among the world’s most vulnerable countries to the impacts of the climate crisis. The [World Bank Group](#) estimates that one-third of Bangladesh’s agricultural production could be lost by 2050 due to weather extremes, and 13 million people could become internal climate migrants.

For the five million people who live on Bangladesh’s chars – the low-lying islands that are formed by silt from rivers – the consequences are already devastating. Extreme weather events have destroyed crops, incomes and displaced the people who have always lived in these islands on the river.

Since 2018, WFP Bangladesh has been supporting vulnerable people living in the country’s northeastern Kurigram district to build their resilience against climate extremes through an integrated approach. Combining disaster management training, climate risk insurance and livelihood initiatives,

the scheme aims to answer a basic question: how can Bangladesh’s poorest people arm themselves against the devastating consequences of climate change?

“*Things have changed a lot,*” says pumpkin farmer Asha Akhter, yellow scarf wrapped around one shoulder, as she assesses the project’s paybacks. That phrase is heard often among the 25 women growers who collectively tend the pumpkins on *Char Borovita*.

Everyone in this district knows what the climate crisis means. As years go by, rainy season floods become more severe. In 2020 alone, the country’s rivers burst their banks five times– unleashing the largest and longest floods in twenty years.

Washed away

“*My house was right here, but it was washed away,*” says 41-year-old Amina Begum, another Borovita farmer. “*I had to move to this char, but my situation remains precarious.*”

Like many others here, Amina used to own land, which she gradually lost to the Brahmaputra. Floods forced her to move five times over the last 25 years. Growing pumpkins on these temporary river islands allows Amina and other climate-displaced women to farm again – one buffer against future shocks.

Life on the sand islands is particularly hard, especially during the monsoon season. “*During the floods, we suffered in many ways,*” says 33-year-old Bilkis Begum, another pumpkin grower on the island, looking back on the last rainy season. “*There was no way to communicate. I was stuck in the house and my husband could not work, so we had no money left. We couldn’t afford three meals a day.*”

The initiative trains islanders in disaster management, with WFP and trained volunteers also providing early warning information about looming disasters. Based on flood forecasts, families receive cash so they can move to safety in time.

Building new businesses

Her story could have ended there. Then came WFP's pilot project in Kurigram, aimed to ensure families like Bilkis' could better prepare and respond to the floods.

The initiative trains islanders in disaster management, with WFP and trained volunteers also providing early warning information about looming disasters. Based on flood forecasts, families receive cash so they can move to safety in time.

"Those 4,500 taka felt like 40,000 taka," says Bilkis of the cash payments she received ahead of the last floods, amounting to about US\$42. "With that money, we could prepare (for the floods). We could buy food and invest in our houses."

After extreme weather hits, WFP climate risk insurance kicks in. The payout helps families to recover.

In 2023, over US\$21,000 in insurance payouts were distributed, benefitting 6,000 people. WFP Bangladesh supports access to two climate risk insurance products, namely Flood Index-based Insurance and Weather Index-based Insurance (WII), protecting households from catastrophic floods and excess rainfall. Access to insurance has empowered women living in these flood-affected areas, building their capacities to manage climate risks. Thanks to the insurance payouts, women have been actively involved in the process of making financial decisions and were able to recover from these shocks.

The project also provides entrepreneurship training and start-up capital to its female participants, to diversify and grow their businesses. This helps to strengthen their resilience to climate shocks.



Thanks to the WFP project in Bangladesh, sand island farmers like Bilkis Begum (here with her daughter Ashrafi) are better equipped to withstand the backlash of climate change.

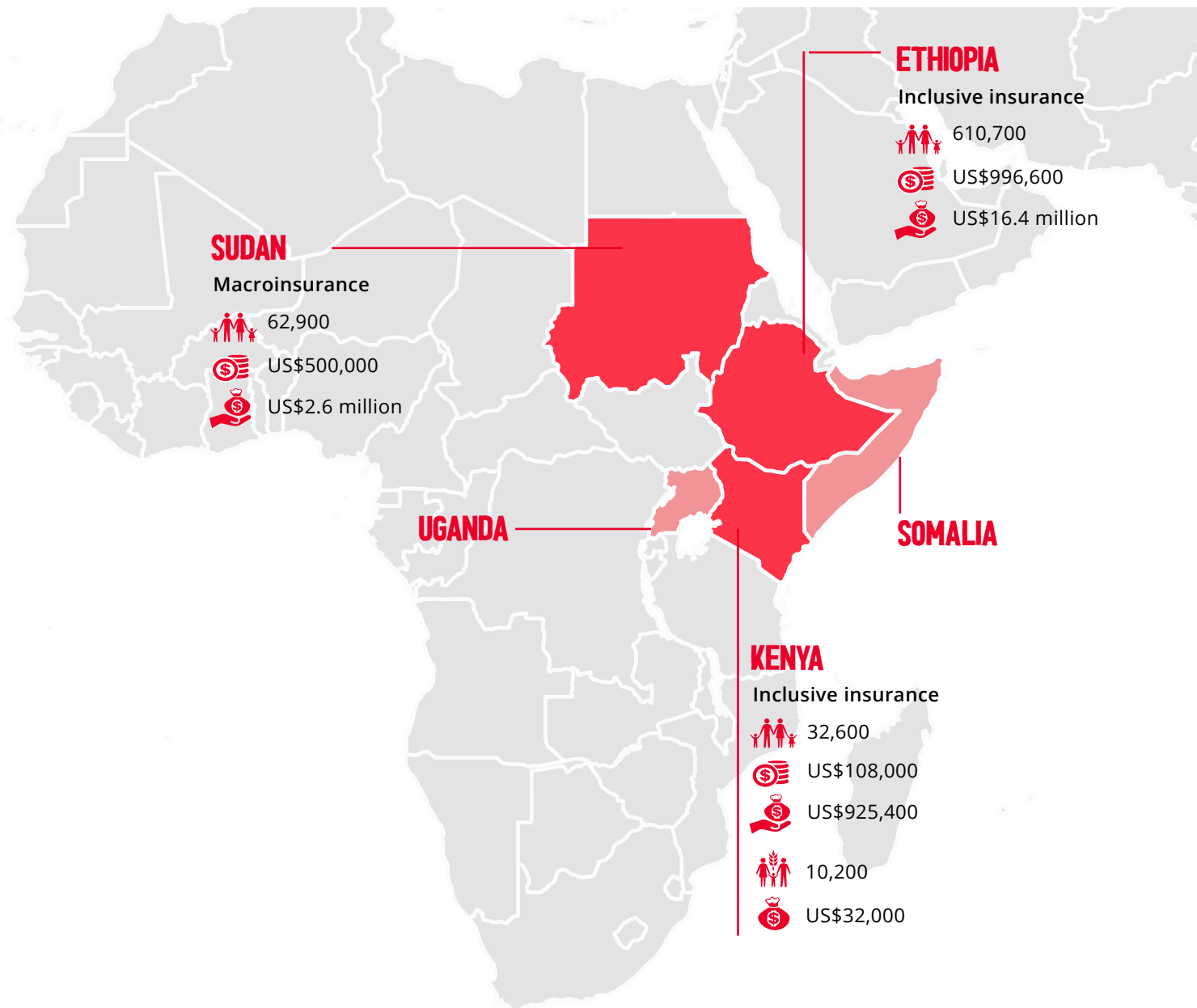
WFP/Lena von Zabern

Pumpkin farmer Asha learned to sew within ten days. She bought a sewing machine with her WFP start-up funds. Now, she earns money mending clothes – and selling the nutrient-packed squash that she grows.








She is grateful for the positive achievements under the project. *"Before this project, we had to ask our husbands for money," Asha says. "Now we earn our own money and can support our families. We can send our children to school and spend our cash on different things."*

* This section reports excerpts from an article written by Lena von Zabern and published in October 2023. Click [here](#) to read the full story.


EAST AFRICA





LEGEND


-  Number of people covered by insurance
-  Number of people benefiting from insurance payouts
-  US\$ value of premiums
-  US\$ value of payouts triggered and/or disbursed in 2023
-  US\$ value of sum insured
-  Current countries
-  Expansion countries

ETHIOPIA


 **With financial support from Kreditanstalt fuer Wiederaufbau (KfW), and Danish International Development Agency (DANIDA)**


 **53,319** participants (43 percent women) engaged in financial inclusion initiatives promoted by WFP


 **US\$113,623** of savings made by participants of financial inclusion initiatives promoted by WFP


 **US\$102,385** of loans accessed by participants of financial inclusion initiatives promoted by WFP

Inclusive insurance

 **610,760** people covered with inclusive insurance

 **122,152** households insured (23 percent women)

 **US\$996,613** of insurance premium

 **US\$16,491,199** of sum insured



Keyhole Gardens, constructed in Shebel Berenta woreda of the Amhara Region.
WFP/Ethiopia Country Office

CLIMATE RISK FINANCING AND INSURANCE IN ETHIOPIA

WFP Ethiopia strengthens local food systems and enhances resilience for vulnerable communities through integrated interventions that are guided by two strategies: scaling up transformative and resilient and local food systems and scaling up for resilient individuals, communities and systems in Ethiopia, with the aim of shifting from humanitarian assistance to self-reliance. WFP supports smallholder farmers to access improved agricultural inputs, financial services, postharvest management technologies, markets and irrigation schemes. To enhance scalability and sustainability of insurance, WFP redesigned the existing R4 microinsurance activities to a meso-level scheme through enrolling farmers that are engaged in the Ministry of Agriculture's Input Voucher Scheme (IVS). All the programmes are designed to enable poor farmers and pastoralists to strengthen their food and income security through a combination of reducing the impact of climate shocks through nature-based solutions and improved resource management practices (risk reduction); transferring the risk of potentially catastrophic climate-related drought hazards to insurance companies (risk transfer); enabling better risk absorption of households and communities through the promotion of savings (risk retention); and promoting prudent risk-taking through a combination of financial education, livelihoods diversification and access to credit to enable better investments (prudent risk-taking).

2023 PROGRESS

WFP undertook a redesign of the R4 programme between 2022 and 2023 to address the challenges in achieving scalability and sustainability with the previous programme design. This resulted in shifting to a meso-level insurance scheme where area yield index insurance was embedded into the government's IVS, allowing farmers to access insurance when they are collecting agricultural inputs in six woredas (districts) in the Amhara region. This redesign aims to create a commercial insurance business and distribution model and introduce insurance products that provide protection for the multiple risks farmers face, facilitating the uptake of insurance by more farmers.

There were challenges in integrating the risk-taking component, particularly with utilization of the credit guarantee fund, that prevented income diversification that would have supported greater contribution to the premium from participating farmers as they moved along the graduation pathway.

The enhancement of the insurance design to cover multiple risks combined with bundling the product with the agricultural input scheme created an attractive and affordable product that was taken up by a large number of smallholder farmers. The previous WII product was covering only drought risk while the current AYII product covers adverse conditions including, but not limited to drought, windstorm, excessive rainfall, frost, plants & diseases, excessive heat wave, hail, flooding, earthquake, volcanic eruption, fire, animals, insects and plagues, all of which may lead to a broader reduction of yields of the insured crops.

Gender is mainstreamed in all the programme components starting from the planning phase. For example, out of the 53,319 households organized under Village Economic and Social Associations (VESAs), 43 percent are women-headed households. WFP Ethiopia engaged in a re-organization of Integrated Watershed Development Committees (IWSDC) to increase women participation in leadership positions to influence planning, implementation and monitoring.

2023 KEY ACHIEVEMENTS



122,152 smallholder farmers have been sensitized, trained, and insured with area yield index insurance bundled with agricultural inputs (fertilizer). The insurance premium was fully paid by WFP.



Enabled production of 4,121,038 tree seedlings, out of which 3,653,228 (89 percent) seedlings planted on 382 hectares of watershed areas.



Training of Trainers (ToT) provided to 808 VESA facilitators (40 percent female), government extension workers, cooperating partners' project staff and VESA leaders who train farmers on financial literacy and business development to improve their financial management and investment decisions.



Established a joint public-private partnership between WFP, ATI, PULA Advisors, Oromia Insurance Company and Tsedey Bank.

ETHIOPIA

COUNTRY CONTEXT



Ethiopia has faced conflict, displacement and drought in recent years, which has contributed to increased food insecurity. The peace agreement that ended the active conflict in Tigray region has been followed with intense armed conflict in Amhara. In addition, hostilities between communities in Afar, Somali and Oromia regions have disrupted WFP operations that have affected the implementation of WFP's Assurance project to guarantee food assistance reaches the most vulnerable. The humanitarian response plan in 2023 targets the most vulnerable, including those facing protection concerns due to violence, conflict and victims of extreme drought. There are 20.1 million people in need of emergency food assistance in 2023. The key drivers of this crisis are the conflict in the regions, drought and deteriorating macroeconomic conditions. The confluence of these factors resulted in displacement, loss of harvests or reduced production, market disruptions, higher food prices and reduced purchasing power.

INTEGRATED RISK MANAGEMENT IN ETHIOPIA

WFP's Integrated Climate Risk Management programmes enable communities to build resilience and improve their food and nutrition security in the face of increasingly frequent climate-related disasters and shocks. In Ethiopia, WFP supports smallholder farmers to access financial services, including micro/meso-insurance, improved agricultural inputs, postharvest management technologies, markets and irrigation schemes. In Amhara, WFP Ethiopia supports farmers through the R4 Rural Resilience Initiative, facilitating farmers' access to insurance, micro-credit and savings, and training in income-generating activities. In addition, R4 farmers work on activities such as soil and water conservation, land restoration and reforestation that reduce the risk of droughts and floods for their communities, as well as enable them to diversify their livelihoods away from climate-sensitive agriculture.



RISK REDUCTION

WFP supported Watershed development plans (166 out of 210 produced) through a community-based participatory planning (CBPP) approach in 166 watersheds using training and facilitation support as part of the risk reduction/R4 project component that provides technical trainings, soil and water conservation materials, and tree seedling nursery inputs to capacitate government partners for the implementation of watershed management activities in the 16 woredas. Physical measures such as the construction of hillside terraces, stone check dams and gabion check dams were carried out on severely affected lands to reduce active soil erosion, and to restore soils and moisture retention of degraded sites within the selected 210 watersheds under the public works activities of the Ethiopian national Productive Safety Net Programme.

The project also supported 16 *woreda*-based central nurseries to enable production of 4,121,038 tree seedlings, out of which, 3,653,228 (89 percent) seedlings were planted on 382 hectares of watersheds in 2023. This achievement was aimed at enhancing the resilience to disaster risks of both the wider community and project beneficiaries through rehabilitating degraded areas to become productive. Due to the deterioration of security in the Amhara region during the rainy season, July – September 2023, nearly 11 percent of tree seedlings produced were not planted due to transportation restrictions that prevented moving the seedlings from *woreda* nurseries to the watersheds. Currently, these seedlings are tended for planting in the upcoming season.



RISK TRANSFER

The joint public-private partnership engagement between WFP, the Ethiopian Agricultural Transformation Institute (ATI) and PULA was a big step towards ensuring insurance can be scalable and sustainable, that can provide lessons for expanding coverage in new areas and mainstreaming insurance at the national policy level.

Limited involvement of the private and public sectors also contributed to the low scalability and sustainability of insurance. This new joint initiative engaged with both the public (Ministry of Agriculture, Agricultural Transformation Institute and Amhara Bureau of Agriculture) and private (PULA Advisors, Oromia Insurance Company and Tsedey Bank) sectors, which enabled 122,153 farmers to enroll into the meso-level insurance scheme bundled with the IVS. The Amhara Regional Bureau of Agriculture has become the insurance policy holder on behalf of the farmers.




RISK RETENTION AND PRUDENT RISK TAKING

The R4 programme organized 53,354 (43 percent female) beneficiaries into existing and newly established VESAs. 405 VESA Facilitators (VFs) were recruited, trained and deployed to provide technical support and monitoring. VESA toolkits that include books of accounts, saving boxes and stationaries are provided to all VESAs to support their operations. Training of Trainers (ToT) were provided to project staff, government extension workers, VESA leaders and VFs on VESA methodology, financial literacy and business development. Ten Rural Savings and Credit Cooperatives (RuSACCOS) were selected to manage the DANIDA-funded revolving fund, with MOUs signed and the funds transferred that will allow financial institutions to begin to facilitate access to credit for participants selected for income-generating activities support.









Under the financial inclusion initiative, WFP increased credit capacity of VESAs through trainings to VFs and their leaders, providing technical and material support from project staff that improves their operation and management. Accordingly, these VESAs increased their memberships and the total savings, allowing members to engage in micro-income generating activities such as vegetable and grain trading, sheep and goat rearing, poultry production, service provision such as small restaurants and farming using loans disbursed by their VESAs.



KENYA

 With financial support from New Zealand and Zoetis Foundation

Inclusive insurance and ICRM

-  **32,668** people covered with inclusive insurance
-  **8,167** households insured (90 percent women policyholders)
-  **US\$108,065** of insurance premium
-  **US\$925,477** of sum insured
-  **US\$32,060** of payouts triggered, benefiting **10,228** people
-  **11,957** participants (85 percent women) engaged in financial inclusion initiatives promoted by WFP
-  **US\$100,078** in savings made by participants of financial inclusion initiatives promoted by WFP
-  **US\$72,598** in loans accessed by participants of financial inclusion initiatives promoted by WFP

COUNTRY CONTEXT



The key climate-related risks Kenya faced in 2022/2023 were droughts, floods, livestock diseases and inter-communal conflicts. The Russia-Ukraine conflict significantly affected global and local supply chains, leading to disruptions in the supply of essential commodities such as wheat and sugar. This was reflected in Kenya's higher inflation rate and increased cost of living, and the Government budget used primarily for debt-service payments. Additionally, rising food insecurity and impacts of the climate crisis resulted in increased poverty, widening inequality across regions and between households that led to increased incidences of social conflicts due to competition for resources, particularly for water. Increasing global prices of key food commodities and rising fertilizer costs are predicted to have serious implications for food availability and prices.

In pastoral zones, households' food and income sources decreased considerably due to drought in 2023 that resulted in significant livestock losses and reduced milk production. The resulting decline in pasture and water resources also fuelled conflicts among communities due to competition over grazing and water resources.

CLIMATE RISK FINANCING AND INSURANCE IN KENYA

WFP Kenya is implementing inclusive insurance under R4, providing financial protection from crop losses, and livestock asset protection under a Zoetis Foundation-funded project, also known as "Ufugaji Bora." R4 aims to protect and promote food and income security of vulnerable smallholder farmers in south-eastern counties by adopting an integrated risk management approach that promotes risk reduction activities via improved agricultural practices, coupled with insurance coverage (risk transfer), prudent risk-taking and risk retention through establishment of Village Savings and Loans Associations (VSLAs). The R4 programme helps smallholder farmers access an Area Yield Index Insurance (AYII) product which triggers payouts based on a pre-set benchmark calibrated using historical crop yield data. The AYII product covers the following perils: windstorm, frost, excessive rainfall, heatwave, hail, flood, drought, pest and diseases.

The R4 programme in Kenya is implemented in the semi-arid Counties of Kitui and Makueni which integrates the South-eastern Marginal Agricultural Livelihood Clusters. Notably, the short rains season (from October to December) accounts for about 70 percent of annual production of the main crops: green grams, cowpeas, sorghum and millet, being strategic to maintain food and nutrition security of communities in this area.

WFP Kenya is enhancing pastoralists' resilience and improving livelihoods supporting the design and implementation of an innovative, commercially sustainable model for the delivery of livestock insurance, integrated with a package of financial and veterinary services to rural pastoralists in Kenya.

2023 PROGRESS

Under the 2023 coverage period, 85 percent of insured farmers expressed satisfaction with the information and training provided on crop insurance. The majority of beneficiaries who received payouts spent the funds on food and school fees as well as agricultural inputs. The Post Distribution Monitoring (PDM) Report cited 92 percent of the beneficiaries as very satisfied with R4 support and would continue to participate in the programme. WFP Kenya reached 4,274 households in the Arid and Semi-Arid counties of Isiolo and Garissa under the Index Based Livestock Insurance project implemented in collaboration with the World Bank-funded De-risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa (DRIVE) project.

The programme beneficiaries were able to build their risk retention capacities through Village Savings and Loan Associations (VSLA) where they pool their savings to form a loan fund that they borrow from. In addition, the groups have a Social Fund that they build to meet family contingency needs among themselves. A total of over 600 VSLA groups were strengthened and guided to form VSLAs to meet their financial needs. These include money to buy farm inputs, seeds, paying casual laborers and starting both on-farm and off-farm income generating activities.

The R4 programme aims to reduce the impacts of climate and other related shocks for smallholder farmers, however, engagement with public-private sector partnerships in Kenya needs to be strengthened to increase access to financial services and solutions in underserved markets with tailored products. In addition, more effort should be directed to implementing the other components of the integrated approach, as insurance alone does not address all risks. Incorporating climate-smart technologies and practices to increase productivity of smallholder farmers should be a priority.

The risk retention component of the R4 programme (through VSLAs) is a key success factor in facilitating co-payments and ensuring sustainability. Delays by insurance firms in distributing payouts affects farmers as it can take up to six months to be paid, which will require exploring innovative digital platforms to reduce this lead time. Increased capacity-strengthening for county governments on the integrated product is key (including extension services).

VSLAs serve as an important platform for sharing knowledge and enhancing ownership of the product. Premium co-payments and the incremental increases required by beneficiaries needs to be communicated from the start and continuous education is required. In addition, increased demand for the product will reduce costs over time and make it more viable for the private sector.

2023 KEY ACHIEVEMENTS



100 percent of R4 participants contributed to the premium cost, with 40 percent of premium paid in Makueni county and 30 percent in Kitui county.



Over 10,000 were able to access credit using their pooled savings fund to support income generation, household consumption, buy farm inputs and pay school fees and medical expenses.




Over 11,000 beneficiaries participated in VSLA savings activities by creating a savings fund.



Under the different insurance programmes, WFP Kenya collaborated with World Vision Kenya, the county governments of Kitui and Makueni and ZEP RE, a regional Reinsurance company.

SOMALIA

 With financial support from Global Affairs Canada (GAC)

COUNTRY CONTEXT



Somalia has constantly been facing climate risks and multiple hazards, including heavy rain floods, heatwaves, famine, food shortage, droughts, forced displacement, armed conflict, climate-related diseases and epidemics. There is increased concern about the increasing impacts of climate change, including changes in precipitation patterns, the occurrence of extreme weather events, increasing temperatures and water availability.

