



Puteho Mutelo, received food assistance funded by the ARC Replica insurance payout in response to the impacts of the El Niño-induced drought in Zambia.



World Food Programme

SAVING  
LIVES  
CHANGING  
LIVES

## Payouts from WFP-supported Disaster Risk Financing Programmes

### Safeguarding food security through financial protection for the most vulnerable

About **300 million people** required humanitarian assistance and protection in 2024. This figure is projected to rise to 340 million people in 2025 (OCHA). Meanwhile, humanitarian funding is not keeping pace: only US\$22.6 billion of the US\$49 billion required (as per the 2024 Global Humanitarian Overview) was confirmed by the end of last year. The international crisis financing system is clearly not meeting the needs of the world's most vulnerable people. More needs to be done.

Protecting people against the rising frequency and intensity of **weather-related shocks** – a major driver of global hunger – is key to reducing the protection gap. Since most of these shocks can be forecasted and modeled, pre-arranged finance is a crucial solution to make crisis response financing more cost-effective and predictable, while ensuring better long-term results.

**Pre-arranged finance** refers to financial mechanisms secured prior to a crisis, using financial instruments such as trigger-based

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contingency funds and parametric insurance. WFP supports the ambitious goal of increasing pre-arranged finance from the current two percent to twenty percent in the coming years, in line with global commitments articulated by the High-Level Panel on Closing the Crisis Protection Gap.

Over the past 15 years, WFP has provided governments and communities with access to **Disaster risk financing (DRF) solutions**. At the national level, WFP, both purchases and supports governments to purchase macro-level insurance products that offer rapid finance to assist affected communities after major disasters, based on pre-agreed operational plans. Through its inclusive risk financing initiatives, WFP integrates financial inclusion instruments with activities promoting access to market, adaptive practices and resilient food systems.

**In 2024, WFP supported over six million people across 37 countries to access disaster risk financing protection, with over US\$361 million of financial coverage. In areas affected by drought, floods and tropical cyclones, US\$49 million in payouts enabled WFP to assist over two million people – a US\$33 million increase from 2023.**

### **LIVESTOCK INSURANCE SUPPORTS 792 FAMILIES DURING EXTREME WINTER IN THE KYRGYZ REPUBLIC**

The shifting seasons in Kyrgyz Republic disrupted traditional farming cycles, threatening both livelihoods and food security for rural families. The combination of shorter springs, drier summers and unpredictable snowfall directly impacted livestock farmers, making it harder to maintain healthy animals and earn a stable income. Through the Weather Index-Based Insurance Project, WFP provided food assistance in the form of barley distribution. This proved critical in bridging the fodder gap during the winter months keeping families from having to resort to negative coping strategies. 792 families received 26.3 metric tons (US\$7,706) of barley to help sustain their livestock.

### **ARC REPLICA ENABLED WFP TO IMPLEMENT EARLY ACTIONS IN THREE COUNTRIES IN AFRICA**

The African Union's **African Risk Capacity (ARC)** is a risk pooling platform that provides financial tools and infrastructure to help African Union Member States manage climate-related disaster risk. ARC Ltd. also offers national-level insurance products to humanitarian organizations through the ARC Replica Programme, an innovative risk financing tool that improves the effectiveness of emergency response after climate disasters. In 2024, WFP secured **US\$38 million** in financial protection through ARC Replica, protecting **1.8 million people** from weather-related disasters across ten African countries (Burkina Faso, Madagascar, Mali, Mauritania, Mozambique, Somalia, Sudan, The Gambia, Zambia and Zimbabwe).

In late 2023, a **US\$2.6 million** payout was triggered for WFP in **Burkina Faso** which supported **37,000 people** with three months of in-kind food assistance in 2024. In **Zimbabwe**, WFP's ARC Replica policy triggered a **US\$6.09 million** payout following a severe El Niño-induced drought. A minimum guaranteed payout confirmation by ARC Ltd. enabled WFP to prefinance food assistance and start distributions months ahead of other partners—reaching **272,000 people** in three districts before the crisis peaked. In **Zambia**, WFP received the maximum payout of **US\$3.3 million**, enabling rapid cash transfers to **169,000 people** over a period of six months, helping them recover faster and safeguard their livelihoods.

### **RISK LAYERING TO PROTECT VULNERABLE PEOPLE IN MALI AND MADAGASCAR**

To optimize resources, WFP is adopting a risk layering approach—combining different financing instruments based on the severity and frequency of shocks in each given country. To address localized shocks that impact only a few districts within a country, WFP piloted **an index-based contingency fund** in Mali, Madagascar, Mauritania

and Zimbabwe. The contingency fund enables WFP to provide assistance when localized drought conditions are met but do not reach the national scale required to trigger the ARC Replica insurance policy. Additionally, for extreme, low-frequency shocks, WFP has introduced the **Catastrophe Layer (Cat Layer)** in Burkina Faso, Mali and Niger to provide additional financing in case of catastrophic droughts exceeding ARC Replica's coverage.