In recent years, frequent droughts, and floods have sharply reduced livestock and crop production, crucial for Somalia's agriculture and pastoralism dependent economy. Agriculture contributes approximately 75 percent of the GDP and 93 percent of the country's total income, while livestock production contributes approximately 50 percent of the GDP and over 80 percent of the export revenue. Climate change, coupled with unsustainable land and water management, imperils both agriculture and livestock production. Farmers suffer crop failures due to temperature shifts and irregular rainfall. Floods caused by excessive rainfall destroy crops while prolonged dry spells and droughts cause severe food insecurity, displacing thousands, and undermining livelihoods. Livestock production, heavily reliant on natural pastures, suffers from rain failure, leading to widespread deaths.

In 2023, Somalia saw the end of one of its longest-recorded droughts, the worst in 40 years followed by devastating floods, ongoing armed conflicts, insecurity and political instability. Over 2.3 million people faced severe food and nutrition insecurity with extensive damage and displacement.

CLIMATE RISK FINANCING AND INSURANCE IN SOMALIA

In Somalia, WFP provides support to vulnerable communities and the Government in mitigating and managing climate risks and reducing vulnerabilities using integrated climate risk management tools like climate risk macroinsurance and anticipatory action. Macroinsurance products finance early response actions when a catastrophic climate shock triggers a payout, which is a cost-effective approach compared to responding after the onset of a crisis. Likewise anticipatory action allows support to reach communities before the forecasted shock. Additionally, WFP Somalia has leveraged the Baxnaano national social protection programme to facilitate anticipatory action, bolstering national systems and bridging the gap between humanitarian and development response.

2023 PROGRESS

WFP Somalia organized a workshop on 19 December 2023 to introduce the Climate and Disaster Risk Financing and Insurance (CDRFI) programmes to the relevant country office teams while also discussing the interventions that would be included in the Operational Plan (OP). These will be comprised of cash transfers, food distributions, and distribution of food stamps, vouchers and coupons. The meeting also prepared the respective teams ahead of the first purchase of ARC Replica coverage which is aimed for 2024.

Additionally, the Somalia Disaster Management Agency (SoDMA) invited WFP Somalia to participate in a capacity strengthening workshop for the ARC and ARC Replica Programme Technical Working Group (TWG) members from the 24 to 26 December. The workshop aimed to improve their understanding of the ARC Replica programme, provide an overview of the Terms of Reference (ToRs) for the TWG members, introduce the ARC Replica Partners as well as create a platform for networking and exchanging knowledge.

WFP's ARC Replica programme also aims to mainstream gender into the interventions and prioritize different needs and vulnerabilities of men, women, boys and girls. Therefore, WFP Somalia also initiated the recruitment process for a gender analysis consultant who will assist in conducting a gender analysis of climate and disaster risks in Somalia. The analysis will focus on understanding the needs, barriers, realities and priorities of diverse affected populations, including women, men, girls and boys who are vulnerable to climate and disaster risks. Subsequently, the consultant will provide insights on how CDRFI instruments can address these barriers and capitalize on opportunities in Somalia.

2023 KEY ACHIEVEMENTS



To encourage networking and knowledge exchange, WFP Somalia participated in a capacity strengthening workshop for members of the ARC and ARC Replica TWG, organized by SoDMA. This helped to improve their understanding of the ARC programme, provided an overview of the ToRs for the TWG members and introduced the ARC Replica Partners.



A total of 21 participants attended a workshop organized by WFP Somalia, of which 11 participants were women. The workshop focused on introducing CDRFI to the relevant country office teams and discussing the interventions such as cash transfers, food distributions, and distribution of food stamps, vouchers and coupons that would be included in the Operational Plan.



In Somalia, which has weathered drought and conflict, WFP and partners are helping to build the capacity of smallholder farmers.

WFP/Moustapha Negueye

SUDAN



With financial support from Foreign, Commonwealth & Development Office, Global Shield Financing Facility (GSFF)

Macroinsurance



62,916 people covered with macroinsurance



US\$500,000 of insurance premium



US\$2,642,491 of sum insured

COUNTRY CONTEXT



In recent years, Sudan has confronted a multitude of challenges. The separation of South Sudan from the country in 2011 resulted in significant resource loss, while political turmoil, including a revolution and military coup, further destabilized the nation. The consequences of ongoing armed conflicts have been devastating, leading to widespread violence, displacement and a sharp decline in the economy. The impact has been particularly severe in rural areas, exacerbating poverty and causing food shortages.

Various factors, such as continued conflict, trade disruptions, soaring prices and water scarcity, have severely constrained rural livelihoods. This has impeded economic growth, perpetuated the burden of existing debts and hindered the agricultural sector. The struggle is further compounded by climate-related issues, technological deficiencies and security concerns.

Addressing these challenges necessitates urgent efforts to enhance agriculture to combat food insecurity, alleviate poverty and foster resilience. By investing in agricultural development, Sudan can boost food production, reduce reliance on imports and improve the livelihoods of rural communities. This will require implementing strategies that prioritize climate-resilient farming practices, facilitating access to modern technology and ensuring security in agricultural areas.

CLIMATE RISK FINANCING AND INSURANCE IN SUDAN

The risk finance approach in Sudan employs various tools to mitigate risks and support resilience. WFP Sudan integrates financial inclusion strategies and macroinsurance within WFP programmes to bolster emergency response, Smallholder Agricultural Market Support (SAMS), school feeding, nutrition and social protection initiatives. These tools are interwoven into programme structures to ensure prompt humanitarian response during crises through ARC Replica payouts as well as safeguard smallholder farmers against market volatility through financial inclusion strategies. This comprehensive approach facilitates not only risk management but also strengthens the effectiveness and sustainability of WFP's programmes across diverse sectors.

2023 PROGRESS

In 2023, despite the conflict-related challenges affecting the country, WFP successfully introduced the Africa Risk Capacity (ARC) Replica programme and purchased an ARC Replica policy, providing financial protection against catastrophic drought conditions to nearly 63,000 people. In June 2023, the drought insurance policy was signed between WFP and the ARC Ltd insurance company. The operational plan (OP) was developed for two consecutive seasons 2023/2024 and 2024/2025 and submitted to ARC.

In terms of challenges, WFP Sudan faced many difficulties during the policy design and preparation process, due to the political instability and the war between the Rapid Military Force (RMF) and the National Military Force (NMF). This negatively affected and caused delays for the Africa RiskView software (ARV) technical customization process, the OP drafting and approval process, the Risk Transfer Parameters (RTP) technical process, and overall coordination between the Government, ARC and WFP, including with the tripartite memorandum of understanding (MoU). WFP Sudan, with technical support from WFP's Regional Bureau in Nairobi (RBN) and the Climate and Disaster Risk Financing and Insurance (CDRFI) team managed to overcome some of these challenges. This included signing a letter of no-objection instead of an MoU, developing the OP using online consultation platforms with relevant WFP units and other relevant stakeholders, since in person meetings were not possible.

Gender considerations have been systematically mainstreamed in the Sudan ARC Replica programme. During the policy design and RTP technical processes, women staff played a substantial role, with 40 percent of the women staff contributing to the development of the OP and taking decisions on the selection of interventions in the case of an insurance payout. The OP was designed with the inclusion of gender considerations, with the goal to transform Disaster Risk Management (DRM) approaches to ensure gender equality for vulnerable women, men and children.

2023 KEY ACHIEVEMENTS



Despite the conflict-related challenges, WFP Sudan successfully collaborated with the Government of Sudan and ARC, signing a letter of no-objection that allowed WFP to purchase its first ARC Replica policy in the country.



The operational plan (OP) was developed in consultation with different WFP Sudan programme units and other relevant stakeholders.



Farmer drying her crop in North Darfur, Sudan. WFP/Muna Abdelhakim



STORIES FROM THE FIELD

Rethinking food systems in East Africa amid conflict, climate change and rising hunger*

Eastern Africa is highly vulnerable to increasing climate-related risks, particularly droughts and floods. The climate crisis continues to devastate the region, which despite its minimal emissions, bears the brunt of the global climate emergency. Five consecutive failed rainy seasons from 2020 to 2022 resulted in a devastating drought that pushed millions into food insecurity and malnutrition as livelihoods were destroyed at a massive scale. This was followed by devastating floods that inundated Somalia at the end of 2023.

Around 22 million people were classified as acutely food insecure in 2023 across Ethiopia, Kenya and Somalia, due to the drought. Malnutrition was also classified as critical, with approximately 5.1 million children across drought-affected areas of the three countries being acutely malnourished, with alarming implications for their health, growth and survival.** In addition, between 2019 and 2022, Eastern Africa also suffered from a locust invasion, considered as the worst in 25 years for Ethiopia and Somalia, and the worst in 70 years for Kenya.

Adding to the increasing climate-related challenges, the region has also been heavily impacted by violent conflicts. In Sudan, the conflict and violence have triggered the largest displacement crisis in the world, adding increased pressure in a region compounded by scarce resources and high levels of food insecurity. Over 6 million people are internally displaced across all 18 states of Sudan. An additional 1.7 million people have fled the conflict into Chad and South Sudan.***

In the region, WFP has been implementing innovative and holistic approaches to ensure the food security and nutrition of the most vulnerable people in a region grappled by multiple and interlinked challenges.



In flood-hit parts of Sudan, on the frontlines of the climate crisis, WFP is encouraging farmers like these to grow flood-resistant rice. WFP/Gabriela Vivacqua

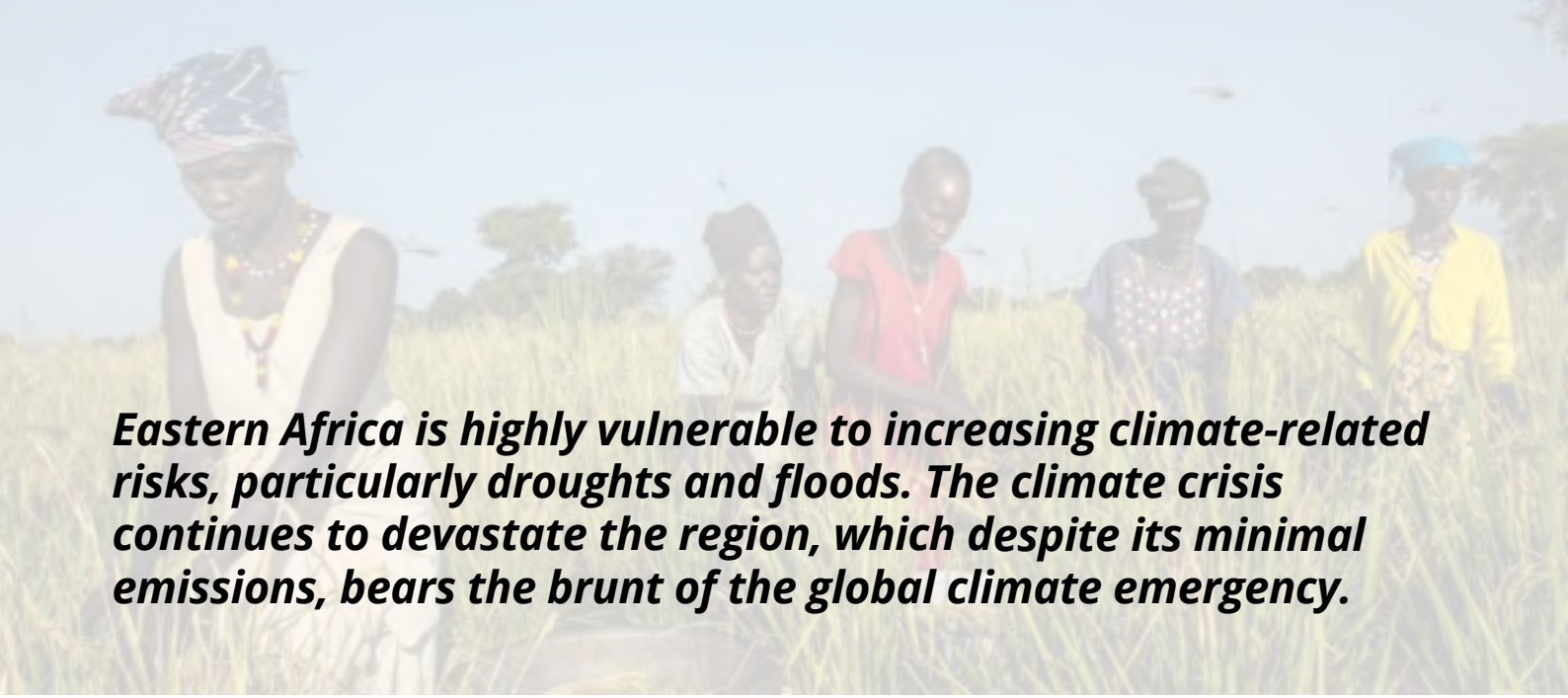
Traditional humanitarian assistance “cannot keep pace” with today’s soaring and complex hunger demands without simultaneously addressing their root causes, says WFP East Africa Senior Advisor Sibi Lawson-Marriott. She specializes in food systems and the closely entwined issues of climate action, resilience building and women’s empowerment.

“We need a new approach,” Lawson-Marriott adds, at a time when hunger is fueled by a mix of factors, including conflict, biodiversity loss, supply shocks and the growing climate crisis. “Otherwise, we’re not going to be able to fulfill our mandate of zero hunger. And the world badly needs us to do that.”

* This section reports excerpts from an article written by Elizabeth Bryant and published in July 2023. Click [here](#) to read the full story.

** WFP. 2023. Regional Drought Response Plan for the Horn of Africa.

*** WFP. 2024. Sudan Regional Crisis.



Eastern Africa is highly vulnerable to increasing climate-related risks, particularly droughts and floods. The climate crisis continues to devastate the region, which despite its minimal emissions, bears the brunt of the global climate emergency.

Climate and conflict

In 2021, WFP East Africa developed a regional food systems strategy, and worked with governments, humanitarian partners and the private sector in areas that include optimizing local procurement, promoting climate-smart agricultural practices and stimulating investments in the local production of specialized nutritious foods.

"Because we are one of the region's biggest food buyers, WFP can play a catalytic and positive role in transforming local food systems," Lawson-Marriott says.

"When WFP distributes cash transfer of a million dollars in a small refugee settlement, for example, that's a huge market opportunity," she says, describing one way WFP delivers food assistance. *"And if we can support local producers to take advantage of that – that's a systems action."*

WFP is also working with partners to support rural communities to better anticipate and respond to climate-driven disasters. WFP is providing packages of resilient seed varieties to farmers and providing financial protection through climate risk insurance for over 700,000 people, so they can recover after a shock hits.

"Building climate resilience is challenging because you have to bring a lot of different parts of a house together," says Lawson-Marriott. *"Meteorological departments, humanitarian responders, governments, community leaders."*

Lawson-Marriott explains that WFP has built a system for anticipatory actions that fosters humanitarian assistance ahead of a shock in nearly every country in the region. *"That's going to have an impact much beyond anything we could have given any one individual or family,"* she adds.

Unrest is another shock that has hit food systems in multiple East African countries.

"There's no question that conflict is one of the biggest drivers of need in our region," says Lawson-Marriott. *"It intersects very noxiously with the climate issues as well, as there's often an underlying concern about increasingly scarce natural resources at play, in some form."*

Where we can, we focus on building local resilience. In conflict-affected Sudan, for example, WFP has stepped in to hold the country's national climate insurance policy that supports smallholder farmers. Despite the conflict-related challenges, WFP was able to successfully introduce the Africa Risk Capacity (ARC) Replica programme and purchased an ARC Replica policy, providing financial protection against catastrophic drought conditions to nearly 63,000 people.



A member of a farming cooperative in Ethiopia sifts beans that will be used in WFP-supported Home Grown School Feeding programmes. WFP/Michael Tewelde

WEST AFRICA

MAURITANIA

Macroinsurance

- 82,300
- US\$1 million
- US\$4.9 million

THE GAMBIA

Macroinsurance

- 34,100
- US\$400,000
- US\$1.8 million
- 6,500
- US\$187,600

SENEGAL

Inclusive insurance

- 464,400
- US\$583,900
- US\$12.1 million
- 19,800
- US\$160,800

CÔTE D'IVOIRE

Inclusive insurance

- 30,600
- US\$69,600
- US\$817,600

NIGER

CHAD

MALI

Macroinsurance

- 570,100
- US\$2 million
- US\$11.4 million
- 313,500
- US\$6.1 million

BURKINA FASO

Inclusive insurance

- 38,500
- US\$90,000
- US\$1 million

Macroinsurance

- 117,900
- US\$1 million
- US\$4.7 million
- 137,400
- US\$5.9 million

CAMEROON

LEGEND



Number of people covered by insurance



US\$ value of premiums



US\$ value of sum insured



Number of people benefiting from insurance payouts



US\$ value of payouts triggered and/or disbursed in 2023




Current countries





Expansion countries

BURKINA FASO


 With financial support from Kreditanstalt fuer Wiederaufbau (KfW), USAID and Norwegian Agency for Development Cooperation (Norad)

Inclusive insurance and ICRM


 **38,500** people covered with inclusive insurance


 **5,500** households insured (51 percent women policyholders)


 **US\$90,000** of insurance premium


 **US\$1,000,000** of sum insured

Macroinsurance

 **117,976** people covered with macroinsurance

 **US\$1,000,000** of insurance premium

 **US\$4,719,054** of sum insured

 **US\$5,900,598** of transfers from insurance payouts distributed for 2022 policy, benefiting **137,426** people

COUNTRY CONTEXT



In Burkina Faso, the agricultural sector is an important contributor to the national economy. Nearly 80 percent of the working population is engaged in agriculture, which accounts for 35 percent of the gross domestic product. However, the agricultural sector faces several challenges, including the risk of disasters such as drought. Every year, agricultural producers face pockets of drought that threatens their agricultural production, which exacerbates their vulnerability to food insecurity.

The country has been marked by a fragile security context coupled with political instability. This has led to significant population movements and displacements, directly affecting local economic systems and the livelihoods of displaced communities and host populations.

CLIMATE RISK FINANCING AND INSURANCE IN BURKINA FASO

Within the climate and disaster risk financing approach, WFP Burkina Faso implements both macroinsurance and microinsurance programmes. For macroinsurance, in 2016 the Government entered a contract with African Risk Capacity (ARC) Ltd. to better manage disaster risks and purchase national-level insurance policies to protect from drought risks, enabling the government to provide support to households who have suffered the effects of the drought at the end of the agricultural season. In 2019, WFP launched ARC Replica in Burkina Faso, where WFP purchases a “Replica” policy to expand coverage in support of the Government’s ARC policy. Each year, WFP Burkina Faso supports the Government in customizing the Africa RiskView software (ARV) and Risk Transfer Parameter identification to define the insurance policy. In the case the policy triggers a payout, WFP elaborates a Final Implementation Plan (FIP) in collaboration with WFP’s other programme areas, such as cash-based transfer (CBT), social protection, smallholder market support and nutrition, to facilitate integration on the modality choice and implementation. Afterwards, the ARC Replica FIP is submitted to the Government to request their approval. In general, the cash transfer amount distributed to households is aligned with the amount that households receive through the national safety net programme.

For microinsurance, the programme is integrated within WFP’s resilience building activities, specifically through the Food Assistance for Assets programme (FFA). Vulnerable households are sensitized during the FFA activities through WFP’s cooperating partners. In case of a climate-related shock triggering an insurance payout, beneficiaries receive their payment through mobile money for those who have a mobile account or, alternatively, a cash distribution.

2023 PROGRESS

Under the microinsurance programme, over 5,500 smallholder farmers have received trainings on the benefits and structure of microinsurance policies for the 2023/2024 agricultural season. Additionally, to encourage the participation of local authorities, four head representatives from four municipalities and 25 technicians from the Fada region were also trained. These efforts have resulted in the enrolment of 5,500 households (of which, over 50 percent are households headed by women) in the inclusive insurance programme, providing financial protection for 38,500 individuals whose livelihoods are exposed to drought.

Under the macroinsurance programme, WFP Burkina Faso organized a joint workshop in March 2023 with the national Technical Working Group to customize the ARV. This workshop was crucial in selecting the CHIRPS2 satellite data as the most suitable data source for Burkina Faso, from a list of proposed satellites from ARC Ltd. Additionally, NOAA data was chosen for Evapotranspiration, and effective precipitation was set at 60 percent. Following the workshop, the government signed an insurance policy and WFP replicated the policy covering more than 117,900 people for the 2023 rainy season with a sum insured of US\$4.7 million.

In 2023, WFP Burkina Faso also received a payout of US\$7,185,705 for the 2022 coverage which enabled WFP to assist more than 137,000 people with food assistance through cash transfers with a total transfer value of US\$5,900,598. In March 2023, shortly before the start of distributions, distribution of cash was suspended in some regions by regional governments and WFP agreed with the Government on a new implementation arrangement. During the ARC Replica Annual meeting in September 2023, WFP Burkina Faso presented lessons learned from past payouts regarding operating in insecure areas and effective community targeting.

In terms of operational planning, since WFP’s ARC Replica policy triggered a payout for the 2023 coverage in late 2023, WFP started to prepare the Final Implementation Plan (FIP) to present to the Government for input and approval in early 2024.

2023 KEY ACHIEVEMENTS



Reengagement of the Government to pay the ARC insurance premium after evidence generated by the ARC Replica payout.



All the members of the technical working group participated in the ARV customization workshop.




5,500 smallholder farmers were trained on microinsurance and its benefits.





The Government and WFP Burkina Faso agreed on a new impactful distribution arrangement for the 2022/23 payout in light of the restrictions introduced on cash as a modality in parts of the country in early 2023.


CÔTE D'IVOIRE


 With financial support from WFP

Inclusive insurance and ICRM

 **30,666** people covered with inclusive insurance

 **5,111** households insured (30 percent women policyholders)

 **US\$69,608** of insurance premium

 **US\$817,760** of sum insured

COUNTRY CONTEXT



Côte d'Ivoire is mainly exposed to droughts and excess rainfall. These climate-related hazards are increasingly affecting vulnerable populations in recent years, with 2024 predicted to be more severe due to the onset of the El Niño phenomenon. Indeed, a global alert has been launched on the phenomenon that was triggered in 2023, and whose effects will be felt more in the coming year. During El Niño years, Côte d'Ivoire typically experiences significant decreases in cumulative rainfall, resulting in droughts that affect water availability in dams. This can translate into a lack of water for crops and decreased yields that raise the risk of food insecurity.

CLIMATE RISK FINANCING AND INSURANCE IN CÔTE D'IVOIRE

WFP Côte d'Ivoire initiated an insurance pilot that targeted farmers engaged in rice and cocoa cultivation through support from WFP's Innovation and Knowledge Accelerator programme. WFP partnered with the Consortium for the Development of Agricultural Index Insurance in Côte d'Ivoire (DAAI - CI) initiated by the Federation of Unions of Rice Producers Cooperatives (FUSCOP), the African Risk Capacity (ARC) Ltd, the United Nations Development Programme (UNDP) and the Ministry of Environment and Sustainable Development of Côte d'Ivoire (through the National Climate Change Programme), local insurance partners and technical agencies. The pilot provides rice producers with financial protection against climate shocks, such as dry spells or excess rainfall, and aims to establish a viable operational framework that could be replicated with insurance products in other value chains, such as cotton, maize and cocoa.

2023 PROGRESS

In 2023, the main actors of the consortium are ARC Ltd which acts as reinsurer, UNDP Côte d'Ivoire as sponsor of the project, the insurance pool (AXA, Allianz and Atlantique Assurances), and local technical agencies responsible for the coordination and operational implementation of the project. There are also the technical partners of FUSCOP responsible for monitoring the georeferencing and targeting activities. WFP supported farmers with accessing insurance through paying 100 percent of the insurance premiums for 5,111 participating farmers, out of a target of 5,000, benefitting over 30,000 people with financial protection.

There were delays in implementation that created major challenges for starting the insurance pilot, due to a two- to three-month lead time to identify risk takers (insurance companies), designing the insurance product, onboarding cooperating partners and enrolling farmers.

A valuable lesson learned during this first year was that through partnering with a consortium of insurers the project had greater access to the insurance market, which facilitated the rapid design of an index and greater capacity for risk taking.

Identifying producers and geo-referencing plots by FUSCOP allowed the project to better monitor production and the evolution of the season for farmers, which will help in improving index insurance products going forward.

Rice producers in the Cavally region have been very supportive of the project, including expressing their readiness to contribute to premium payment in 2024, when the pilot has plans for scaling up. Producers would also like to have more areas covered. However, the pilot has limited funding to date and is seeking additional donor support. There are potential linkages that can be explored with a Green Climate Fund (GCF) project that WFP will start implementing in the Poro region of northern Côte d'Ivoire in 2024. Over the next five years the project will target 70,000 beneficiaries that are small producers, mainly women and youth, in the rice and maize value chains.

2023 KEY ACHIEVEMENTS



5,111 farmers who are concurrently engaged in rice and cocoa production were protected by weather-based index insurance policies.




The partnerships developed during this pilot were crucial to its success. WFP established agreements with FIRCA, and the federation of producers, FUSCOP, as well as establishing partnerships with the insurance consortium (AXA in lead, Atlantique Assurances and Allianz).




Sharing knowledge and motivating producers to join the insurance programme. Farmers pledged to contribute to the payment of the insurance premium in 2024.


WFP/Marieme Ba


MALI


 With financial support from Kreditanstalt fuer Wiederaufbau (KfW)

Macroinsurance

 **570,124** people covered with macroinsurance

 **US\$2,000,000** of insurance premium

 **US\$11,482,299** of sum insured

 **US\$6,100,288** of transfers from insurance payouts distributed, benefiting **313,536** people.

COUNTRY CONTEXT



Mali is extremely vulnerable to climate change, grappling with higher temperatures and increasingly frequent extreme weather events. These challenges exacerbate food insecurity with almost a quarter of the population expected to be either facing food insecurity or at an elevated risk by mid-2023. The November 2023 Cadre Harmonisé projected that approximately 1.4 million people will suffer from acute food and nutrition insecurity during the 2024 lean season, driven by conflict, insecurity and climate shocks, notably droughts.



ARC Replica MoU signature event (WFP Country Director and the Food Security Minister of Mali).

WFP/Aboubacar Sidibe

CLIMATE RISK FINANCING AND INSURANCE IN MALI

WFP Mali has been implementing ARC Replica since 2018. Payouts from ARC Replica insurance policies are used to support affected people in the pre-lean season. Funds can be spent on shock-responsive social safety nets, food distribution and nutrition assistance, as per the Government-approved Operational Plan. In alignment with the Government's National Response Plan (NRP) and its social cash transfer programme (Jigisemejiri), WFP facilitated cash-based transfers to food-insecure households on the unified social registry in high-risk areas through e-value vouchers and mobile money, selected based on operational feasibility, context and response speed. WFP also provided food assistance to additional food-insecure households and rolled out a malnutrition prevention programme targeting children under two years, and pregnant and breastfeeding women. Other climate risk management programmes, such as Anticipatory Action (AA) and inclusive insurance, are being developed to strengthen WFP and the Government of Mali's ability to effectively manage climate and disaster risks.

2023 PROGRESS

In 2022, according to the Africa RiskView software (ARV), irregular rainfall impacted about 2.3 million vulnerable people, which triggered an ARC Replica insurance payout of US\$8.1 million that WFP received to assist affected people during the pre-lean season in 2023, with a total transfer value of US\$6,100,288. This enabled WFP to provide early food and nutrition assistance along with cash transfers through social safety nets, aligning with the national social protection system (Jigisemejiri), allowing for an expansion of the Government drought support to 313,536 vulnerable people affected in 37 communities.

Specifically, 50,010 people received early cash-based transfer assistance in food-insecure areas, where roughly 12,000 people faced catastrophic food insecurity. Additionally, 23,903 children aged between six to 23 months and pregnant and breastfeeding women received vital nutritional support and services. Finally, through the regular social cash transfer programme, 239,623, vulnerable people received cash transfers to protect their livelihoods.

During the 2022/2023 rainy season, the underperformance of the rainfall estimate (RFE2) data across the region prompted the need for a new ARV customization, introducing new data sets such as the Climate Hazards Group InfraRed Precipitation with Station data (CHIRPS). During the 2023/2024 agricultural season, rainfall anomalies impacted about 1,230,350 vulnerable people, corresponding to about 95 percent of the attachment point of 1,287,091 people. However, the attachment point had not been reached resulting in no payout for the country or WFP in 2023.

Furthermore, WFP supported the Government's capacity strengthening by funding field data collection during the rainy season and key workshops to develop ARV reports and bulletins to explain how the season was unfolding. Additionally, WFP supported the Government to organize a learning workshop on the 2022 ARC Replica payout-funded interventions, enhancing the Government's ability to manage future crises effectively.

2023 KEY ACHIEVEMENTS



The 2022/2023 payout provided resources that supported WFP's pre-lean season emergency response, with 30 percent of the people reached by WFP being beneficiaries of the ARC Replica payout in 2023.



WFP contracted cooperating partners for the 2023 response, as well as completed training their staff by the end of January, two months earlier than the 2022 response. This allowed WFP to deliver an earlier response, demonstrating the importance of establishing contracts with partners as early as possible to reach affected people with timely assistance.



For the ARC Replica 2023 response, food and nutritional assistance and social safety net activities were provided through cash-based transfers. This allowed WFP to conclude implementation several months earlier (July 2023) compared to the 2022 response which was finalized in December 2022 due to the long lead time for asset creation activities included in that year's Final Implementation Plan.



54 percent of 2023 ARC Replica payout beneficiaries are women. This shows how ARC Replica interventions at the household level prioritize supporting women beneficiaries.

MAURITANIA



With financial support from Kreditanstalt fuer Wiederaufbau (KfW), Global Shield Financing Facility (GSFF) and Global Affairs Canada (GAC)

Macroinsurance



82,307 people covered with macroinsurance



US\$1,000,000 of insurance premium



US\$4,938,439 of sum insured between two insurance policies for pastoral and agro-pastoral drought

COUNTRY CONTEXT



The rainy season in 2023 arrived early, beginning on June 14. The country experienced significant rainfall, particularly in the southern areas such as the Moughataa of Boghé, where daily rainfall peaked at over 100 mm. However, the distribution of rainfall was not consistent, especially in August 2023, with an average of 13-day dry spells observed in the Center and Eastern regions. The rains remained sparse but continued until September 2023. Despite irregular rainfall patterns, food security remained stable during the lean season. This stability can be attributed to the successful harvests in the previous year (2022) and the intervention of the Government and its partners in providing humanitarian assistance. Although markets are well-stocked with imported essential goods, prices have remained relatively high compared to the average prices observed over the past five years.



A shot of the awareness-raising session on basic family practices relating to infant and young child feeding, hygiene and disease prevention during the distribution of food and nutritional assistance to vulnerable households affected by the lean season in the village of Moutaalag El Meden, Selibabi department, Mauritania.

WFP/Aboubacar Sidibe

CLIMATE RISK FINANCING AND INSURANCE IN MAURITANIA

Climate risk financing in Mauritania is centered on the sovereign insurance products for drought purchased from ARC Ltd by the Government of the Islamic Republic of Mauritania since 2014 and replicated by WFP since 2019. The country office collaborates closely with the Government on defining and selecting the policy subscription parameters, as well as monitoring the rainy season through Africa RiskView software (ARV). This collaboration also extends to the development of coordinated operational plans for responding to extreme drought hazards with rapid, coordinated assistance. If policies are triggered, geographic targeting is based on the Integrated Food Security Phase Classification (IPC) conducted in November and updated in March, with vulnerable households targeted through the Government's Social Registry in tandem with community-based complementary targeting. Additionally, the country office has begun integrating a sub-national contingency fund that triggers financing for more localized droughts, that may not trigger national-level insurance policies.

2023 PROGRESS

This year, both the Government of Mauritania and WFP participated in the ARC customization workshop from 6 to 9 March 2023 in Nouakchott. The input parameters of the two insurance products (agricultural drought and pastoral drought) were presented and discussed, as well as the agronomic conditions of the reference crop, the authorized periods for sowing, and the end of the insurance coverage. Following the customization process, the ARC and ARC Replica policies were signed in June 2023 with separate policies for agricultural and pastoral drought. This is the fourth consecutive year that a Replica policy has been signed since the start of the initiative in Mauritania.

Operational planning

The Government's ARC and WFP's ARC Replica operational plans expired at the end of 2023, both of which are subject to evaluation and validation. The evaluation of the Government's plan is already completed, and the ARC Replica one is planned for early 2024. The new element added by the Government in this operational plan is an intervention relating to the distribution of livestock feed to farmers in the event of an insurance payout.

Risk Transfer Parameter Selection

Since its launch in 2014, the insurance policy coverage in Mauritania has been updated regularly, owing to an ongoing dialogue between the Government, WFP and ARC Ltd, aimed at enhancing the coverage's efficacy through the selection of Risk Transfer Parameter (RTPs) to monitor the insurance season.

Coordination with the Government and other key actors

A permanent dialogue has been established between WFP and the Government within the Technical Working Group (TWG) since the start of ARC Replica, the objective of which is to monitor the rainy season through several meetings under the coordination of the Government and the WFP Replica focal point. In total, six physical meetings were organized between the beginning of July 2023 and the end of October 2023 to monitor and analyze the ten-day rainfall results between satellite and terrestrial data and three seasonal monitoring bulletins were produced as a result.

Monitoring and Evaluation

Monitoring and evaluation actions took place throughout the season, with an analysis of sowing failures or successes based on decadal rainfall data from ARV and national weather and analysis of the Water Requirement Satisfaction Index (WRSI) and Normalized Difference Vegetation Index (NDVI) during the different phases of the season. It is relevant to note that certain members of the TWG are part of the Agropastoral TWG set up by the Ministry of Agriculture. This groups monitors the entire agricultural season and gathers evidence through field missions and develops mission reports.

2023 KEY ACHIEVEMENTS




The Government received continuous technical, organizational and institutional support which helped in implementing the TWG workplan, incorporating sovereign insurance into the Government's risk financing strategy and enhancing the development of seasonal monitoring bulletins. Additionally, WFP is currently assisting the Government in drafting the procedure manual for operating and utilizing the FNRCAN financing vehicle (a national fund for response to food and nutritional crises). This fund was set up by the Government in 2023 and primarily focused on cash assistance. The manual is being revised for use in 2024.











The Government's Operational Plan (OP) was evaluated and updated through a workshop that took place from 11 to 13 July 2023, coordinated by ARC with WFP staff participating in the design process. The OP has been reviewed and submitted to ARC for validation.

SENEGAL

 With financial support from the Green Climate Fund

Inclusive insurance and ICRM

-  **464,418** people covered with inclusive insurance
-  **51,602** households insured (54 percent women policyholders)
-  **US\$583,978** of insurance premium
-  **US\$12,150,095** of sum insured
-  **US\$160,842** of payouts triggered, benefitting **19,827** people
-  **17,924** participants engaged in financial inclusion initiatives promoted by WFP
-  **US\$191,000** of savings made by participants of financial inclusion initiatives promoted by WFP
-  **US\$174,000** of loans accessed by participants of financial inclusion initiatives promoted by WFP

COUNTRY CONTEXT



Despite being a stable and democratic country, Senegal still suffers from high levels of hunger, ranking 69th out of 125 countries in the 2023 Global Hunger Index. In Senegal, agriculture is exposed to serious threats from climate change. Only 7 percent of cultivated land is irrigated, making Senegalese agriculture heavily dependent on rainfall. Already, due to climate-related events, Senegalese agriculture has been forced to change significantly. The 2023 rainfall season had an early start in the central regions and a normal start in the south, with normal to surplus cumulative rainfall. In 2023, WFP's activities under the Green Climate Fund (GCF) project were implemented under favourable rainfall and weather conditions in five regions of Tambacounda, Kolda, Kaffrine, Kaolack and Fatick.

CLIMATE RISK FINANCING AND INSURANCE IN SENEGAL

In Senegal, the integrated risk management approach emphasizes risk reduction (Food Assistance for Assets [FFA], market gardening, climate services, etc.), risk transfer (inclusive agricultural insurance), risk reserves (savings) and prudent risk-taking (credit). In the area of risk reduction, participants engage in creation and rehabilitation of community assets and receive seasonal forecasts, weather alerts and agricultural advice to help them make the best decision in their farming activities (choice of crops and varieties, cultivation operations, etc.).

WFP's activities aim to enhance climate change adaptation and are reinforced by the insurance component, which transfers the risk of the most catastrophic and least frequent shocks to the private insurance market, using a hybrid index covering drought and yield loss. If the index is triggered, the compensation provided prevents farmers from selling their productive assets and fosters a rapid recovery. Insurance is distributed through the economic interest groups (GIEs). Households are also engaged in savings activities which enables them to withstand smaller but more frequent shocks and invest in income-generating activities. Coupled with credit, savings facilitate reinvestment, transitioning from subsistence to commercial farming.

2023 PROGRESS

To ensure greater coverage and secure farmers' investments and income, a hybrid index (rainfall index + yield index) has been used to cover droughts and lower yields. Tested in 2021, it was extended to two regions in 2022 and now encompasses all five regions of the project, following satisfactory results. The main crops are rice, millet, groundnuts, sorghum and maize. As previously, in 2023, the insurer (CNAAS) collaborated with PULA to design the yield index and conduct training and awareness sessions for farmers and partners on the insurance product and the management process. 95 percent of the households involved in the creation and rehabilitation of assets have all taken out agricultural insurance, with 28 percent paying premiums in full. A majority of these are women (54 percent). This will foster ownership and sustainability of the insurance scheme.

Financial inclusion activities through autonomous and self-managed community mechanisms for mobilizing savings and loans have continued throughout the year. In five regions of Senegal (Tambacounda, Kolda, Fatick, Kaffrine and Kaolack), WFP continues to support 1,113 savings and loans groups with 17,924 members including 15,924 women. These saving groups saved a total of US\$191,000 and allocated US\$174,000 for productive loans, promoting over 2,040 income-generating activities. Strategic meetings with public institutions allowed WFP Senegal to identify potential avenues for partnerships with national institutions and identify opportunities to develop financing mechanisms for the youth. Smallholder farmers supported by WFP as part of its resilience programmes also received refresher trainings on financial inclusion. WFP Senegal also supported 39 Village Cereal Banks (VCBs) to mobilize cereal reserves, but also to mobilize capital reserves for lean periods. In order to strengthen the role of VCBs, WFP is also trying to develop a sustainable financing mechanism for VCBs' needs through savings and loans groups.

2023 KEY ACHIEVEMENTS



Total cash contributions for premiums amounted to US\$418,574, of which, 18,699 (79 percent) participants paid partially in cash and of these, 7,475 (40 percent) are women participants. 27,903 participants paid in full, of which, 1,116 were women participants.



Number of people provided with direct access to information on climate and weather risk:

1. 3,472 people received voice messages in local language through mobile phones.
2. 78,821 people by face-to-face communication channels.
3. potentially 1,144,536 people heard radio programmes.



Training on climate information and its use were conducted with 138 farmers (50 women), and technical and implementing partners. In addition, 193 farmers (82 women) were trained on insurance products, their functioning and management process and 1,007 farmers (479 women) were reached during awareness-raising sessions.




A total of 17,924 members participated in saving groups, out of which, 15,984 were women participants.



Women from the village of Ioul Sessène in Senegal harvesting rice. WFP/Senegal/Souleymane Diamanka

THE GAMBIA

 With financial support from Kreditanstalt fuer Wiederaufbau (KfW), Global Affairs Canada (GAC), World Bank and Global Shield Financing Facility (GSFF)

Macroinsurance



34,190 people covered with macroinsurance



US\$400,000 of insurance premium



US\$1,880,425 of sum insured



US\$187,641 of transfers from insurance payouts distributed, benefiting **6,528** people

COUNTRY CONTEXT



Agricultural production in The Gambia is heavily dependent on climate, water resources and soil conditions and is approximately 99 percent rainfed, making it extremely vulnerable to climate extremes. Despite being a politically stable state, the nation contends with disastrous impacts of the climate crisis. In 2023, the country received adequate rainfall across most regions, enhancing crop production and household food security. However, the economy remains susceptible due to its reliance on remittances, tourism, and rain-fed agriculture. The Russia-Ukraine conflict inflated prices of basic commodities impacting fuel, electricity and water prices. Consequently, the country has experienced a slight increase of prices in shops and markets this year, resulting in household spending being more elevated than in previous years.



WFP Gambia Country Director and the Deputy Executive Director of the NDMA hand cash to vulnerable smallholder farmers (A mother with her child and widow) affected by delayed rains in the North Bank Region.

WFP/Mamadou Jallow

CLIMATE RISK FINANCING AND INSURANCE IN THE GAMBIA

WFP Gambia has been buying macroinsurance via the ARC Replica programme since 2019, and, starting in 2024, will also support access to inclusive insurance in the country. The drought macroinsurance policy in The Gambia provides financial resources to respond immediately after a shock occurs to reduce the impact of drought on vulnerable communities. In addition, WFP allocated funds to strengthen disaster preparedness at WFP and the Government which allows to respond faster in case of a payout. Inclusive insurance, on the other hand, is designed to provide financial support directly to smallholder farmers after they experience a drought and a resulting reduction in their crop yields. These activities contribute to improved disaster risk management and are a key component of the country's efforts to adapt to climate change.

2023 PROGRESS

In the first quarter of 2023, WFP implemented the response from the ARC Replica 2022 payout of US\$187,641, reaching 6,528 beneficiaries with cash-based transfers. Similarly, the Government also received US\$187,641 from its ARC policy. To ensure that the most vulnerable communities were supported with food assistance, WFP and the National Disaster Management Agency (NDMA) adopted an integrated targeting approach based on a combination of the Africa RiskView (ARV) map and community-based targeting.

In 2023, NDMA in The Gambia led the operational planning and coordination processes between the Government and relevant partners participating in the ARC and ARC Replica macroinsurance programme. In addition, ARC delivered a training course on ARV Customization that included 35 people from the macroinsurance Technical Working Group (TWG). The Government as well as WFP bought policies for the 2023 season, however, as no severe drought conditions were experienced in 2023, the policies did not trigger a payout.

In line with ARC standards, WFP Gambia updated its Operational Plan in 2023. Interventions to be financed by a potential payout include unconditional food assistance, nutritional supplements to prevent malnutrition and community asset creation.

Inclusive insurance & ICRM

In 2023, significant operational milestones were achieved as a contract was signed with Senegal's national insurance company, Compagnie Nationale d'Assurance Agricole du Sénégal (CNASS), to conduct an inclusive insurance dry run, including data collection for an index-based insurance product for millet, maize, groundnut and rainfed rice, which was validated during a national stakeholder workshop. Targeting criteria were established to ensure gender balance and cross-border learning exchanges on inclusive insurance initiatives were held in Senegal, as it is still in its nascent stages in The Gambia. The National Microinsurance Committee, chaired by the Central Bank of The Gambia (CBG), was also established as part of the preparation and to provide technical guidance. WFP facilitated meetings with the regulator to clarify licensing guidelines and developed a toolkit to identify potential partners such as local insurers and potential aggregators.

In 2024, WFP's support will focus on financial empowerment for beneficiary farmers through establishing Village Savings and Loans schemes (VSLs), financial literacy trainings and establishing or strengthening new credit unions. The country office will support in the pricing of the product and partnership development. In collaboration with WFP's cooperating partners and the Ministry of Environment, 1,000 farmers will be selected through participatory processes for participating in the insurance scheme and will receive a basic awareness-raising package. Operational modalities and monitoring mechanisms will be refined, with continued efforts towards a tripartite agreement between ARC Ltd and CBG for effective inclusive insurance implementation.

2023 KEY ACHIEVEMENTS



Four index insurance products were designed for the implementation of the inclusive insurance scheme (millet, groundnut, maize and rainfed rice).



WFP, along with the Ministry of Environment Climate Change and Natural Resource, has initiated an agreement with the National Cooperative of Credit Unions in The Gambia (NACCUG) to conduct financial literacy trainings for individual farmers, sensitization on implications and benefits of VSLs schemes for smallholder farmers and facilitate establishment and strengthening of credit unions to enhance access to financial services for farmers.



31 staff, partners and stakeholders attended a national capacity building workshop to validate the index and product design.



STORIES FROM THE FIELD

Mali and The Gambia: Safeguarding food security and nutrition through macro-level financial protection*

Mali and The Gambia are highly vulnerable to the impacts of the climate crisis, from rising temperatures, droughts, floods and storms. Both countries have faced recurrent drought conditions, which have negatively affected the livelihoods and food security of many vulnerable people. In both countries, WFP implements macroinsurance programmes through the ARC Replica initiative. Through these programmes, WFP supports governments' capacities to better manage climate-related shocks, while also increasing financial protection for the most climate-vulnerable populations.