In 2024, in **Mali**, prolonged and intense rainfall followed by unprecedented flooding displaced over 350,000 people and devastated 85,000 hectares of cropland. As the scale of the impact was localized, the ARC Replica insurance and the Catastrophe Layer did not trigger, however, **US\$138,547** was triggered from the contingency fund which will be distributed to **8,992 people** in early 2025. Mali is one of the first countries where WFP has



successfully implemented a risk layering strategy to effectively address different levels of risks. In **Madagascar** as well, following the El Niño-induced drought, the contingency fund triggered **US\$699,997**, supporting WFP to mobilize an early response for **134,900 people**.

## FINANCIAL PROTECTION IN THE CARIBBEAN FOLLOWING HURRICANE BERYL

In 2024, WFP provided financial support to seven Caribbean governments topping up insurance coverage from the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company

(CCRIF SPC). This supports the governments in expanding their policy coverage building on the WFP-CCRIF top-up model first introduced in Dominica in 2021, and ensuring payouts directly support affected communities.

In July 2024, Hurricane Beryl showed the importance of the WFP-CCRIF model, triggering payouts totalling US\$65.7 million of which **US\$5.6 million** was allocated for cash transfer support across Grenada, Jamaica and St. Vincent and the Grenadines. These interventions demonstrated the power of linking disaster risk financing to social protection, offering a scalable model for resilience and recovery. WFP collaborated with the Government of Grenada to ensure that part of the climate insurance payout reaches the most vulnerable people. Of the nearly US\$44 million received after Hurricane Beryl, approximately **US\$4.2 million** of the CCRIF payout was channelled through social protection systems through the Beryl Recovery Income Support Programme (BRISP). This marks the largest payout ever made by CCRIF SPC since its creation in 2007.

## EARLY RESPONSE TO WEATHER-RELATED DISASTERS IN MOZAMBIQUE

In 2024, following the negative impacts of the El Niño-induced drought, WFP supported 6,999 smallholder farming households to access Weather Index Insurance policies in Sofala and Tete provinces. A total of **28,980 people** benefitted from insurance payouts totalling **US\$144,900**.

Additionally, In December 2024, Cyclone Chido made landfall in Mozambique, triggering the maximum ARC Replica payout of **US\$3.1 million** for WFP. In the first weeks of 2025 and less than two weeks after landfall, the funds were disbursed, enabling timely assistance and ensuring that WFP could provide critical food assistance to the most affected populations. WFP Mozambique continues to employ a risk-layering approach, combining inclusive risk financing and macro-level instruments to protect the most vulnerable from weather-related shocks of different magnitudes.



## INCLUSIVE RISK FINANCING SUPPORTS SMALLHOLDER FARMERS IN ETHIOPIA

In 2024, following poor rainfall and crop diseases, a record US\$868,345 insurance payout was made to 61,943 affected farmers in the Amhara region. Recognizing the need for rural financial access, the Ethiopian Ministry of Agriculture is establishing a dedicated unit to oversee Access to Rural Finance, including agricultural insurance.



Yeshaw Tamrat, harvesting wheat from his irrigated land supported by WFP's R4 project in Amhara, Ethiopia.

## LESSONS FOR INTEGRATED DISASTER RISK FINANCING

Building on the experiences of recent years, in 2025, WFP will enhance linkages between its disaster risk financing portfolio and adaptive social protection systems in the African, Asian, Pacific, and the Caribbean regions while continuing to scale and enhance these solutions to address needs in a financially constrained humanitarian sector. The goal is to ensure sustainability in the mid and long term through close government involvement, integrating insurance with other



financial services for farmers, as well as layering different pre-arranged financing instruments, such as contingency funds and catastrophe layers.

As weather-related disasters continue to impact vulnerable people around the world with growing frequency and intensity, WFP is committed to building a more resilient future for the communities we serve, ensuring that no one is left behind in the face of escalating crises.

## INSURANCE PAYOUTS 2023-2024

COUNTRY	TOTAL PAYOUTS TRIGGERED	NUMBER OF PEOPLE BENEFITTING FROM PAYOUTS
KYRGYZ REPUBLIC	US\$151,000	17,793
ETHIOPIA	US\$868,000	61,943
BURKINA FASO	US\$2.6M	40,830
CÔTE D'IVOIRE	US\$26,900	21,564
MALI	US\$138,500	8,992
SENEGAL	US\$73,000	47,682
MADAGASCAR	US\$699,900	166,135
MALAWI	US\$1.2M	162,000
MOZAMBIQUE	US\$144,900	28,980
ZAMBIA	US\$37.7M	891,433
ZIMBABWE	US\$6.09M	272,787
HAITI	US\$387,000	37,485
<b>TOTAL*</b>	<b>US\$361M</b>	<b>6M</b>
*This includes payouts in Kenya (US\$259) and Guatemala (US\$1900)		

## World Food Programme

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