In **Mali**, following drought conditions during the 2022/23 season, WFP received US\$8.1 million in insurance payouts under ARC Replica. This enabled WFP Mali to provide early food and nutrition assistance along with cash transfers through social safety nets to over 300,000 vulnerable people (more than half of whom are women) affected in 37 communities. In **The Gambia**, WFP's ARC Replica payout of US\$187,000 enabled WFP to reach 6,528 people with cash transfers in 2023.

Below, the testimonials of **Ada** in Mali and **Fatou** in The Gambia show how providing timely assistance can guarantee food security to the most vulnerable while also allowing families to meet their nutritional needs with dignity.

Mali

Meet Ada

Ada Diallo, a 55-year-old widow and mother of 11 children, lives in a town in Douentza, a region in central Mali. After her husband's passing, the responsibility of the family fell solely on her. From time to time, her eldest son, aged twenty, does his best to support her. However, his income is very low due to the precarious nature of casual work.

Moreover, Ada, who made her living from agriculture, no longer has access to the small plot of land that she occasionally rented with her husband, due to lack of financial means.

Following the ARC Replica payout, Ada was among WFP's beneficiaries who received food and nutritional assistance that was distributed in the form of cash, electronic card or coupon transfers through social safety nets. The assistance allowed vulnerable families, like Ada's, to access essential food items such as millet, rice, oil, sugar, salt or pasta.

"When I was called for this assistance, I was twiddling my thumbs, wondering how to feed my family in the days to come. I only had cereals left for two days of meals," says Ada. Thanks to this support, Ada says she is comforted, because now she can feed her family.



Ada receiving her food and nutritional assistance.
WFP/Mahamadou Abdourhamane

* This section reports excerpts from a publication on Gender and Risk Finance published in March 2024. Click [here](#) to read the full publication.

Mali and The Gambia are highly vulnerable to the impacts of the climate crisis, from rising temperatures, droughts, floods and storms. Both countries have faced recurrent drought conditions, which have negatively affected the livelihoods and food security of many vulnerable people.

The Gambia

Meet Fatou

Fatou Janneh's life revolves around caring for her sick husband and two beloved children, all while navigating the challenges of making a living as a farmer in The Gambia. Fatou suffered the negative impacts of severe drought conditions during the 2022/2023 agricultural season. She is among the over 150,000 people who had to face the consequences of crop failure and were in urgent need of food assistance.

"Last year's (2022) delayed rains wreaked havoc on rice farms across our community; my humble plot of land was no exception. Although a small portion of my farm had water where I cultivated, it fell victim to the destructive force of animals like cows and donkeys before I could harvest anything. This left my family in dire straits, struggling to meet our basic needs," Fatou recalls with a heavy heart.

To make ends meet during difficult times, she devised a solution. *"I take my children to a cashew farm daily to collect cashew nuts, which I sell to buy food, especially during the holy month of Ramadan. This endeavor requires hard work and dedication, but it ensures my family's survival."*

Despite Fatou's relentless efforts, the burden remained overwhelming until WFP's support emerged as a beacon of hope. Thanks to the assistance funded by the ARC Replica payout, Fatou received US\$130 (GMD 8,100). The support has been an essential lifeline for these farmers, ensuring they could meet their food and nutrition needs despite the drought conditions.

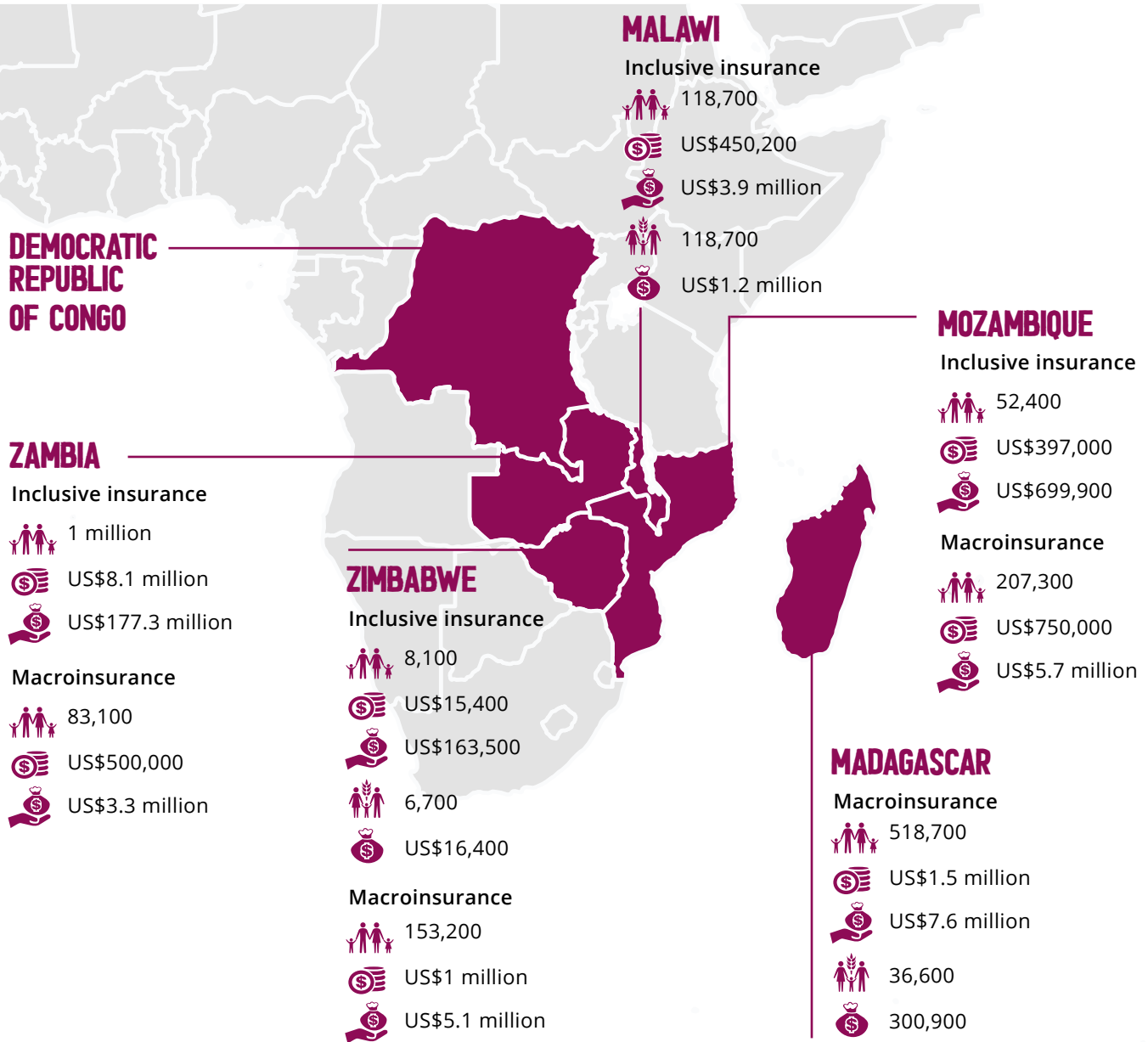
Since 2017, WFP has provided financial protection to over seven million people from catastrophic climate-related risks through its macroinsurance programmes in Africa,

Latin America and the Caribbean. To date, WFP has received ten payouts totalling US\$26.2 million for seven countries, which provided cash and food assistance, cash transfers through social safety nets and nutritional assistance to more than 800,000 people.



Fatou Janneh in her field in The Gambia.
WFP/Mahamadou Abdourhamane


SOUTHERN AFRICA



LEGEND

- Number of people covered by insurance
- US\$ value of premiums
- US\$ value of sum insured
- Number of people benefiting from insurance payouts
- US\$ value of payouts triggered and/or disbursed in 2023
- Current countries
- Expansion countries

DEMOCRATIC REPUBLIC OF CONGO

 With financial support from the World Bank

COUNTRY CONTEXT



The agricultural sector in the Democratic Republic of Congo (DRC) currently accounts for around 20 percent of its GDP and employs some 70-75 percent of the economically active population. Various agro-ecological zones enable the production of a variety of staple and cash crops, as well as dairy products, livestock and fishing. Rural households derive over 80 percent of their income from agriculture, making growth in agricultural productivity a necessary condition for reducing rural poverty and food insecurity in the DRC. The DRC's agricultural sector is particularly exposed to impacts of the climate crisis and other external shocks, as droughts, floods and other extreme weather events are expected to increase in frequency and severity.

WFP'S TECHNICAL ASSISTANCE TO THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF CONGO

WFP has been providing technical assistance to the Government of DRC's National Agricultural Development Programme (PNDA) to design an agricultural index insurance scheme. WFP is working with the members of the PNDA task force and other relevant structures to:

- Improve the technical know-how of key members of the Task Force, in order to increase technical skills for data collection, management of index insurance products, etc.;
- Increase awareness of agricultural risk management among DRC government extension staff and farmers (at both provincial and field levels);
- Support the Government Task Force and other relevant stakeholders for any technical assistance needs on the design of the PNDA agricultural risk management and transfer mechanism.

WFP partnered with the International Research Institute for Climate and Society (IRI Columbia) and DRC's data collection partners to generate evidence on main climate shocks affecting smallholder farmers in PNDA's target provinces. Rounds of qualitative surveys collected relevant climatic data (rainfall and temperature) and statistics on agricultural yields in the DRC, particularly in the Kasai, Kasai Central and Kwilu provinces. A total of 148 villages were visited and 132 focus groups organized. The exercise was jointly monitored with provincial government, through the Inspectorate and the provincial Ministries of Agriculture and Planning, as well as the national government, enabling the different stakeholders to validate the data and improve understanding of the design process. Two workshops were organized with the Task Force to present results of data collection and to strengthen their capacities on basic principles of risk insurance and climate risk management. As part of the capacity building efforts, WFP has also facilitated a south-south cooperation visit between Zambia and DRC to raise awareness of DRC technical ministries on the integrated risk management model promoted by WFP and the Zambian government under the Farmers Input Support Programme (FISP). A total of seven government representatives from DRC joined the mission.

WFP has also reviewed and provided recommendations on the climate contingency plan for the DRC initiated by the PNDA.

The south-south exchange visit was a successful tool to raise awareness of the DRC government on the importance of adopting an integrated approach to climate risk management, including through enlarging the composition of multisectoral coordination mechanisms to other relevant climate and meteorological institutions.

The availability of quality data and up-to-date information is paramount for the design of risk insurance products. In DRC, innumerable challenges related to funding and local capacities undermine the generation of robust climate data. Initiatives such as these funded by the World Bank in DRC are contributing to an increase in available data that can be used to facilitate decision-making by local authorities, contributing to generating indices that more accurately respond to the needs of smallholder farmers.

Considering the early stages of the development of agricultural insurance in DRC, the involvement of local government departments was critical to ensure cross-validation and ownership of the process to design index insurance. Their mastery of the administrative and agro-ecological context greatly facilitated data collection and adaptation. One of the lessons learned is to improve awareness of the PNDA and data collection among local decentralized services and civil society.

WFP will continue its dialogue with the PNDA to support the development of local capacities and greater awareness amongst line ministries on the design of the index.

2023 KEY ACHIEVEMENTS




One workshop to build the capacities of the PNDA Task Force on insurance and climate risk management.





Two rounds of data collection on climate patterns and effects on smallholders generated a dashboard to be utilized by the PNDA to inform validation of the index parameters.


MADAGASCAR


 With financial support from NORAD, Kreditanstalt fuer Wiederaufbau (KfW), Norwegian Agency for Development Cooperation (Norad), USAID

Macroinsurance

 **518,706** people covered with macroinsurance

 **US\$1.5 million** of insurance premium

 **US\$7.8 million** of sum insured between two insurance policies for drought and tropical cyclone

 **US\$300,977** of payouts triggered, benefiting **33,663** people

COUNTRY CONTEXT



Madagascar is a low-income country with an estimated population of 29 million people. Five million people are affected by recurring climate-related disasters, including cyclones, floods and droughts. The rate of acute malnutrition is eight percent and the rate of chronic malnutrition is 40 percent, placing Madagascar as the 10th worst country affected by stunting in the world. During the recent 2022/2023 cyclone season, two major storms hit Madagascar, namely Tropical Storm Cheneso in January, which hit the northern and northwestern parts of the country, and Tropical Cyclone Freddy, one of the longest-tracked tropical cyclones of all time, hitting the Grand Southeast particularly hard. Cyclone Freddy resulted in the displacement of thousands of people and resulted in the loss of lives and livelihoods initially estimated at US\$481 million.

CLIMATE RISK FINANCING AND INSURANCE IN MADAGASCAR

Madagascar has made Disaster Risk Management one of the main pillars of the General State Policy and has established institutional arrangements to ensure better mainstreaming of climate risk management. Through the Africa Disaster Risk Financing Programme in Madagascar (ADRiFi), the country has been able to build resilience to climatic hazards by transferring its drought-related disaster risk and its tropical cyclone risk to the Pan-African risk pool of the African Risk Capacity (ARC). In this context, WFP Madagascar has been integrating several climate risk financing tools into its programmes to build vulnerable people's resilience against climate shocks. The country office has been implementing microinsurance as part of an integrated risk management approach since 2020. Macroinsurance activities started in 2021, with an agreement signed between WFP, the Government of Madagascar and the ARC Agency to launch the ARC Replica partnership in the country.

2023 PROGRESS

As part of the macroinsurance activities, WFP Madagascar signed and purchased two macro-level drought and cyclone insurance policies for the 2023/24 season, in partnership with the Government under the ARC Replica programme, protecting over 500,000 people between the two policies.

Following the negative impacts of Tropical Cyclone Freddy, both the Government and WFP's tropical cyclone policies triggered payouts totaling US\$1.5 million to support the country's recovery from the cyclone. This payout included US\$1.2 million to the Government of Madagascar and over US\$300,000 to WFP through the ARC Replica initiative.

The damage caused by the tropical cyclone and subsequent flooding has had an impact on all aspects of food security. WFP, in collaboration with its partners and coordination with the Government, provided food assistance to households at high risk of crisis-level hunger in districts and communities most affected in the South-East by Cyclone Freddy in its first phase of impacts, and in localities that are still recovering from the impacts of Cyclone Batsirai last year. A total of 33,663 people facing acute food insecurity were reached with the payout-funded assistance. The initial WFP humanitarian responses included distributing hot meals and dry rations, pre-positioning mobile storage units and cash-based transfers in the most affected areas. The Replica payout swiftly complemented this support with an additional distribution of a month's supply of food.

Under the microinsurance activities, structural changes were adopted for the 2023/2024 season. First, the model transitioned from a micro to a meso model, this implied that farmers will now benefit indirectly from a coverage purchased by WFP as the main buyer of their crops in the context of the Home-Grown School Feeding programme (HGFSF). Secondly, steps were adopted to promote geographic and targeting diversification. Thanks to these changes, the insurance scheme is expected to de-risk farmers and value chains more broadly and to be more efficient and provide crucial support to farmers. A total of 40,000 people will be covered for the 2023/2024 season.

2023 KEY ACHIEVEMENTS



In 2023, the microinsurance scheme was restructured to a meso-level insurance scheme, which will indirectly benefit farmers under the Home-Grown School Feeding programme (HGFSF).



WFP Madagascar signed and purchased two macro-level drought and cyclone insurance policies for the 2022/2023 season.



40,000 people are expected to be covered with the meso-level insurance scheme for the 2023/2024 season.



WFP's ARC Replica tropical cyclone policy triggered a payout of US\$300,977 which benefitted 33,265 people facing acute food insecurity.

MALAWI



With financial support from Foreign, Commonwealth and Development Office (FCDO), Adaptation Fund (AF), Swiss Agency for Development and Cooperation (SDC), and Federal Ministry for Economic Cooperation and Development (BMZ), Norwegian Agency for Development Cooperation (Norad)

Inclusive insurance and ICRM



118,739 people covered with inclusive insurance



26,386 households insured (62 percent women policyholders)



US\$450,267 of insurance premium



US\$3.9 million of sum insured



US\$1.2 million of payouts disbursed, benefiting **118,739** people

COUNTRY CONTEXT



Over the last two decades, Malawi has increasingly been affected by the impacts of more frequent extreme weather events due to increased climate variability and the impacts of climate change. In March 2023, Cyclone Freddy hit southern Malawi and brought a massive amount of rainfall that would typically be expected over six months in just six days. As a result, farmlands were inundated just as farmers were about to harvest the only crop of the year, compounding an already difficult year in which 3.8 million people need food assistance. The destructive effects of Cyclone Freddy have had a significant impact on the region's crops, livelihoods, and valuable assets, such as livestock. Cyclone Freddy comes on top of several crises including inflation in food prices (maize prices have tripled in a year) and the worst cholera epidemic in decades.



A farmer who was impacted by Cyclone Freddy replants their crops in Phalombe District of Malawi.

WFP/Badre Bahaji

CLIMATE RISK FINANCING AND INSURANCE IN MALAWI

In Malawi, WFP implements an Integrated Risk Management Programme (IRMP) which was built on the existing Food Assistance for Assets (FFA) activities. IRMP's integrated risk management approach combines three main activities: i) strengthen access to timely and tailored climate and weather information through the development of climate services; ii) mitigate risk through asset creation and index-based microinsurance coverage; iii) improve access to financial services through micro credit and savings. Integration of these activities followed a phased approach, both in terms of geographical targeting and different project components implemented to ensure greater benefits for vulnerable communities. IRMP is fully aligned with relevant national policies and strategies on climate change, disaster risk management, agriculture, social protection and resilience.

2023 PROGRESS

In 2022/23, WFP, in collaboration with PULA, the Government of Malawi and the Insurance Association of Malawi insured 26,386 farmers (of whom 16,452 are households headed by women) with an area yield index insurance (AYII) product. The proportion of beneficiaries participating in the crop insurance scheme dropped by 24 percent in 2022/23, due to administrative and operational challenges. Following the impacts of Cyclone Freddy, an insurance payout amounting to US\$1.2 million was triggered, benefiting all the 26,386 insured farmers.

Through Participatory Integrated Climate Services for Agriculture (PICSA), WFP, in collaboration with the Department of Climate Change and Meteorological Services (DCCMS), reached 58,196 farmers and lead farmers in the eight targeted districts with agro-advisories and weather forecasts through extension officers. Climate and weather information were also disseminated to communities through radio listening clubs and SMS messages. About 213 radio listening clubs were formed and 24,704 farmers (representing 51 percent of the target) were reached with seasonal forecast messaging. In an effort to improve rainfall data collection, WFP supported the DCCMS through procurement and installation of 86 rain gauges.

To increase access to financial services among rural people, WFP supported the operations of about 2,149 savings and loan groups (SLGs) which were crucial in creating economic independence for members, most of whom are women.

Under the joint Gender-Transformative Approaches (GTA) implemented by the Rome-based Agencies (RBAs) in Malawi, WFP successfully set up revolving funds for 53 SLGs in eight districts of Nsanje, Chikwawa, Blantyre, Phalombe, Zomba, Machinga, Balaka and Mangochi which benefited 1,064 members (790 female and 274 male) with 558 youth members (406 female and 152 males). The revolving funds provide access to small loans for income-generating activities and enhancing their business and financial literacy skills. There has been increased demand for access to loans, however, the amount of loan capital available to farmers has been limited. To address this, WFP has signed agreements with microfinance institutions to provide loans to eligible savings and loan groups to increase access to financial services. Under the SheCan project, WFP has scaled up the revolving fund initiative through collaboration with microfinance institutions (Vision Fund and FIFAD) with a loan capital of US\$300,000 for savings and loan group members.

For 2024, WFP Malawi will explore expanding the crop insurance scheme, including promoting the integration of insurance through the Government's programmes. The challenges related to yearly increases in insurance premium costs will require product changes, aiming for a product solution that is both affordable and addresses farmers' needs.

2023 KEY ACHIEVEMENTS



24,704 farmers were reached with seasonal forecast messaging.



1,064 members (790 women) benefitted from the revolving funds, which provided them with access to small loans for income-generating activities.



Over 58,000 farmers and lead farmers reached through the Participatory Integrated Climate Services for Agriculture (PICSA) approach.










US\$1.2 million in insurance payouts were triggered for 26,386 farmers under the AYII product.




MOZAMBIQUE

 With financial support from the Green Climate Fund (GCF) and Korean International Cooperation Agency (KOICA)

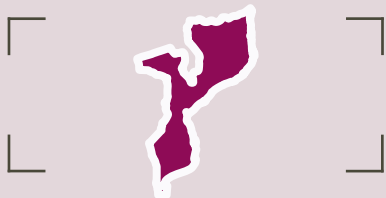
Inclusive insurance and ICRM

-  **52,495** people covered with inclusive insurance
-  **10,499** households insured (58 percent women policyholders)
-  **US\$397,071** of insurance premium
-  **US\$699,950** of sum insured
-  **10,500** participants (56 percent women) engaged in financial inclusion initiatives promoted by WFP
-  **US\$171,968** of savings made by participants of financial inclusion initiatives promoted by WFP
-  **US\$199,978** of loans accessed by participants of financial inclusion initiatives promoted by WFP

Macroinsurance

-  **207,374** people covered with macroinsurance
-  **US\$750,000** of insurance premium
-  **US\$5,777,440** of sum insured

COUNTRY CONTEXT



In 2019, Mozambique was ranked as the world's most affected country by extreme weather events and stood as Africa's third most vulnerable nation to hydrometeorological disasters. The impacts of climate change intensify Mozambique's exposure to recurrent shocks, including droughts, floods, and storms, further heightening existing vulnerabilities. Climate change compounds existing vulnerabilities and regularly disrupts food systems. Sixty percent of the population lives in coastal areas affected by rapid onset disasters, and two thirds of Mozambicans live in rural areas, with 90 percent of rural people being dependent on rainfed, small-scale agricultural production for survival. Arid and semi-arid areas are the most vulnerable to droughts, combined with soil degradation and marked loss of vegetation. As a consequence there are low agricultural productivity and food deficits are common among households.

CLIMATE RISK FINANCING AND INSURANCE IN MOZAMBIQUE

WFP Mozambique employs a risk-layering approach, combining different risk financing tools to protect the most vulnerable from climate-related shocks of different magnitudes. These tools are integrated into wider WFP programmes for resilience-building and crisis response. Macroinsurance for tropical cyclones and drought is used to assist people in the immediate aftermath of a disaster, and the payout is integrated into the country office's emergency response activities. The microinsurance component is integrated into resilience-building and broader disaster risk reduction programmes. Anticipatory action is integrated, depending on the specific risk and action, into resilience-building and emergency preparedness and response activities, as well as social protection for government-led anticipatory action design and implementation.

2023 PROGRESS

Under the macroinsurance initiative, WFP supported the Government with Africa RiskView software (ARV) customization through the Government-led technical working group (TWG), including the selection of risk transfer parameters (RTPs) for the 2023/2024 coverage, for both the drought policy taken by the Government and WFP, and the tropical cyclone policy taken by WFP. Together with the TWG, WFP developed the Replica operational plans (OP) for drought and tropical cyclone and supported the Government to develop their OP for drought. ARC Replica policies in Mozambique were signed in October 2023, and coverage started in November 2023. WFP and the TWG have developed an M&E plan to be implemented in case of a payout. WFP also facilitated a payout simulation exercise to help policyholders to become aware of any potential bottlenecks and prepare for speedy implementation if a payout is triggered.

In terms of lessons learnt, the planning and preparation of the 2023/2024 coverage period have shown the need to closely collaborate with the Government to analyze RTPs for tropical cyclone for the next season and collaborate with the Government on the potential flood coverage being developed by ARC. Under the microinsurance activities, WFP continued supporting and facilitating the provision of agricultural weather index insurance to beneficiaries in Tete and Sofala. A total of 4,240 smallholder farmers (SHFs) in Tete and 1,020 SHF in Sofala were insured during the 2022/23 season, benefiting 26,300 people, with a total premium amount of US\$68,380 and sum insured of US\$263,000.

The insurance product was offered to SHF as a standalone product, with the premium support conditioned on the adoption of conservation agriculture (CA). The number of farmers benefiting from insurance has been steadily growing, thanks to the premium subsidy paid by WFP. Through numerous financial literacy and awareness raising sessions, beneficiaries are also being prepared to start contributing towards full premium payment. Besides this growth, over the three years of implementation of the current insurance model, some valuable lessons have been learned on farmers' perception of insurance as a standalone product, namely:

- The idea of paying for a service that is not exchanged with something tangible is difficult to digest for farmers with low levels of literacy. This makes insurance an intangible service, which is not attractive for farmers to purchase it out of their own initiative.
- Farmers often confuse payment of insurance premiums with savings, expecting to get money back at the end of the season. Hence farmers face difficulties in understanding why there is no assured payout.
- The current distribution model has been WFP-centered, with WFP linking farmers and the insurance company, paying premium subsidies for farmers, organizing farmers to collect payouts if triggered, etc. This strong reliance on WFP risks undermining the sustainability of the insurance scheme in the long run.

Based on these lessons, WFP Mozambique conducted internal discussions and assessments to find an alternative approach and developed a seed-bundled insurance model. To ascertain the effectiveness of the model, WFP is piloting a seed-bundled insurance scheme for the 2023/24 agricultural season in Sofala, under the KOICA/Norway-funded interventions. Upon successful implementation of the pilot, the hope is that the seed-bundled model will be replicated in other regions, with best practices and lessons learned shared with the Government and other stakeholders, to scale up the uptake of agricultural microinsurance in other parts of the country. In total, for the 2023/2034 season, WFP covered 52,495 people with both seed-bundled insurance and weather index insurance in Tete and Sofala.

2023 KEY ACHIEVEMENTS



In 2023, the ARC policy was signed for the first time by the Mozambican Government, after many years of negotiation. Consequently, WFP purchased ARC Replica policies for the first time. This represents a great achievement for the Government of Mozambique, integrating a new risk finance instrument into its overall risk management strategy.





WFP is collaborating with mobile money operators to digitalize VSL groups. A pilot phase is in preparation and once undertaken, some VSL groups will be linked to formal financial institutions, contributing to efforts to expand financial inclusion in rural settings.


ZAMBIA

 *With financial support from Swiss Agency for Development and Cooperation (SDC), IFAD, Global Affairs Canada (GAC), and Global Shield Financing Facility (GSFF)*


Inclusive insurance and ICRM


 **1,024,434** people (55 percent women) with inclusive insurance


 **US\$8.2 million** of insurance premium

 **US\$177 million** of sum insured

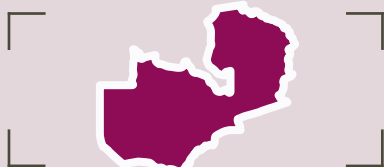
Macroinsurance

 **83,160** people covered with macroinsurance

 **US\$500,000** of insurance premium

 **US\$3,326,000** of sum insured

COUNTRY CONTEXT



Zambia is a lower-income country with an estimated population of 19 million people, most of whom reside in rural areas. In 2022, the World Bank re-classified Zambia to low-income status following poor economic performance exacerbated by the COVID-19 pandemic. Zambia continues to grapple with a high debt burden, posing a significant threat to the Government's efforts to deliver social services, alleviate poverty and achieve zero hunger. Over the last decade, Zambia has suffered from the impact of the climate crisis, with frequent, prolonged dry spells, high temperatures extremes, heavy rain and floods that have undermined food security and threatened the livelihoods of many smallholder farmers.

CLIMATE RISK FINANCING AND INSURANCE IN ZAMBIA

WFP Zambia has been providing technical assistance to the Government to support the strengthening of national capacities and systems for climate risk financing and insurance. This includes technical assistance to the inter-ministerial technical working group (TWG) led by the Ministry of Agriculture on microinsurance, under the Farmer's Input Support Programme (FISP) as well as its support to the Ministry of Fisheries and Livestock to implement livestock index insurance. WFP also supports the private sector to provide crop insurance against climate risks through the Maano Virtual Farmers' application. Through this app, farmers are linked to aggregators and can also access different financial services including insurance. In 2023, WFP also bought its first macroinsurance policy against drought under the ARC Replica programme and worked closely with the Government in the ARC TWG.

2023 PROGRESS

In 2023, WFP Zambia continued providing technical assistance to the Government through the TWG on FISP, the national input support programme that provides insurance cover to over one million smallholder farmers across the country. Furthermore, WFP has been working with Smart Zambia Institute to see how the digital payment platform for facilitating insurance payouts can be enhanced for the FISP programme. Through this initiative, WFP has also developed training manuals and radio messages on weather index insurance in seven main local languages to sensitize and encourage farmers to insure against climate risks. Additionally, WFP and the private sector supported the Government in sensitizing smallholder farmers on the importance of insurance to increase uptake and as part of the efforts to transform farmers' business practices. To date, over one million farmers are accessing insurance products through FISP.

Working with IFAD and the private sector, WFP supported the Ministry of Fisheries and Livestock to implement a hybrid livestock insurance product following its successful pilot the year before. The product is protecting 5,000 smallholder farmers who rear livestock from climate-related shocks, including droughts and floods that may affect pasture availability for their livestock during the 2022/23 farming season, with plans to scale up to 600,000 smallholder farmers across the country. Moreover, WFP supported the private sector to provide crop insurance to smallholder farmers for soya beans and maize to cover their crops against climate risks and support their recovery from shocks like droughts and floods. The farmers accessed insurance services through the Maano Virtual Farmers' application, an e-commerce platform for exchanging market information and trading agricultural commodities, redeveloped through WFP's support and launched in 2021 with expanded features including weather information, e-wallet, e-extension, transport and inclusive insurance services. In 2023, WFP Zambia also introduced macroinsurance under the ARC Replica programme. WFP partnered with the Government of Zambia and Africa Risk Capacity (ARC) Ltd and purchased a drought insurance policy for the 2023/2024 season, providing protection to over 80,000 people against catastrophic drought conditions with a total sum insured of over US\$3.3 million.

WFP Zambia, with support from the Zambia Disaster Management and Mitigation Unit, the Ministry of Agriculture, the Ministry of Fisheries and Livestock, the Ministry of Finance, the Zambia Meteorological Department and the Zambia Red Cross, which constitute the ARC Technical Working Group, developed an operational plan (OP) as a framework for implementing the ARC Replica payout-funded interventions in the event of an insurance payout. The OP took stock of the country context, identifying the key climatic challenges, monitoring and implementation arrangements including interventions which would be implemented if a payout was triggered. The plan includes three key interventions, namely: the provision of unconditional cash and/or food transfers to the most vulnerable households affected by drought and dry spells; the provision of supplementary feeding and nutrition education to schools within drought affected areas; and supporting early recovery initiatives for drought affected populations (distribution of inputs to smallholder farmers).

With technical support from the ARC regional team, WFP supported a customization workshop to review and validate the risk transfer parameters (RTPs). In addition, a Final Implementation Plan (FIP) simulation workshop allowed WFP and the Government to simulate a payout situation. The objective was to work through the necessary processes to develop and implement a FIP in case of a payout and to identify challenges to timely implementation and find corresponding mitigation strategies.

2023 KEY ACHIEVEMENTS



WFP Zambia supported 86,546 farmers (60 percent women) to participate in savings groups.



82,475 farmers trained in regenerative agricultural practices and post-harvest loss management, resulting in a 16 percent increase in land cultivated under conservation agriculture in 2023.




Results from monitoring exercises found improved food consumption patterns among participants, increasing from 71 percent to 83 percent during the project activities.








In 2023, WFP Zambia signed its first ARC Replica drought insurance policy, providing protection to over 80,000 people from catastrophic drought conditions.

ZIMBABWE

 With financial support from Green Climate Fund (GCF), Swiss Agency for Development and Cooperation (SDC), Kreditanstalt fuer Wiederaufbau (KfW) and Global Affairs Canada (GAC)

Inclusive insurance and ICRM

-  **8,175** people covered with microinsurance for 2022/23 season
-  **1,631** households insured
-  **US\$15,463** of insurance premium
-  **US\$163,500** of sum insured
-  **US\$16,434** of payouts triggered, benefiting **6,765** people

Macroinsurance

-  **153,295** people covered with macroinsurance for 2022/23 season
-  **US\$1million** of insurance premium
-  **US\$6,131,785** of sum insured

COUNTRY CONTEXT



Zimbabwe is a landlocked, lower-middle income, food-deficit country. Over the last decade, it has experienced several economic and environmental shocks that have contributed to high food insecurity and malnutrition.

At least 49 percent of the population live in extreme poverty, impacted by the effects of climate change, protracted economic instability and global stressors. Drought is the most significant climate-related risk. Its frequent occurrence has significant consequences on livelihoods and food security. About 70 percent of the population is dependent on rain-fed farming, while most farmers are smallholders with low productivity. The 2023 Zimbabwe Vulnerability Assessment Committee's (ZimVAC) Urban and Rural Livelihood assessments estimate that 29 percent of the urban population in 2023 (1.5 million people) are food insecure, with a further 19 percent of the people living in rural areas (estimated at 1.9 million people) projected to be food insecure from October through December 2023, before peaking at 26 percent (2.7 million people) in the first quarter of 2024.

CLIMATE RISK FINANCING AND INSURANCE IN ZIMBABWE

WFP Zimbabwe is implementing a second-generation country strategic plan (2022-2026) which underscores the role of shock-responsive social protection and sustainable and resilient food systems in responding to emergencies and climate extremes. Climate risk financing tools, including anticipatory action (AA), microinsurance and macroinsurance (ARC Replica), are all implemented by WFP Zimbabwe in close collaboration with the Government and other stakeholders. AA and ARC Replica are closely linked to other programmes such as social protection, humanitarian assistance, resilience and food systems, where these programmes contribute to the development of anticipatory action plans and the ARC Replica operational plan. In the event of a trigger, activities such as cash/in-kind transfers, input distribution and asset creation are implemented in coordination with these programmes.

2023 PROGRESS

Under the macroinsurance activities, together with the Government of Zimbabwe and Start Network, WFP organized and participated in a Final Implementation Plan (FIP) Simulation Workshop in March 2023, with the aim for all stakeholders to better understand elements of the FIP development and build consensus around different sections of the operational plan (OP), including issues of targeting and transfer values.

The Africa RiskView software (ARV) model for 2023/2024 was customized based on feedback from stakeholders and from experience obtained from Malawi through a knowledge exchange mission. In the 2023 season, the Government of Zimbabwe opted for a cluster approach design to the Risk Transfer Parameter (RTP) index. Consensus was reached with the Government and the Technical Working Group (TWG) (which WFP is an active member of) to cluster according to the Zimbabwe agro-ecological zones for the 2023/24 policy parameters. The same set of parameters have largely been maintained for the 2023/24 season with slight adjustments of the planting window and satellite rainfall dataset. The ARC Replica policy for drought has been signed and premiums paid for the 2023/24 season with WFP's policy covering agro-ecological zones four and five, with a total premium of US\$1 million covering 153,295 people. WFP also supported the Ministry of Finance in the development of Zimbabwe's Disaster Risk Financing Strategy through participating in the various meetings and provision of inputs.

Under the microinsurance activities, for the 2022/2023 season, Blue Marble Micro Ltd. developed two microinsurance prototypes with different coverage and premium rates to give farmers options to choose from. These were presented to beneficiaries and extension agents. Beneficiaries selected the prototype with lower premium rate and corresponding coverage. Improvements were also made to the product to eliminate very small payouts (provide a minimum payout of US\$10), as recommended by insurance participants. Financial education on insurance was conducted with support from extension agents, the Netherlands Development Organization (SNV) and WFP so that farmers understand the product before signing up. In the 2022/23 season 1,631 farmers registered for insurance in Masvingo and Rushinga. The policy triggered payouts in Rushinga Ward 5, 6, 7 and 8 for a total payout of \$14,658 which was distributed via Ecocash in August/September 2023.

Farmers were trained in financial literacy and income-generating activities (IGA). The trainings include modules that provide an introduction to financial education, savings and loans, value chain development and marketing as well as risk and insurance. The trainings empowered farmers with personal financial management skills, which is a crucial element of enhancing financial literacy and numeracy. As a follow up to the trainings, specific trainings in the Village Saving and Lending (VSL) methodology (including social fund concept, constitution writing and engagement in viable IGAs) were rolled out. In addition to the financial education training and VSL trainings, specific trainings in Selection, Planning and Management of IGAs (SPM-IGAs) were conducted for selected VSL members.

Key challenges encountered with the implementation of microinsurance activities include: a mismatch between what is insured and what farmers are growing; process-related challenges with the collection of premiums and distribution of payouts due to lack of infrastructure and robust distribution channels; limited trust and confidence in insurance among beneficiaries based on previous experience with the banking and insurance sector in Zimbabwe; limited capacity and engagement of local insurers. Based on the challenges identified, WFP Zimbabwe is currently engaging the Government to shift the direction of the microinsurance component towards Government capacity strengthening and technical assistance on insurance.

2023 KEY ACHIEVEMENTS



All savings group members accessed a loan from their VSL group in 2023. Based on the monitored groups, women accessed roughly 80 percent of the loans. Loans were mainly used to start IGAs within horticulture, poultry production or to buy household equipment and utensils.



Experience sharing on the RTPs with Malawi was instrumental for Zimbabwe, resulting in a better understanding of the cluster approach that was adopted by the Government and the TWG.



STORIES FROM THE FIELD

Devastation caused by cyclone Freddy is a 'wake-up call on the climate crisis'*

"People started running, so we ran," says farmer Eliza Edward who lost her husband to massive floods triggered by cyclone Freddy that swept Malawi earlier this month.

Eliza was forced to flee her home at the foot of Soche Hill, on the outskirts of the country's commercial capital, Blantyre.

After lashing other parts of Southern Africa last month, including Mozambique and Madagascar, Freddy returned to the region with a vengeance.

The cyclone triggered torrential rains that led to flooding, mudslides and massive devastation in the southern part of Malawi. In just six days, it dumped the rainfall equivalent to half an average rainy season for that region.

'We did not manage to take any food or clothes. We just managed to save our lives'.

Sure to deepen hunger in the region, Freddy reflects the dangers of intense weather events that are likely to become worse with climate change. Countries like Malawi, which are among the least responsible for the phenomenon, are feeling some of its worst effects.

Blantyre resident Alex Mattias, who works as a housekeeper, is among those negatively affected by the impacts of the climate crisis. *"The first wave was water sweeping down the hill. But the second came with a mudslide which had rocks and trees,"* he recalls of the deluge that destroyed his home and livelihood.

WFP is on the ground working with partners to support the national government and help flood-hit families get back on their feet. WFP provided an immediate response package and continued supporting communities to build resilience to mitigate the impacts of increasing climate shocks.



Flooded fields in the wake of Freddy – decimated crops will deepen hunger in the region.

WFP/Francis Thawani

In southern Malawi, WFP also facilitates access to climate risk insurance to build farmers' resilience against climate-related shocks. After Tropical Cyclone Freddy led to catastrophic losses to harvests in southern Malawi during the 2022-2023 growing season, 26,386 farming households also received cash payouts totalling US\$1.2 million from a WFP-supported crop insurance programme in 2023.

Since 2017, WFP has also worked closely with national and local authorities to scale up integrated resilience activities, which have benefited around 380,000 people in some of the most shock-prone districts of Malawi.

* This section reports excerpts from two case studies developed by WFP Malawi and an article written by Badre Bahaji and published in March 2023. Click [here](#) to read the full publication. Interviews conducted by Badre Bahaji and Francis Thawani.

The cyclone triggered torrential rains that led to flooding, mudslides and massive devastation in the southern part of Malawi. In just six days, it dumped the rainfall equivalent to half an average rainy season for that region.

The intervention focuses on watershed management and restoration of agricultural land. Additionally, it aims to improve adaptation through the implementation of climate-smart agricultural practices such as composting and regenerative agriculture. The goal of the interventions is to enhance access to crucial resources and facilitate their management, leading to increased production and improved soil health, carbon storage and ecosystem services.

Fortunately, these farmers were able to endure the negative impacts of the cyclone, particularly due to the trenches and stone bunds that successfully controlled the run-off.

Farmer Josephine Samuka lives in the Chigwirigwidi village, one of the most cyclone-hit areas, near the district of Phalombe. The village sits at the bottom of a sloping hill, making the community vulnerable to water run-off. Village residents have been participating in integrated resilience activities which have supported them to withstand the shock.

"We live at the bottom of a hill. Because of frequent flooding, our crops were frequently being washed away. In 2019, I joined the project and we started building assets like stone bunds. Now, we are no longer impacted by floods. My house and my crops did not suffer any damage. My peas farm is doing well and I am expecting a good harvest".

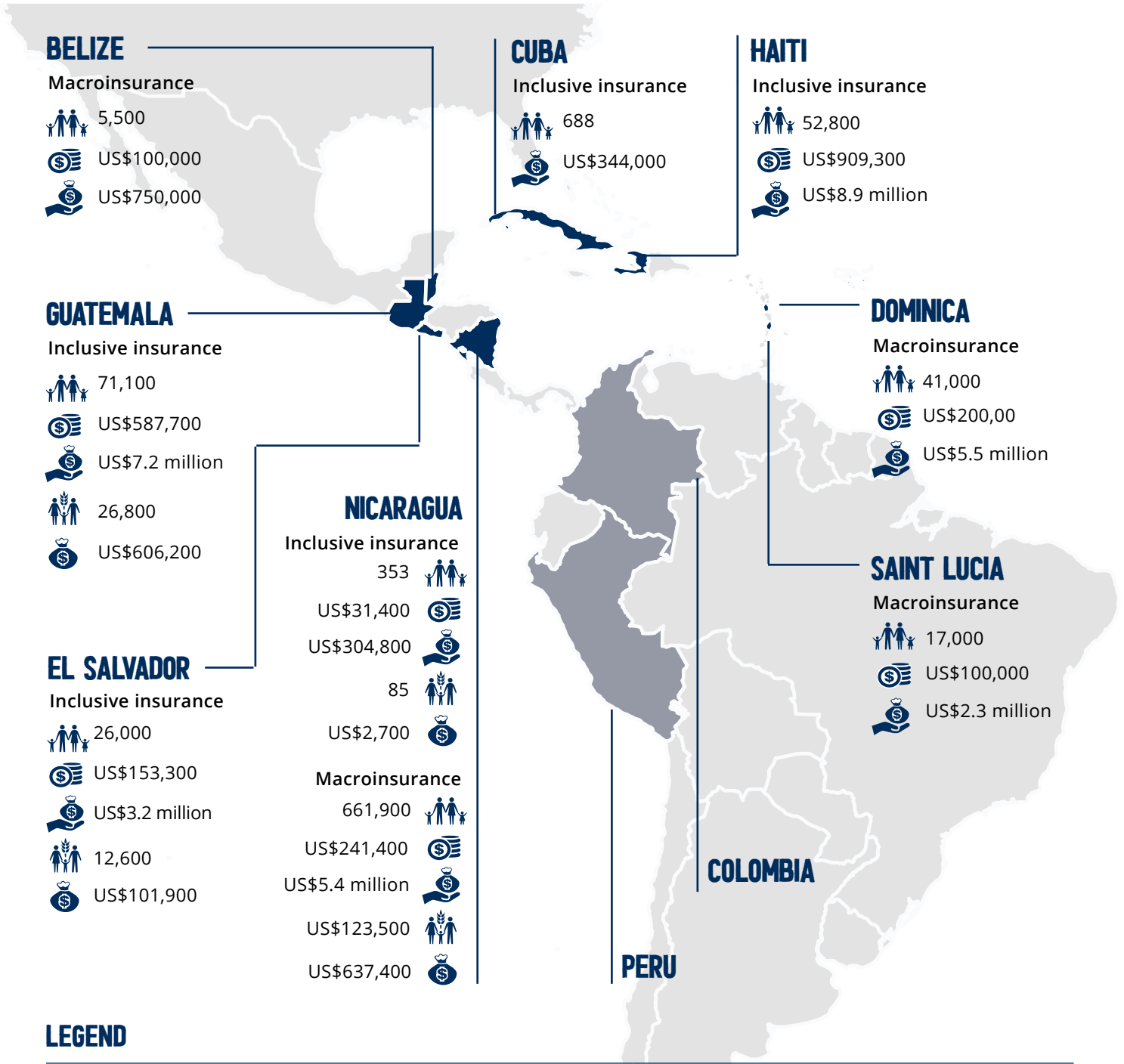
Farmer Anne Elija, who lives in Chapilira village located in Nsanje, another district severely affected by the cyclone, tells a similar story. *"My farmland is between Matandwe hills and the Shire River. In the past, I was suffering in two ways, run-off water from the hills which washed away top fertile soils and my crops downstream, while on the other end, flooding water from the Shire River would also damage the crops".*



Farmer Anne Elija in her field in Chapilira village, Malawi.
WFP/Francis Thawani

Thanks to the intervention, she was able to withstand the negative impacts of Cyclone Freddy. *"Since 2022 when I joined the project, I have been taking part in building assets like deep trenches, stone bunds, and planting trees around the hills. This year I have seen great change because the run-off water from the hills has not affected my crops despite the cyclone which has affected other communities in the district. As you can see, my crops – millet and groundnuts – are intact and I have a bumper harvest."*


LATIN AMERICA AND THE CARIBBEAN



LEGEND


- Number of people covered by insurance
- US\$ value of premiums
- US\$ value of sum insured
- Number of people benefiting from insurance payouts
- US\$ value of payouts triggered and/or disbursed in 2023
- Current countries
- Expansion countries


CARIBBEAN

 With financial support from Global Affairs Canada (GAC) and Global Shield Finance Facility (GSFF)

Macroinsurance


BELIZE

 5,554 people covered


 US\$100,000 of insurance premium

 US\$749,740 of sum insured


DOMINICA

 41,098 people covered


 US\$200,000 of insurance premium

 US\$5.5 million of sum insured

SAINT LUCIA

 17,070 people covered

 US\$100,000 of insurance premium

 US\$2.3 million of sum insured

COUNTRY CONTEXT



Belize is the smallest country of the Central American region and has a population of 405,272 people. Tourism, agriculture and crude oil are major sectors in its economy. The country is highly exposed to natural hazards and climate change and ranks 8th out of 167 countries worldwide for climate risk, according to the World Bank. Natural hazards such as hurricanes, storms, flooding and storm surges frequently affect the country, resulting in significant financial damage annually.

The Commonwealth of **Dominica** is a small island developing state located in the Leeward Islands chain in the Caribbean. The country of 72,000 people relies on agriculture and tourism as its primary economic drivers. The island is highly susceptible to external shocks such as the impact of climate change, natural hazards and global economic trends. The current global food crisis has further exacerbated food price increases throughout the region, which, due to a heavy reliance on food imports, have negatively affected livelihoods.

Saint Lucia is a small island developing state that is part of the Windward Islands in the Caribbean with a population of 180,000 people. It is highly exposed to climate and other risks with hurricanes and tropical storms the most frequent hazards. Over the last 41 years, six tropical storms and six hurricanes have impacted Saint Lucia, resulting in loss and damage to infrastructure and livelihoods, which translates into a probability of impact once every three years.

CLIMATE RISK FINANCING AND INSURANCE IN THE CARIBBEAN

In 2023, the WFP Caribbean multi-country office (MCO) saw the expansion of its work on climate risk insurance through the continuation of its work in Dominica and Belize and the addition of a new partnership with the Government of Saint Lucia. WFP supported these countries by expanding the insurance policy coverage that is purchased from the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC) through providing premium support in the form of a top-up. Once the CCRIF SPC policy triggers following a tropical cyclone (Belize, Dominica and Saint Lucia) or excess rainfall event (Belize), a proportion of the CCRIF SPC payout – which is aligned with the premium top-up from WFP – will be used for cash assistance to impacted vulnerable people through national social protection programmes. In exchange for WFP's premium support, governments commit to strengthening social protection programmes and systems to improve their routine functions, ensure service provision after a shock and expand at scale to assist populations affected by disasters and crises. Investments will focus on: policy and legislation, information and data management, targeting, delivery mechanisms, coordination and financing.

2023 PROGRESS

Belize

Since 2022, WFP has partnered with the Government of Belize to link climate risk insurance through CCRIF SPC to social protection programmes that provide cash assistance to vulnerable populations to improve their financial resilience. Under the agreement, WFP provided premium support worth US\$100,000 to top up the existing CCRIF SPC Tropical Cyclone and Excess Rainfall Policies for the 2023 Atlantic Hurricane Season.

Dominica

Since 2021, WFP has partnered with the Government of the Commonwealth of Dominica to link climate risk insurance through the CCRIF SPC to the country's social protection system. In 2023, a new agreement was signed between WFP and the Government for WFP to provide premium support in the amount of US\$200,000 per year to top-up the Tropical Cyclone policy for the 2023/24 and 2024/25 policy periods.

Saint Lucia

In 2023, WFP initiated its partnership with the Government of Saint Lucia to also provide premium support and strengthen financial resilience through the social protection system. Under this two-year agreement, WFP will provide premium support in the amount of US\$100,000 per annum to top-up the existing CCRIF SPC Tropical Cyclone Policies for the 2023 and 2024 Atlantic Hurricane Seasons.

Through establishing the process for the development of disbursement plans, WFP reinforced the countries' commitment to strengthen national social protection systems by making them more flexible and responsive to shocks with an additional layer of financing that will allow vulnerable populations to meet their basic food and nutrition needs after an extreme weather event. Consultations were held with the various ministries and stakeholders that included the social protection ministries, disaster management agencies and the ministries of finance led by the WFP Caribbean MCO with support from the Satellite Offices in Belize, Dominica and Saint Lucia. These disbursement plans will align with national policies and the Standard Operating Procedures (SOPs) for cash-based transfer social protection programmes for all three countries and will be fully developed when a payout is triggered, with WFP's support. There are no expiration dates for the disbursement plans. However, the plans will be reviewed by the Government and WFP prior to the start of the Atlantic Hurricane Season, recognizing that elements of the plan can change due to reasons such as strengthening of national systems or changes in political mandates.

2023 KEY ACHIEVEMENTS



WFP Caribbean MCO signed a two-year Technical Assistance agreement between WFP and the Government of Saint Lucia, demonstrating interest for uptake of this model by governments across the Caribbean. In addition, a new agreement was signed between WFP and the Government of the Commonwealth of Dominica to continue the partnership for an additional two years.



Disbursement plans were developed for Belize, Dominica and Saint Lucia which outline the process for the disbursement of assistance from CCRIF SPC to the governments and from the governments to beneficiaries.



WFP continued to engage the Ministries of Finance in Belize, Dominica and Saint Lucia, Ministry of Equity (Saint Lucia), Ministry of Youth (Dominica), Ministry of Human Development (Belize), Foreign, Commonwealth & Development Office, CCRIF SPC, World Bank, the European Civil Protection and Humanitarian Aid Operations (ECHO) and Global Affairs Canada respectively on linking disaster risk financing to social protection.



Two reports published for Barbados and Dominica on Linking Disaster Risk Financing to Social Protection.

CUBA



With financial support from WFP South-South and Triangular Cooperation, Korea International Cooperation Agency (KOICA), Russia, China, and Latter-Day Saint's Church

Inclusive insurance and ICRM



2,572 people covered with inclusive insurance



688 households insured (25 percent women policyholders)



US\$344,000 of sum insured

COUNTRY CONTEXT



Cuba is facing an economic crisis, which has been worsened by the impact of the COVID-19 pandemic, the tightening of the U.S. blockade and other internal difficulties. A high inflation rate, an increase in the prices of basic products and shortages of fuel, food, and many other essential items for the economy are the most visible impacts, resulting in the deterioration of key social programmes and the lives of Cubans.

In addition, the country is highly exposed to extreme weather events: hurricanes, droughts, heavy rains, water salinization and soil degradation, all of which are aggravated and deepened by the impact of the climate crisis.



Farmers in the field in Cuba.
WFP/Placido Ortega

CLIMATE RISK FINANCING AND INSURANCE IN CUBA

WFP Cuba promotes risk financing and insurance to support the development of local food systems with innovative financial solutions, enabling them to supply food to social protection networks that serve the most vulnerable. An important component of the model promotes the resilience of food systems to extreme weather events. In this regard, WFP has worked with the state-owned insurance company Empresa de Seguros Nacionales (ESEN), the Ministry of Agriculture and the Ministry of Science, Technology and Environment to develop an insurance product linked to the analysis of smallholder farmers' vulnerabilities to extreme hydro-meteorological events (drought and hurricanes). The product aims to both protect the farmers from climate risks and help them reduce the vulnerabilities identified.

Support for strengthening resilience includes disaster risk management with different elements: early warning systems, identification of vulnerabilities and transferring the risk with insurance.

2023 PROGRESS

In 2023, WFP's main focus has been on scaling-up adoption of the insurance product, "Insurance + More Resilient" (*Seguro + Resiliente* in Spanish). This process has involved the identification and sensitization of producers, assessment of vulnerabilities and convening plenary sessions to support risk reduction activities that lower vulnerability. In addition, WFP also actively concluded previous policies and ensured claims were evaluated after compensating farmers with the payouts triggered.

However, since *+Resiliente* is a traditional indemnity insurance product, there are some obstacles that need to be addressed to achieve a successful scale-up, that primarily revolve around two areas:

- Expanding the number of risks covered by the insurance product.
- Developing a parametric or index-based version of the insurance product.

Moving forward in 2024, both WFP and ESEN will be working diligently to overcome these challenges and achieve a more accelerated scale-up. WFP will also be actively seeking out other stakeholders who may be interested in collaborating on this innovative product.

Insufficient financial education among small producers hinders their understanding of the role of insurance in effective risk management. Therefore, it is crucial to enhance the ability of ESEN agents to train and onboard farmers. Empowering producers becomes an essential component for the successful implementation of a risk management strategy, which incorporates microinsurance.

In 2024, WFP Cuba will continue to refine the insurance product for *Seguro + Resiliente*, as well as develop a marketing strategy that will include support for women in cooperatives who will act as insurance managers. This will coincide with continued efforts to build the capacity of ESEN and identifying other projects that can be linked to WFP's climate risk insurance.

2023 KEY ACHIEVEMENTS



112 trainings and workshops covering topics such as crop cultivation, seed production and conservation, climate adaptation measures, insurance and financial education were delivered to 7,674 participants (1,595 women).



All 688 participants paid their insurance premiums in full, of whom 176 were women participants (25 percent of total number of participants).



1,479 hectares were cultivated under conservation agriculture or adapted agricultural practices.





5,437 farmers provided with direct access to information on climate and weather risk through mobile phones and/or SMS services, face-to-face or radio programmes.


EL SALVADOR


 With financial support from WFP USA

Inclusive insurance and ICRM

 **26,000** people covered with inclusive insurance

 **6,500** households insured (48 percent women policyholders)

 **US\$153,311** of insurance premium

 **US\$3,250,000** of sum insured

 **US\$101,996** of payouts distributed, benefiting **12,620** people

COUNTRY CONTEXT



El Salvador is exposed to various extreme hazards and is affected by recurrent droughts, floods, and landslides. Deforestation and land degradation have negatively impacted the country's agricultural areas, increasing its vulnerability to climate variability and extremes. In 2023, the country was affected by both excess rainfall and drought due to the onset of the El Niño phenomenon. In terms of rainfall, the main impact was caused by tropical storm Pilar at the end of October. The late onset of El Niño mainly affected crops after the rainy season (August-December). Input prices have remained stable with respect to the previous year. The Government has taken palliative measures to maintain price levels by directly supplying inputs through a chain of outlets called Agrocenta, where prices are promised to be up to 20 percent cheaper.



Farmers in the Dry Corridor with fresh produce they have cultivated through WFP support.
WFP Versative

CLIMATE RISK FINANCING AND INSURANCE IN EL SALVADOR

As part of its risk financing approach, WFP El Salvador implements inclusive insurance and anticipatory actions (AA). Insurance is integrated into the country's early recovery and resilience building programmes as a key tool to protect livelihoods and investments, promote increased agricultural productivity and foster resilience. WFP El Salvador works in close collaboration with the Ministry of Agriculture and Livestock and two of its agencies, the Center for the Transfer of Agricultural Technology and the Salvadoran Institute for Agricultural Transformation. Insurance activities focus mainly on areas highly exposed to climatic shocks and target smallholder farmers and microentrepreneurs, with an emphasis on women.

2023 PROGRESS

In the third year of implementation, WFP El Salvador continued to promote access to insurance among smallholder farmers. Over 26,000 people were covered by insurance from the interruption of productive activities due to excess rainfall, drought or earthquake.

As part of the scale-up strategy, WFP El Salvador worked closely with the Ministry of Agriculture and two of its agencies, namely the Center for the Transfer of Agricultural Technology and the Salvadoran Institute for Agricultural Transformation, to identify and target vulnerable households and facilitate their access to the insurance scheme. A Training of Trainers (ToT) strategy was implemented to sensitize farmers on insurance and enroll them in the programme.

Due to the excessive and irregular rainfall during September and November 2023, the insurance product triggered a payout, benefiting over 15,000 people included in the scheme. Similar to previous seasons, WFP supported the claims settlement and the communication on the payout process. Post-distribution monitoring exercises were conducted with families who received payouts.

For the 2024 season, WFP El Salvador provided technical inputs to improve the performance of the product by adding rolling windows and increasing the minimum payout. This will ensure that the product becomes more attractive to the different stakeholders. Such product improvements will need to be authorized by the local governing body by April 2024.

Among the key lessons learned and plans for next year are:

- To increase the success of the smart subsidy strategy, efforts will be made to maintain the same beneficiaries during different insurance cycles. In 2024, WFP will continue with the product scale-up strategy and insure at least 10,000 families.
- Conduct accountability exercises with beneficiaries to show the results of inclusive insurance at the national level and generate evidence of the product's performance.
- Maintain a line of communication and financial education throughout the year and not only during the policy delivery process.
- Facilitate more involvement of the Government in the different inclusive insurance implementation and monitoring processes.
- Improve educational materials for financial education and insurance as well as conduct additional awareness raising to reach more families throughout the year.
- Strengthen the ToT strategy and create a network of local advisors to improve and maintain regular communication channels with insurance beneficiaries.

2023 KEY ACHIEVEMENTS



Partnerships strengthened with the Ministry of Agriculture, the Center for the Transfer of Agricultural Technology and the Salvadoran Institute for Agricultural Transformation.



A ToT strategy was implemented to raise farmers' awareness about insurance and its technicalities.



WFP El Salvador specifically targets women farmers and microentrepreneurs as beneficiaries of its insurance programmes. In 2023, 3,122 women accessed insurance policies.



Following excessive and irregular rainfall, over US\$117,000 in insurance payouts were distributed.

GUATEMALA

 With financial support from the European Union, Korea International Cooperation Agency (KOICA), Global Affairs Canada (GAC), IFAD and WFP USA

Inclusive insurance and ICRM



71,130 people covered with inclusive insurance



14,226 households insured (84 percent women policyholders)



US\$587,788 of insurance premium



US\$7.2 million of sum insured



US\$606,253 of payouts disbursed, benefiting **26,815** people



15,395 participants engaged in financial inclusion initiatives promoted by WFP



US\$453,710 of savings made by participants of financial inclusion initiatives promoted by WFP

COUNTRY CONTEXT



Guatemala is highly vulnerable to natural hazards, particularly prolonged droughts and torrential rains. It ranks 10th for its risk exposure to extreme weather events as per the 2020 World Risk Report and the 16th country most affected by climate extremes from 2000-2019 according to the 2021 Global Climate Risk Index. However, its climate adaptation capacities remain constrained, ranking 119th on the 2021 Notre Dame Global Adaptation Index. Humanitarian needs surged from US\$3.8 million in 2021 to US\$5 million in 2022 and 2023, with 4.3 million people facing acute food insecurity during the 2023 lean season according to the Humanitarian Response Plan. Child acute malnutrition cases are 30 percent higher than in 2022. According to the Ministry of Agriculture, prolonged droughts linked to El Niño impacted 555,000 people from August to October 2023, causing a loss of 37,000 hectares of crops valued at US\$148 million. Food insecurity and malnutrition are expected to persist into late 2023 and early 2024 compounded by reduced harvests, increasing agricultural input costs and high Basic Food Basket prices, reaching US\$502 in October 2023 with an interannual price increase of eight percent affecting staple grains like black beans, which saw a price increase of 28 percent.

CLIMATE RISK FINANCING AND INSURANCE IN GUATEMALA

WFP Guatemala's Disaster Risk Finance Strategy is largely implemented within the framework of integrated resilience building programming. It uses a risk-layering approach and includes a package of activities to support smallholder producers, as well as local institutions and partners, to adapt to and reduce the impacts of extreme weather events on their livelihoods and environment. WFP's DRF activities include Climate and Disaster Risk Insurance, Anticipatory Action (AA), last-mile climate information services and financial inclusion, which have overall proven that climate-smart investment can be scalable, sustainable and effective. WFP is strengthening integration of nutrition-specific and sensitive actions and is improving the use of nutrition data in targeting. Furthermore, connections between school meals programmes and DRF are being explored and prioritized as a means of strengthening shock-responsive social protection in the country.

2023 PROGRESS

During the 2023/2024 inclusive insurance coverage cycle, significant operational improvements were implemented in partnership with the insurer, Aseguradora Rural (ASRURAL). These enhancements included adjusting drought coverage for shorter return periods and introducing a flood risk layer to enhance excess rainfall coverage. Indemnity values for both drought and excess rainfall risks were also increased upon activation. To further diversify risk transfer in the future, WFP collaborated with MiCRO and other partners to design complementary inclusive insurance products, such as Forecast Index Insurance and temperature index insurance. Access to parametric insurance was expanded to other departments in the dry corridor, covering more households to further scale up and ensure sustainability of the insurance scheme. Operational collaborations were established with additional municipalities in the region, building partnerships with municipal authorities to support socialization and insurance underwriting, with over half of the insured population contributing to the premium through smart subsidies. Notably, over 80 percent were women, empowering them through risk financing initiatives and financial education training. WFP also integrated new innovations, including a mobile application developed with ASRURAL that streamlined subscription processes and reduced errors. Another accomplishment was the inaugural climate change management fair, in collaboration with ASRURAL, which provided interactive learning opportunities on climate change, nutrition, gender, school meals and innovation.

In regards to financial inclusion, WFP extends financial services to individuals vulnerable to climate, economic, social and political risks, many of whom lacked prior access to banking and insurance. This initiative spurred the establishment or revitalization of savings and loans groups. The total amount of coverage exceeded US\$7.2 million, benefiting 14,226 insured individuals and their families (71,130 people) with US\$606,253 distributed to 5,367 households affected by drought and excessive rainfall. In the upcoming 2024 cycle, collaborative efforts with ASRURAL and MiCRO aim to enhance several aspects of the insurance system. Refinements include adjusting return periods, optimizing coverage timing and implementing monitoring mechanisms for accuracy of activation thresholds. Scaling up involves increasing the number of insured households in the extended dry corridor. Boosting municipality participation in awareness-raising about insurance and premium costs is crucial. Engaging parents' organizations in school feeding programmes also expands outreach. Targeting over 65 percent premium contribution via the smart subsidy approach will ensure sustainability of the insurance programme. Streamlining payments by partnering with ASRURAL open accounts and automating processes is pivotal. Tailored visibility materials aid comprehension among Mayan language speakers or those with limited education, promoting accessibility and understanding of insurance among diverse populations.

2023 KEY ACHIEVEMENTS



WFP, in close collaboration with its operational partner GIZ, secured agreements with 13 municipalities to disseminate vital information to ensure smooth implementation of the initiatives, particularly for insurance subscriptions and payout distribution. Additionally, coordination with the Ministry of Agriculture has significantly contributed to the effectiveness and reach of the programmes across communities and regions.



WFP is expanding geographical coverage of the inclusive insurance and AA initiatives while the share of premium contribution among policy holders continues to grow. There's a proposal to improve the product designed by MiCRO related to coverage of drought and excess rain.



Over 1,400 households receive quarterly agroclimatic bulletins from the Agroclimatic Technical Tables, in addition to over 10,000 insured persons receiving seasonal forecasts and agro-climatic recommendations. 19 climatic sensors were installed across various locations covered by the insurance programme, and a network of 25 climate monitors selected from 12 beneficiary communities were trained. A network of over 150 farmers was established to record precipitation data using conventional rain gauges at the community level.





250 women's savings groups were established, involving 56 percent of the insured population, demonstrating that these groups facilitate the integration of risk transfer and financial education tools, supporting improved financial inclusion among vulnerable populations.


HAITI


 *With financial support from Flexible Funding*

Inclusive insurance and ICRM

 **52,825** people covered with inclusive

 **10,565** households insured (50 percent women policyholders)

 **US\$909,393** of insurance premium

 **US\$8,908,500** of sum insured

COUNTRY CONTEXT



96 percent of the Haitian population is constantly exposed to the danger of encountering at least two extreme weather hazards. Haiti is confronted with a distinctive combination of multiple difficulties, including political instability, economic collapse and being ranked as the third most affected country by extreme weather events. This series of problems has an extensive impact on the country's food security. The frequent occurrence of extreme weather events also poses a persistent threat to agriculture value chains, resulting in prolonged periods of food insecurity. It is crucial to note that approximately two-thirds of the most vulnerable individuals reside in rural areas and heavily rely on the agriculture sector for their livelihoods.



A participant farmer receives information on the insurance scheme. WFP/Stephanie Rigaud

CLIMATE RISK FINANCING AND INSURANCE IN HAITI

To address some of the economic drivers of food insecurity and enhance the skills, assets and capacity of vulnerable populations, particularly food-insecure smallholder farmers, youth and women in rural areas, WFP Haiti is committed in reinforcing its climate action portfolio. This is achieved through strategic partnerships with grassroots associations, facilitating the effective expansion of integrated risk management and climate-resilient services.

Through the introduction of climate risk financing, particularly through establishing weather index microinsurance products, WFP Haiti aims to improve the climate resilience of targeted farming communities and social protection beneficiaries when confronted with climate shocks. The key goal for Haiti is to persistently scale climate actions and services, including forecast-based financing, anticipatory actions, risk transfer mechanisms and sustainable energy solutions. This approach not only strengthens the value chain but also creates opportunities for vulnerable segments of the population, while reducing the environmental impact of the current food system in Haiti.

2023 PROGRESS

Over US\$8 million in sum insured have been transferred to a local insurance company to cover the following risks: rain deficit, excess of rain and wind speed, at a premium rate of 10.22 percent. This initiative benefits over 50,000 beneficiaries across 21 municipalities in four geographic departments, providing them with a risk transfer mechanism to mitigate vulnerability and enhance climate resilience during specific climate events.

To promote an inclusive approach to product design and encourage local ownership, implementation strategies were structured around community-based organizations. Key stakeholders actively engaged in the process as well as beneficiaries participated in providing honest feedback. This collaborative effort led to the development of a well-designed product with subsequent enhancements.

Significant achievements include the initiation of first-time payouts for over 35 percent of the insured caseload in six municipalities, occurring just four months after policy renewal. This reflects the effectiveness of product enhancements and improvements, adding tangible value to the beneficiaries. The payouts strategically coincided with the lean period of the agricultural season, triggering a loss ratio of 20 percent, which serves to ease some of the impact caused by crop losses, while also partially securing a supply of new seed for the upcoming February season. This underscores the importance of insurance providing timely support and mitigating the consequences of climate-related challenges.

Financial inclusion continues to serve as the focal point in WFP's efforts to enhance community resilience, with complementary components such as trainings focused on agri-business support and facilitating access to markets. Concurrently, WFP is linking microinsurance coverage to the social protection system to better integrate and complement Village Savings and Loan Associations (VSLAs) within communities, providing them with a risk transfer mechanism to foster economic stability and social protection through inclusive financial strategies.

There are significant challenges with establishing long-term viability and ensuring pricing stability, despite successfully adjusting the product's features and doubling the insured caseload, the limited availability of ground data remains a persistent obstacle. This results in risk carriers adopting a conservative approach to pricing, while beneficiaries are sceptical of a satellite data-driven programme. The challenge extends to the cost of a policy, which is a crucial factor in achieving the overall sustainability and success of the initiative.

To broaden the impact, additional locations will be incorporated into the insurance programme, potentially introducing 20,000 new beneficiaries to the index micro-insurance programme in the upcoming 2024 cropping season. With expected payouts in 2024, WFP plans to monitor and measure the willingness to pay among insured beneficiaries. This proactive approach aligns with WFP's commitment to continuously improve and expand the scope of support provided to the beneficiaries.

2023 KEY ACHIEVEMENTS



8,397 farmers trained in risk reduction and management approaches, financial education for better financial discipline, and acceptance of insurance coverage as part of financial planning.



10,565 HHs have access to WII, doubling the number of beneficiaries covered with inclusive insurance in rural areas from the year before.




WFP established close partnerships with the local insurance company, technical service provider and local aggregators, such as smallholder farmer networks and local NGOs, who acted as policyholders.





3,004 beneficiaries participated in FFA activities on restoration of potable water system, gully stabilization and rehabilitation of roads, in exchange for access to insurance.

NICARAGUA


 With financial support from WFP USA and Global Shield Financing Facility (GSFF)

Inclusive insurance and ICRM


 **353** households (51 percent women policyholders) covered with inclusive insurance


 **US\$31,426** of insurance premium

 **US\$304,853** of sum insured


 **US\$2,759** of payouts distributed, benefiting **85** households

Macroinsurance

 **661,911** people covered with macroinsurance

 **US\$241,415** of insurance premium

 **US\$5,460,768** of sum insured

 **US\$638,470** of payouts distributed, benefiting **123,511** people

COUNTRY CONTEXT



Nicaragua has a population of 6.2 million and is exposed to multiple threats such as droughts, floods, volcanoes, tropical cyclones, storms and slow-onset events due to environmental degradation. It is a low-middle-income country ranking 126th in the Human Development Index 2021/2022. The analysis of future climate scenarios (100 years) conducted by the Nicaraguan Institute of Territorial Studies (INETER) projects up to a 45 percent decrease in precipitation and temperature increases of 4° C. This will lead to more intense droughts, loss of biodiversity and livelihoods, and reduction of crops in regions already suffering from poverty and food insecurity.

Nicaragua has been affected for the past 30 years by hurricanes that resulted in loss of lives and thousands displaced. The most recent was Hurricane Julia in 2022. However, in 2020, two category 4 and 5 hurricanes, Eta and Iota, hit the country within a 15-day period, leaving entire communities isolated for several days due to river swelling, flooded areas, and damage to infrastructure and losses of livelihoods for the affected people. 25.4 percent of the population in Nicaragua are at risk from hurricanes, equivalent to 1.3 million people, while drought affects almost 45 percent of the population nationwide.

CLIMATE RISK FINANCING AND INSURANCE IN NICARAGUA

WFP supports the Government's efforts through the National System for Disaster Prevention, Mitigation and Response (SINAPRED) in strengthening comprehensive disaster risk management, contributing to preparedness, prevention, early warning systems, response, livelihood recovery and rehabilitation. Similarly, WFP has committed to enhancing the national shock-responsive social protection systems for emergencies and Nicaragua's productive social protection system to improve the impacts of programmes on the food security and nutrition of the populations served.

In 2023, WFP Nicaragua, along with the Ministry of Finance and Public Credit signed a memorandum of understanding to complement the Government of Nicaragua's catastrophic insurance policy with the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC). WFP has supplemented the net premium with US\$210,000. In the event of a Tropical Cyclone or Earthquake reaching the policy activation point, WFP will receive a proportion of the indemnity for the modelled losses estimated by CCRIF SPC.

WFP Nicaragua continues to promote agricultural insurance. Additionally, it promoted health and life insurance for cooperative members to protect the most vulnerable families.

2023 PROGRESS

To encourage small-scale farmers to participate in microinsurance, WFP conducted training activities in coordination with the insurance provider, the Nicaraguan Institute of Insurance and Reinsurance (INISER). WFP provided field support to the producers, facilitated georeferencing and assisted in the reporting of climate-related incidents. WFP Nicaragua also assists small-scale farmers by enabling them to access credit from their cooperatives for purchasing inputs, seeds and fertilizers. Insurance is a complementary tool to safeguard their investments against various climate-related shocks, including El Niño, irregular rainfall patterns and La Niña, all of which can adversely affect their agricultural production and food security. Furthermore, farmers adopt sustainable agricultural practices to mitigate the adverse effects of climate variability. These twin pillars of credit and insurance are central components of WFP Nicaragua's R4 strategy, designed to mitigate the risks associated with both crop losses and agricultural investments.

WFP and the Ministry of Finance and Public Credit (MHCP) signed a memorandum of understanding that includes a distribution and implementation plan for the response with the Government in case of a macroinsurance payout. This plan defined potential response scenarios, referencing the National Multi-Hazard Response Plan (PNR 2020) and the coordinated response plans between SINAPRED and WFP. The MHCP is recognized as the policyholder with CCRIF. In the event of a tropical cyclone or earthquake, WFP's response coordinates with that of Nicaraguan institutions. In case of a payout from CCRIF for tropical cyclone events, the share WFP would receive is 8.15 percent, and 8.39 percent for earthquakes. The rates correspond to WFP's contribution for each policy acquired for the 2023/24 period.

During 2023, WFP continued implementing the response strategy to Hurricane Julia, using the payout from the CCRIF policy to support the National Reforestation Campaign "*Verde, que te quiero Verde*." This addressed a national priority of recovering from the environmental impacts of the hurricane, with the added value of incorporating a food security and nutritional focus. It involved delivering fruit and dual-purpose trees that supported nurseries in 17 impacted municipalities. Furthermore, the CCRIF payout also contributed to the establishment and strengthening of school gardens in 600 schools located in 10 municipalities most affected by the event and the implementation of food-assistance programs for 120,000 people.

In December 2023, WFP Nicaragua received new guidelines from the Government through the Ministry of Foreign Affairs. The directive was to suspend activities related to microinsurance and macroinsurance and focus on other priority work with the Ministry of Education and SINAPRED. This involved temporarily halting technical support and cooperation with the MHCP for macroinsurance with CCRIF until further notice. In 2024, the micro and macro insurance activities will be paused. Despite the challenges, the Government will continue to support the risk financing model through the CCRIF, recognized for the benefits of macroinsurance coverage and positive impact on national fiscal policy. WFP will continue to promote other aspects of the R4 strategy, such as investment in production, risk reduction through conservation practices and the initiation of savings groups for female producers.

2023 KEY ACHIEVEMENTS



WFP complemented the catastrophic insurance policy between the Government of Nicaragua and CCRIF SPC, covering the period from June 1, 2023, to May 31, 2024 through co-financing of US\$210,000 for earthquake and tropical cyclone coverage.



353 farmers accessed credit for purchasing agricultural inputs.



150,100 people received packages of fruit plant seedlings produced by municipal nurseries, enhancing the availability and variety of locally produced food in schools and promoting environmental education in families through school children.



596 people (308 women, 288 men) had direct access to information on climate and weather risks through mobile phones and/or SMS services.



STORIES FROM THE FIELD

Haiti, Cuba and Guatemala: Building resilience and enhancing food security with climate risk insurance*

Climate vulnerability and the impact of the climate crisis are increasingly evident in the Latin America and Caribbean (LAC) region. In many parts of Central and South America, climate-related disasters such as droughts, floods, excessive rainfall, landslides and hurricanes put lives and livelihoods at risk while in the Caribbean, small island states are experiencing increasingly intense hurricanes, the risk of sea level rise in low-lying coastal areas and losses to ecosystems. In Haiti, Cuba and Guatemala the climate crisis has evolved from a distant concern to a daily reality as communities grapple with heightened challenges in meeting basic food and nutritional needs, water scarcity, poverty and having to resort to negative coping mechanisms like selling productive assets or even migration.

In **Haiti**, following a prolonged drought from 2022 through 2023, WFP supported the renewal of parametric insurance for over 3,400 farmers, with a sum insured of US\$900 each. The payout triggered in 2023 supported many smallholder farmers who faced significant crop losses due to the drought. In **Cuba**, WFP has been spearheading an initiative to enhance farmer resilience by introducing 'preventive' insurance, aiming for expansion to more Cuban farmers by 2025. In **Guatemala**, WFP launched a climate risk insurance project in 2021 covering over 14,000 individuals in the Extended Dry Corridor, safeguarding their livelihoods and food security.

Below, the testimonials of **Cevilia**, **Martha** and **Wendy** show the power of insurance in augmenting financial protection and enhancing resilience in the face of extreme weather events.

Haiti

Meet Cevilia

Cevilia Legagneur, 55, heavily relies on her harvest of predominantly rain-fed crops to secure financial resources for her household, including paying for her children's school tuition. The prolonged drought from 2022 through 2023, worsened by excessive rainfall, made it challenging for her to fulfil some of her financial obligations. With the payout she received from WFP-supported parametric insurance, Cevilia had the means to purchase new seeds and adequately prepare for the next cropping season, preventing her from falling into deeper debts.

WFP's initiative in Haiti not only builds climate resilience with inclusive insurance but also encompasses training in financial education and gender equality, strengthening local food systems and facilitating access to new markets.



Cevilia Legagneur
WFP/Stephanie Riga

* This section reports excerpts from a publication on Gender and Risk Finance published in March 2024. Click [here](#) to read the full publication.

In many parts of Central and South America, climate-related disasters such as droughts, floods, excessive rainfall, landslides and hurricanes put lives and livelihoods at risk while in the Caribbean, small island states are experiencing increasingly intense hurricanes, the risk of sea level rise in low-lying coastal areas and losses to ecosystems.

Cuba

Meet Martha

Martha Isabel, 68, is a farmer and landowner who not only contributes to the production at the local cooperative Credits and Services Radial Rodríguez in Gibara, Holguín but also serves as insurance agent for the local insurer *Empresa de Seguro Nacional*.

Since December 2022, Martha has been actively involved in the *Gibara Verde x Ciento* project initiated by WFP Cuba and IFAD. The project has brought significant benefits for the cooperative members, including receiving inputs, technical trainings on soil management, nature-based solutions and more. With the support of this project, Martha anticipates the installation of a solar irrigation system on her farm, offering a sustainable alternative to conventional energy sources, particularly valuable in areas lacking electricity. Additionally, Martha sold approximately 200 kilograms of produce locally to an elementary school and a Family Attention System (SAF) within a year, highlighting the dual benefits of the project in ensuring food access as well as economic security for local farmers.



Martha Isabel
WFP/Cuba CO

Guatemala

Meet Wendy

Wendy García, 19, is a farmer and Climate Monitor in her community of La Mina, within the Dry Corridor of Guatemala. She provides her community with precise climate information using weather forecasts, climate data, rain gauge and an agroclimatic sensor so they can take informed decisions for their agricultural production and economic activities. In 2022, following excessive rains which led to crop losses for families in her community, Wendy's family started participating in the parametric insurance programme implemented by WFP. The resulting insurance payout helped her family to buy food. In 2023, her community was once again affected by climate extremes, this time due to prolonged drought, leading to reduced livestock production and decreased income from economic activities. Once again, her family received a payout of US\$256 that helped them purchase basic goods for the family.

WFP Guatemala implemented an Anticipatory Action project in Guatemala which includes active surveillance and risk reporting for local communities. The seven sensors installed in Chiquimula join a network of 20 across the eastern Dry Corridor, enabling climate monitoring and crop condition analysis. This initiative benefits 55,000 Dry Corridor farmers while enhancing technical access as well as female participation.



Wendy García
WFP/Guatemala CO



WFP beneficiary Shuborno Rani receiving food assistance following the flash floods that have swept away her house in Sylhet, Bangladesh.

WFP/Sayed Asif Mahmud

Findings and Lessons

Monitoring, Evaluation, and Learning

Over the years, WFP has established a robust monitoring, evaluation and learning (MEL) system to gather lessons, measure the performance, inform adaptive programming and assess the impact and effectiveness of its climate risk insurance (CRI) programmes. The internal MEL system is complemented by externally-led analyses, reviews, studies and evaluations of WFP-supported CRI programmes. Evidence generation is of particular interest to WFP to both improve its programmes over time as well as to inform its strategy to manage climate risks with the appropriate combination and layering of risk financing tools. Below are the main findings from a series of evidence generation exercises of WFP's CRI programmes, conducted in 2023.

Evidence from WFP-supported inclusive insurance programmes

The impacts of WFP's Integrated Climate Risk Management (ICRM) approach on farmers' resilience to climate change

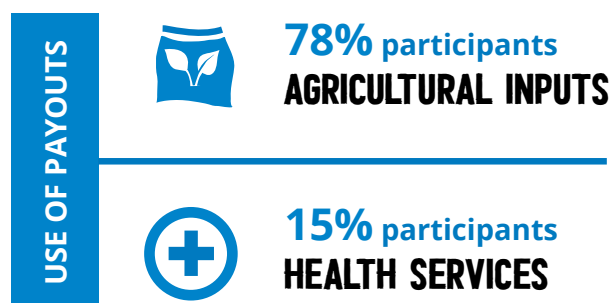
Evidence from a [Tetra Tech assessment](#) on the R4 Rural Resilience Initiative conducted in 2023 demonstrates how managing climate risks through an integrated risk management approach has helped vulnerable families to reduce the impacts of extreme weather events and strengthen their resilience to climate shocks. The study analyzed results from four years of WFP's R4 programmes in Ethiopia, Kenya, Zimbabwe, Senegal and Malawi. Findings show how R4 has increased participants' food consumption and dietary diversity, as well as reduced the adoption of negative coping strategies.

Overall, farmers participating in the R4 Initiative exhibited higher levels of food security than non-participants. They were also less likely to adopt negative coping responses following a shock, such as reducing food purchases, eating less, selling livestock and other assets, and taking children out of school.

Insurance and financial inclusion protecting livelihoods and promoting productivity

In **Bangladesh**, findings from an impact assessment and outcome survey of the CRI interventions found that 66 percent of participants felt more confident to manage climate risks thanks to the insurance programmes. Respondents believed that their preparedness against natural hazards has also increased, with farmers having improved their decision making abilities, thanks to reported reductions in their stress and concern about natural hazards. Moreover, over 50 percent of participants believed that their agricultural produce, income, food security and capacity to provide food to their family has improved (moderately to a great deal) thanks to the insurance policy.

Figure 1. Payout expenditure in Bangladesh



Payout utilization emerges as an important aspect highlighting the positive impact of the insurance interventions. Most farmers (78 percent) have mainly used their payouts to engage in productive activities, including purchasing agricultural inputs, investing in poultry and livestock, and planting trees, contributing to improvements in their overall productivity. The link between insurance and continued investment in farming activities demonstrates how access to insurance has a

positive impact in promoting livelihood protection and productivity. In **Zimbabwe**, the Tetra Tech study found that receiving an insurance payout in the year following a shock led to a 28 percent increase in food consumption patterns among participating households and a 46 percent reduction in the adoption of negative coping responses.

Access to savings and loans have also contributed to improving the food security situation of participating farmers. In **Mozambique**, findings from a programme review showed that households using funds from Village Savings and Loans groups (VSLs) to invest in small businesses, such as selling produce in the market and buying livestock, have a better food consumption compared to non-participant households.

“Upon receiving my initial payout, I bought two hens from a nearby market. I subsequently obtained eggs, and through breeding, I was able to acquire additional hens. I could use the earnings from their sale at the market to provide for my children’s needs. Now I have eight hens and utilizing my payout in this manner has made me feel very empowered.”

Kurigram Pouroshova, CRI beneficiary in Bangladesh

Figure 2. Women’s perception of the CRI programme in Bangladesh



Insurance contributing to women's empowerment

In **Bangladesh**, the CRI programme has proven to be highly beneficial for women living in flood-affected areas, with a significant majority of the programme's beneficiaries being female. Women's capacity to lead in household decisions and contribute to the community has increased thanks to their participation in the CRI programme. Findings from the impact assessment revealed that 61 percent of women participants believe that their leadership capacity has moderately or highly improved, and 60 percent believe that their role in the community has improved moderately or highly because of their participation in the CRI programme. Thanks to the insurance payouts delivered to women and sensitization efforts by local NGOs, women are now actively involved in the process of making financial decisions.

Women's participation in the ICRM approach has also positively impacted their food security. Findings from the Tetra Tech study indicate that R4 households headed by women consistently had better food security and ability to recover than their counterparts among non-R4 participants.

Participants' interest and satisfaction with inclusive insurance programmes

In **Bangladesh**, surveys found that 89 percent of participants were very interested in crop insurance, with non-beneficiaries also expressing their interest in joining the programme. Over 90 percent of respondents were satisfied with the amount of the insurance payout received and 98 percent of participants felt the payout was helpful when they received it, although there were some comments on the need to accelerate the claim settlement process. Despite the overall understanding of the importance of insurance, only a small portion of respondents (39 percent) were willing to purchase

insurance on their own, without any support from NGOs or other organizations. This suggests that the insurance market is not mature enough to survive without support, with the use of smart subsidies and collaboration with the Government becoming essential.

In **Senegal**, findings from a project review indicated that over 8,000 non-participants subscribed independently for insurance by paying 100 percent of the premium, including 245 women. This highlights farmers' strong interest in the insurance scheme. Moreover, current participants expressed their willingness to pay for insurance in the future.

Evidence from WFP-supported macroinsurance programmes

Optimizing early action and risk financing opportunities

In 2023, Tetra Tech conducted an assessment of the financial and operational efficiency of the WFP-supported ARC Replica initiative. Findings from the assessment confirmed the added value of responding earlier, which enables greater financial efficiency and impact. Specifically, the study revealed that by enabling communities to purchase essential staple food, such as maize and millet, earlier in the year with cash support, households could save up to 20 percent of their costs, with the most significant savings in drought years. In addition, responding earlier prevents households from taking negative coping strategies that may have long-term effects and result in more costly assistance needs.

Overall, the assessment found that ARC Replica is a valuable addition to WFP's suite of tools for humanitarian response. The initiative is not only about financial efficiency, but it has demonstrated its ability to improve preparedness, operational response and coordination, reducing food insecurity in areas with probable risks.

Figure 3. Participants' perception of insurance in Bangladesh

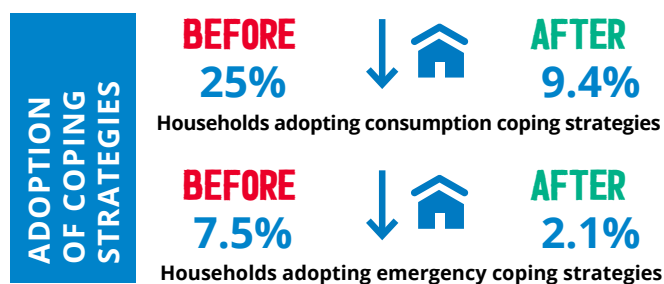


Safeguarding food security through insurance payout-funded assistance

As a result of severe drought conditions during the 2022/23 agricultural season, WFP received insurance payouts totaling US\$8 million in Mali, which were utilized to provide food assistance through cash transfers, shock-responsive social safety nets in the form of unconditional cash transfers and nutrition supplementation. Surveys conducted following the early response activities, including the ARC Replica payout-funded intervention, revealed how the assistance provided guaranteed the food security of the most vulnerable. After receiving assistance, nearly 62 percent of households surveyed had an acceptable Food Consumption Score (FCS),⁵ with a 6.4 percent improvement in food consumption patterns following the intervention. In addition, 65.5 percent of households surveyed did not resort to any livelihood-based coping strategies, such as selling household assets or reducing spending on food and other essential household goods.

In **The Gambia**, WFP received US\$187,600 in insurance payouts that were utilized to provide food assistance through cash transfers to 6,500 people. Results from post-distribution monitoring showed how the assistance has reduced the use of consumption-based coping strategies, such as reducing number of meals eaten in a day, from 25 percent to 9.4 percent among beneficiaries. Only a small percentage of the households surveyed (two percent) has modified their behaviour to meet their food needs, compared to 7.5 percent registered before the assistance. In these cases, households resorted to emergency strategies, such as selling their last female animals due to a lack of food.

Figure 4. Households' adoption of coping strategies in The Gambia



In **Burkina Faso**, following extreme drought during the 2022/23 agricultural season, WFP received US\$7 million, supporting WFP to reach over 137,000 people with food assistance through cash transfers. The majority of households utilized the money from the assistance to purchase food (87 percent), followed by putting it into savings. The cash transfer effectively enabled beneficiaries to purchase food items to meet their food and nutritional needs, supporting them to safeguard food security.

Overall, the assistance has improved food consumption among beneficiaries, with the proportion of households with poor food consumption decreasing from 46 percent to 35 percent. On the other hand, the proportion of households with acceptable food consumption has seen a decline. Several factors such as the increase in food needs due to the insecurity situation and poor harvests, or the sharp rise in food prices, can perhaps explain this decline. However, the percentage of households not relying on negative coping strategies increased from 34 percent to 85 percent between the start and the end of the assistance, and the proportion of households resorting to emergency strategies, such as selling their house or land, decreased from 26 percent to almost zero.

Figure 5. Top two priority expenditures in Burkina Faso

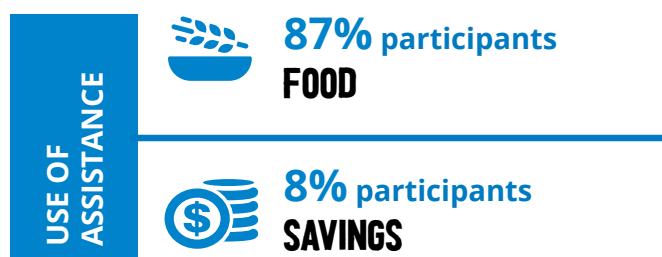
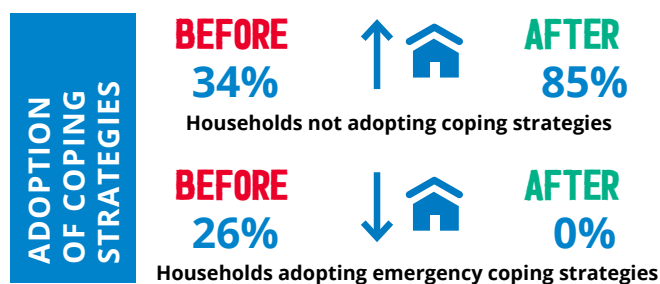


Figure 6. Households' adoption of coping strategies in Burkina Faso



5. The Food Consumption Score (FCS) is WFP's key corporate indicator for measuring food insecurity.



Women participating in an awareness-raising session on basic family practices relating to infant and young child feeding, hygiene and disease prevention during the distribution of food and nutritional assistance in the village of Moutaalag El Meden, in the Selibabi department, Mauritania.

WFP/Richard Mbouet

Gender and Climate Risk Insurance

While climate change affects everyone, its effects are not experienced equally. Women and girls continue to bear the disproportionate burden across the world. Amidst the evolving global food crisis, aggravated by climate shocks, they often grapple with pre-existing unequal gender roles, which are further exacerbated as communities contend with the impacts of the climate crisis. With the increasing frequency and intensity of climate-related shocks, these inequalities are often reinforced.

Women are a critical component of food security, playing significant roles in agricultural production, climate change adaptation and mitigation, wielding significant influence in

fostering sustainable food systems and climate resilience within their families and communities. However, factors such as discrimination, lack of access to education and limited employment and income-generating opportunities hinder women from having access to and control over productive resources such as land, water, seeds, etc. Consequently, a gender-based gap persists, which has negative implications for food security, not just for women but for the entire community. Therefore, creating an environment that advances gender equality and women's empowerment is crucial to ensure that women have equal access to resources and opportunities, and an equal voice to shape the lives of all within households, communities and societies.



“ If we invest in gender transformative approaches, we can greatly amplify our impact over time, both in terms of immediate resilience and not being driven further and further into deeper poverty because of climate-related disasters. ”

Katie Carlson-Akuno,
Regional Gender Advisor, RBN

At WFP, the pursuit of gender equality and women’s empowerment lies at the heart of the mission to save and transform lives, aligning closely with countries’ endeavours to achieve the SDGs. The [WFP Gender Policy 2022-2026](#) sets forth a comprehensive framework aimed at optimizing WFP’s presence, role and partnership capabilities to advance gender equality and empower women across diverse contexts. It underscores three overarching objectives: i) equitable access to and control over the means to achieve food security and nutrition; ii) addressing the root causes of gender inequality affecting food security and nutrition; iii) and advancing the economic empowerment of women and girls. By promoting gender equality in all aspects of food security, WFP endeavours to foster inclusive development pathways that leave no one behind.

Central to the commitment to gender equality is the integration of climate risk insurance initiatives, which

serve as catalysts for women’s economic empowerment and resilience-building efforts. For over a decade, WFP has been at the forefront of implementing climate risk insurance solutions across micro, meso and macro levels, partnering with national governments and regional risk pools to bolster financial protection against extreme climate shocks and build resilience for all, women, girls, boys and men.

The macroinsurance programmes, in collaboration with governments and regional risk pools, facilitate pre-arranged financing to expedite responses to climate emergencies, thereby safeguarding vulnerable populations and communities. Concurrently, the meso and microinsurance programmes adopt an integrated risk management approach, leveraging complementary tools such as nature-based solutions and savings and loans to enhance resilience at the grassroots level, providing support for different risk severity levels.



“ To implement the WFP Gender Policy, through the empowerment of women, it is necessary to create or use a strategy, with simple and sustainable tools, to respond to women’s needs, generate evidence, strengthen capacities and expand organizational opportunities for women and their collectives. ”

Josefina Tamayo Muñoz,
Senior Gender Advisor, WFP Guatemala

The impact of WFP's climate risk insurance interventions transcends mere economic empowerment, extending to women's agency, decision-making autonomy and household food security. Evidence coming from beneficiary profiles underscores the transformative potential of these initiatives. In each story, women emerge as key stakeholders in determining resource allocation and resilience strategies within their households.

Moreover, WFP is dedicated to knowledge exchange and capacity-building efforts through active participation in the Insuresilience Gender Working Group and the Centre of Excellence (CoE) on Gender-smart Solutions. In 2022, WFP was awarded a Technical Advisory Facility (TAF) from the CoE which made recommendations on Gender-smart Monitoring and Evaluation (M&E) of WFP's CDRFI Programmes. Following an assessment of strengths, weaknesses, gaps and opportunities in WFP's Inclusive Insurance and Macroinsurance programmes, the TAF made recommendations across three thematic areas: gender-smart M&E expertise, data needs and collection, and data analysis and use. These recommendations, received in 2023, include actions such as gathering data on gender-smart disaster risk financing policies at a country level, consulting with the national gender focal points during the design phase of new programmes and including a gender equality-related learning objective in all team members' performance plan, among other things. Through such collaborative platforms and technical assistance initiatives, WFP strives to enhance the gender-smartness of its programmes and M&E frameworks, thereby enhancing the effectiveness and inclusivity of the risk finance and insurance programmes.

Looking ahead, it is clear that gender equality plays a catalytic role in achieving equitable and sustainable food security. Therefore, there is a need to adopt gender-responsive approaches across programmatic phases while ensuring that all programmes and policies align with the principles of gender equality and women's human rights. Firstly, the policies and frameworks, spanning global, regional, national and local levels must explicitly commit to women's and girls' collective action and ensure their full and equal participation in decision making processes—an indispensable element for achieving impactful results. Secondly, a gender lens must be applied to all initiatives at all levels. Lastly, the collection, analysis and use of sex disaggregated data and comprehensive gender qualitative information are pivotal in informing gender-responsive outcomes.

Cevilia (55) lives in Grand Anse, Haiti, which is often subject to intense droughts and dry spells. In 2023, following an extended dry spell which made it challenging for her to meet some of her financial obligations, she received an insurance payout from WFP, preventing her from falling into deeper debts.



“With the insurance money I’ve just received, I’m going to plant corn and peas, hoping to have a good harvest to pay my children’s school fees.”

Fatou Janneh, a wife and a mother of two, lives in the North Bank region of The Gambia. Fatou was among the farmers targeted for support under the ARC Replica payout following a drought during the 2022-2023 agricultural season.



“With this support, I could purchase rice, other essential food items, and even shoes for my children. The assistance helped

us and provided our community with access to food, uplifting everyone’s spirits. We are deeply grateful for the support that has made an immense difference in our lives.”

By prioritizing these key considerations, WFP endeavours to cultivate scalable and sustainable risk financing programmes that empower women, foster resilience and create transformative change within communities worldwide.



Smallholder farmers adopting climate-smart agriculture practices in Tete, Mozambique.

WFP/Alfredo Zuniga

Climate action in fragile and conflict-affected contexts

Many of the world's most fragile and conflict-affected countries are suffering the worst impacts of the climate crisis. Climate change is a risk multiplier, and its impacts can exacerbate existing tensions and other drivers of conflicts and fragility. This can result in increased conflicts, food insecurity, poverty, migration and displacement, and overall growing humanitarian needs. It is no coincidence that 18 of the fragile and conflict-affected situations are in the top 25 countries globally for highest vulnerability and least coping capacity towards climate change (ND-GAIN 2022).⁶

In war-torn and fragile contexts, extreme weather events affect three times as many people every year compared to other countries. Nearly 10 percent of internal displacement in these settings is directly linked to climate-related disasters⁷. On top of these challenges, vulnerable people living in these areas have less access to climate risk management and risk financing tools to protect themselves from the next extreme weather event.

6. Alcayna, T. and Cao, Y. 2022. Breaking the cycle: practical solutions to unlock climate finance for fragile states. Washing, D.C.: Mercy Corps.

7. Climate challenges in fragile and conflict-affected states. August 2023. <https://www.imf.org/-/media/Files/Publications/Staff-Climate-Notes/2023/English/CLNEA2023001.ashx>

Fragile and conflict-affected countries cannot afford the financing needed for climate adaptation. In addition, precarious governance systems in fragile settings are an obstacle for accessing global funding to enable communities to adapt to a changing climate or recover from the impacts of climate shocks. These climate vulnerable countries are receiving the least amount of climate finance, averaging US\$2.1 per person in adaptation financing, compared to US\$161.7 per person in non-fragile states.⁸ Against this backdrop, it is imperative that the international community comes together to support fragile and conflict-affected countries on the frontline of the climate crisis.

A concrete step towards this direction was the [COP28 Declaration on Climate, Relief, Recovery and Peace](#). COP28 was the first time that international climate negotiations dedicated an entire day to the nexus between climate, security and humanitarian action. The declaration, signed by over 80 governments and 43 organizations, is a call to action to build climate resilience in fragile and conflict-affected countries. It seeks to make a collective commitment to increase financial support for climate action in countries and communities affected by fragility, conflicts or facing severe humanitarian crisis, through 15 objectives and a package of solutions to operationalize the commitment.

Amid rising humanitarian needs, conflicts and climate-related disasters, it is clear that more financing must be directed for initiatives aimed at protecting those most exposed to climate shocks in challenging contexts in fragile countries. Signatories of the declaration pledged to enhance financing in these difficult-to-reach places by making financial resources predictable, flexible, timely and simple to access for national and local stakeholders. They also committed to invest in designing, piloting and scaling up climate action through disaster risk finance mechanisms, as well as enabling rapid and effective responses.

Climate risk financing tools such as climate risk insurance, savings, emergency loans and contingency funds are crucial to smoothen the impacts of climate shocks and for building climate and financial resilience. These instruments provide rapid liquidity after a shock to mitigate negative coping

mechanisms as well as to — governments and partners to implement early responses and humanitarian assistance, averting longer-term impacts that will increase future humanitarian needs.

Financial markets in many fragile settings are underdeveloped and access to climate risk financing is limited. Support from international partners for strengthening and scaling up access to these solutions can help leverage limited financing in these regions. WFP has been increasingly facilitating access to climate risk financing in many fragile and conflict-affected countries. In 2023, in conflict-torn **Sudan**, WFP purchased an ARC Replica insurance policy, providing financial protection against catastrophic drought conditions of over US\$2.6 million to nearly 63,000 people. In **Somalia**, WFP started preparatory work for introducing sovereign and macro-level climate risk insurance for the next season, with a specific gender focus. In conflict-affected **Burkina Faso** and **Mali**, following drought conditions during the 2022/23 season, WFP received US\$7 million in insurance payouts in Burkina Faso and US\$8 million in Mali under ARC Replica. These payouts enabled WFP to provide food assistance to 137,000 people in Burkina Faso and to assist over 300,000 people in Mali through cash-based transfers, social protection benefit top-ups and nutrition support. In **Syria**, together with the private sector and philanthropies, WFP is exploring the possibility to access macro-level climate risk insurance against drought for its operations, with the aim of guaranteeing adequate levels of food assistance when needs might be higher. This product will be purchased on the market and will be the first macroinsurance transaction for WFP that is outside of the regional sovereign risk pools. This would be an innovative way to leverage the insurance sector's skills and resources to finance a portion of the humanitarian response in case of an extreme weather event. After capturing lessons and gauging the success of the initiative, WFP plans to expand this approach to other potential fragile and conflict-affected states.

Despite the challenges in fragile and conflict-affected locations, there are a lot of opportunities for the international community to build resilience to the climate crisis, even in these most challenging environments. In 2024, WFP will continue strengthening its support and resources to boost climate resilience in these settings, leveraging its field presence to deliver climate finance for locally anchored adaptation and resilience building.

8. Alcayna and Cao. 2022.



Smallholder farmer supported by WFP standing next to the community garden, in La Unión, El Salvador.

WFP/Diego Santamaria

Looking Ahead

2023 broke new records in terms of temperature rise, as well as in losses and damages due to extreme climate-related events, resulting in soaring humanitarian needs. In 2023, WFP-supported programmes have protected over **5.1 million vulnerable people in 27 countries** through climate risk insurance instruments, 1.5 million more than the previous year, exceeding its 2025 target two years ahead of time. Over US\$15.2 million was transferred to beneficiaries from insurance payouts following climate-related shocks in 2023, an increase of US\$3 million

from 2022. In total, WFP received a payout amount of US\$17.8 million from its inclusive and macroinsurance programmes for the 2022/23 season, benefiting nearly 800,000 people, which is still only meeting a fraction of the demand.

WFP has also continued its engagement with global insurance networks and platforms in 2023 – notably the InsuResilience Global Partnership (IGP) and the Global Shield against Climate Risks, the Insurance Development Forum (IDF) and the Micro Insurance

IN 2023, WFP–SUPPORTED PROGRAMMES HAVE PROTECTED OVER 5.1 MILLION VULNERABLE PEOPLE IN 27 COUNTRIES

Network (MIN) – and strengthened partnerships with international agencies and institutions, including the UN Development Programme (UNDP), the International Fund for Agricultural Development (IFAD), the African Risk Capacity (ARC), the Caribbean Catastrophe Risk Insurance Facility (CCRIF SPC) and the Pacific Catastrophe Risk Insurance Company (PCRIC) and the German Agency for International Cooperation (GIZ). Synergies and opportunities for increased collaboration were identified during the year that will allow WFP and partners to sustainably scale-up climate and disaster risk financing solutions globally.

In 2024, WFP will continue to help countries and households better manage the impacts of the climate crisis by promoting access to climate risk financing and insurance solutions across Africa, Asia and the Pacific, Latin America and the Caribbean, with a specific focus on fragile and conflict-affected settings. To achieve sustainable and inclusive growth, WFP will strengthen efforts to:

- i. mainstream its inclusive insurance and macroinsurance programmes within and outside WFP;
- ii. foster linkages with different WFP programmes and workstreams, including cash-based transfers, social protection, innovative financing, emergency preparedness, smallholder agriculture market support, among others;
- iii. strengthen partnerships with local and international stakeholders;
- iv. invest in innovative solutions and digitization;
- v. scale up its interventions in existing countries, as well as expanding to new countries;
- vi. and generate evidence on the value and impact of managing risks in a forward-looking and preventative manner.

WFP will continue to engage with key platforms and networks such as the IGP, IDF and the MIN, but also actively contribute to the Loss & Damage process. WFP will continue to be an active member of the Global Shield Coordination Hub at both the global and country level, and it will increase its efforts particularly in the most fragile and conflict-affected contexts.

Below are the main focus areas and way forward for WFP's inclusive and macroinsurance programmes for the upcoming years.

Inclusive Insurance

Since 2011, WFP has broken new ground in the field of climate risk management, unlocking access to financial services and strengthening people's resilience and capacity to manage climate risks through the R4 Rural Resilience Initiative. Over the years, R4 has increased access to financial services such as insurance, savings and credit from 13,000 households in one country to more than 10.5 million people in 18 countries.

A recent assessment conducted by [Tetra Tech](#) found that WFP's integrated risk management approach has helped vulnerable families to reduce the impacts of the climate crisis. When integrated with other risk management strategies, insurance has prevented households from reducing food consumption or adopting negative coping strategies in the aftermath of climate-related shocks. Based on the findings and recommendations of the Tetra Tech assessment, as well as valuable lessons and experiences gathered over the years, WFP is upgrading the R4 Initiative to R4+. This will help WFP to meet its targets and build more sustainable and inclusive climate risk financing solutions by integrating innovative approaches.



Farmer in the field in Zomba district, Malawi.
WFP/Badre Bahaji

In addition, WFP has been testing four key pillars to promote the sustainability of its inclusive climate risk financing efforts, namely:

1. appropriate targeting and better selection of climate risk financing instruments;
2. enhanced focus on building capabilities of beneficiaries to ensure sustainability;
3. strategic partnerships to ensure ownership and sustainable models; and
4. valuable climate-responsive financial services that are sustainable over time.

In 2024, WFP aims to provide financial protection to **more than 2.5 million people in over 20 countries** by reinforcing the four central pillars of WFP's sustainability pathway. Below are the key interventions under the four pillars that will be prioritized in the upcoming years:

1. Appropriate targeting and better selection of climate risk financing instruments:

- Reinforcing meso-level schemes to indirectly protect vulnerable and food-insecure communities.
- Reinforcing stronger linkages between climate-sensitive financial services and social protection.

2. Enhanced focus on building financial capabilities of beneficiaries to ensure sustainability:

- Unlocking access to responsible productive loans through the design and scale-up of specialized credit and savings lines that encourage climate-smart agriculture.
- De-risking loans through credit-linked insurance schemes, but also through meso-level coverages for Financial Service Providers (FSP) and improving climate risk understanding by FSPs.
- Strengthening digitalization efforts to improve the customer journey of insurance and unlock access to services such as climate-responsible savings and credit.
- Strengthening integration of insurance and other climate financial services within programmes aiming to foster productivity and access to markets.

3. Strategic partnerships to ensure ownership and sustainable models:

- Focus on reinforcing regional approaches such as the Africa Integrated Climate Risk Management (AICRM) programme in the Sahel with IFAD, the Partnership for Central America (PCA) as well as the De-risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa (DRIVE) with the World Bank, and close engagement with the Africa Climate Risk Insurance Facility for Adaptation (ACRIFA).
- Strengthening efforts to provide technical assistance to governments in the Democratic Republic of Congo, Guatemala, Zambia and Zimbabwe.
- Support further integration of insurance and other climate-sensitive financial services within national systems promoting income generation, productivity, access to markets and embedded within social protection systems.
- Closer engagement with international organizations and UN agencies promoting climate risk insurance, such as GIZ, IFAD, UNDP and UNCDF.
- Strategic partnerships with global and regional insurance players, scale-up of consortium schemes as the one implemented in *Côte d'Ivoire* and more business-oriented relationships with Technical Service Providers to ensure sustainability.
- Reinforcing strategic collaboration with global institutions promoting green finance and climate risk resilience through insurance and other financial instruments.

4. Valuable climate-responsive financial services that are sustainable over time:

- Unlocking access to climate-responsive financial services that promote innovative risk reduction and risk retention practices. This entails testing approaches that link access to credit and savings with funding adaptation and risk reduction activities; enhancing interlinkages between insurance with risk reduction and adaptation by testing and scaling up premium reduction approaches similar to the one tested in *Cuba*; piloting and scaling up Forecast Index Insurance in Guatemala so insurance can trigger payouts based on forecasts to finance anticipatory actions; testing integration between insurance and carbon credits; and better aligning of insurance to encourage crops and livelihoods diversification.



Maria, a beneficiary of WFP's integrated resilience programme, poses with her three children for a family portrait. She is among the farmers insured by a WFP-backed parametric microinsurance scheme.

WFP/Giulio d'Adamo

- Reinforcing Village, Savings and Loans Associations (VSLAs) so they can play an important role for retaining smaller, but more frequent risks. This includes continuing the testing of the Savings and Insurance Layering approach (SAIL)⁹ in different countries.
- WFP will keep developing innovative risk sharing and risk retention financial instruments in a context where climate risk insurance is becoming more expensive and less available, due to the increasing frequency and severity of climate shocks as the climate crisis intensifies. In addition, WFP will continue working on evidence generation to assess the impact of the instruments and factors that influence willingness and ability to pay.

People-Centred Macro-level Insurance

WFP is one of the leading organizations using macro-level insurance to protect vulnerable people from climate risks through sovereign risk pools. Since 2017, when the concept for the ARC Replica programme started to take form, WFP has directly purchased or contributed toward a government's purchase of 42 macro-level insurance policies (30 for drought, nine for tropical cyclones, two for excess rainfall and one for earthquake) in Africa and Latin America and the Caribbean. These policies have provided financial protection to more than 7 million people from catastrophic climate risks.

9. SAIL aims to reinforce community emergency funds to reinforce risk retention capacity and build awareness about the complementary role of insurance, savings and other financial services to manage climate risks.

Looking ahead, WFP remains committed to not only maintaining but enhancing macro-level climate risk financing across the portfolio. As we reflect on the past year's achievements, we recognize the pivotal role of ARC Replica in enabling WFP to provide timely and efficient financial protection to vulnerable populations facing climate-related hazards. However, our focus now shifts towards leveraging insights from the recently commissioned Tetra Tech study on the effectiveness of ARC Replica to further optimize the efficiency and impact of our insurance initiatives.

The Tetra Tech study findings underscore the potential for significant cost savings and improved response outcomes through the ARC Replica programme. Evidence from the study indicate up to a 20 percent reduction in staple food prices during drought years when assistance is provided in the pre-lean season, demonstrating how early intervention through insurance payouts can yield tangible benefits for affected communities. As we move forward, integrating these findings into our operational strategies will be paramount for maximizing the effectiveness of our interventions.



Smallholder farmer working on community and individual gardens in La Unión, El Salvador.
WFP/Diego Santamaria

Additionally, the study highlighted that the current ARC Replica coverage cannot generate large enough payouts to reach WFP's typical emergency caseload. In 2024, key milestones that WFP hopes to achieve to address this gap will include the launch of risk-layering frameworks, the piloting of trigger-based contingency funds and a regional catastrophic drought cover in the Sahel. By diversifying our risk financing instruments and expanding our coverage, WFP aims to strengthen its response capacity and enable more and timelier assistance to vulnerable populations across the region.

In line with the study's recommendations, WFP will move forward with optimizing the timing of assistance including integrating with Anticipatory Action, streamlining logistics and financial systems for greater efficiency and expanding the number of instruments available to WFP to cover different layers of risk more efficiently. WFP will also systematically introduce gender-responsive interventions into its Operational Plans, to ensure assistance is not only timely, but considers people's differential needs and risks, as well as their ability to cope with climate hazards. Moreover, we remain committed to aligning our efforts with national strategic planning processes to ensure a coherent approach to emergency preparedness and financing modalities.

Outside of Africa, WFP will continue to engage with the other regional sovereign risk pools to support governments in improving their CDRFI 'money-out' systems and processes. WFP is leveraging the expertise from its social protection specialists, as well as emergency preparedness teams to provide capacity strengthening support to our government partners.

Looking beyond the immediate horizon, our vision is to continue fostering partnerships, leveraging innovative solutions and advocating for sustained investment in climate financial risk management. Together with our humanitarian and donor partners, we are poised to build a more resilient future for the communities we serve, ensuring that no one is left behind in the face of escalating climate risks.

Over the next two years, WFP aims to protect 4.6 million people from catastrophic climate shocks through macroinsurance policies, in up to 23 countries.



A woman harvests sorghum in Turkana County in northern Kenya.

WFP/Alessandro Abbonizio

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