



World Food Programme

SAVING LIVES
CHANGING LIVES

Disaster Risk Financing

Annual Report 2025

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Insurance beneficiary Jeffrey Modanza in his field.

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Acronyms

AA	Anticipatory Action
AAR	After-Action Review
ACRIFA	Africa Climate Risk Insurance Facility for Adaptation
ADRiFi	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
ASP	Adaptive Social Protection
AYII	Area Yield Index Insurance
BMZ	Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany
Cat Layer	Catastrophe Layer
CBPP	Community-based participatory planning
CBT	Cash-based Transfer
CBO	Community-Based Organizations
CCRIF SPC	Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company
DRF	Disaster Risk Financing
CDP	Centre for Disaster Protection
CHIRPS	Climate Hazards Group InfraRed Precipitation with Station data
CO	Country Office
CoE	Centre of Excellence on Gender-smart Solutions
CRI	Climate Risk Insurance
CSP	Country Strategic Plan
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
EIG	Economic Interest Groups
ESLIP	Enhanced Livestock Investment Programme
FbF	Forecast-based Financing
FCDO	Foreign, Commonwealth, & Development Office
FFA	Food Assistance for Assets
FGD	Focus Group Discussions
FII	Forecast Index Insurance
FIP	Final Implementation Plan
FISP	Farmer Input Support Programme
FSP	Financial Service Provider
FRLD	Fund for Responding to Loss and Damage
GAC	Global Affairs Canada
GCF	Green Climate Fund
GFD	General Food Distribution
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
IGA	Income-Generating Activities
IMF	International Monetary Fund
IPC	Integrated Food Security Phase Classification
IRF	Inclusive Risk Financing
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
MSME	Micro-, Small and Medium-sized Enterprises
NDVI	Normalized Difference Vegetation Index
NORAD	Norwegian Agency for Development Cooperation
OP	Operational Plan
PCA	Partnership for Central America (PCA)
PICRIC	Pacific Catastrophe Risk Insurance Company
PICSA	Participatory Integrated Climate Services for Agriculture
PPP	Public-Private Partnership
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
SAILL	Savings, Insurance and Loan Layering
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
SRSP	Shock Responsive Social Protection
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
VSLA	Village Savings and Loans Association
WB	World Bank
WII	Weather Index Insurance
WRSI	Water Requirement Satisfaction Index
WFP	World Food Programme



People affected by Hurricane Melissa, Cuba.

Foreword

In 2025, the humanitarian consequences of extreme weather events were no longer exceptional but systemic. No region was spared, with devastating droughts and heatwaves in the Middle East, countries in Southern Africa reeling from the impacts of multiple tropical cyclones followed by drought, and supercharged hurricanes leaving a path of destruction across Caribbean countries. While the events of 2025 strained both national and humanitarian response systems, this is just a warning of the challenges that the global community will face in a world heated beyond 1.5°C. In 2025, weather extremes were the main driver of hunger for 29 percent of acutely food insecure people.

Yet, with the right systems in place, hunger can be prevented before shocks turn into humanitarian emergencies. For the World Food Programme (WFP), 2025 reaffirmed that investing in readiness through pre-arranged finance is critical to protecting lives, livelihoods and food security in an era of polycrisis. Pre-arranged disaster risk financing (DRF)—agreed in advance, triggered by objective parameters and rapidly disbursed when shocks occur—has therefore become an essential pillar of effective humanitarian action, and the new WFP Strategic Plan (2026–2029) reflects this with DRF’s cross-cutting presence:

- Under **Strategic Outcome 1**, DRF strengthens WFP’s ability to save lives in emergencies by enabling faster, more predictable and earlier responses. By linking pre-arranged financing to emergency and preparedness operations, DRF allows WFP to support recovery before weather shocks escalate into a hunger crisis, complementing humanitarian funding from other sources.
- Under **Strategic Outcome 2**, DRF plays a critical role in reducing humanitarian needs over time. By protecting smallholder livelihoods and value chains from recurrent extreme weather shocks, DRF prevents people from using negative coping strategies, preserves development gains and breaks cycles of crisis and response. When WFP and partners integrate inclusive DRF within resilience and food systems approaches, it contributes directly to building longer-term food security in shock-prone contexts.
- At the same time, **Strategic Outcome 3** underscores DRF’s role in strengthening national systems and partnerships. WFP supports governments to integrate DRF into national

preparedness, social protection and fiscal frameworks, advancing country ownership and sustainable solutions.

Across all three outcomes, DRF exemplifies WFP’s commitment to innovative, risk-informed financing—enabling the organization to deliver greater impact, faster responses and more resilient futures in a climate-constrained world.

In 2025, WFP continued advancing its leadership role in deploying DRF solutions, supporting **4.9 million vulnerable people** across **44 countries** to access disaster risk financing protection, with financial coverage totalling **US\$380 million**. In areas affected by drought, floods and tropical cyclones, **US\$13.2 million were transferred** to assist **1.1 million people**.

To build on these successes in 2026, WFP plans to enhance linkages between its DRF portfolio and adaptive social protection systems in Africa, Asia Pacific region and the Caribbean. In addition, WFP will continue putting a particular attention to fragile and conflict-affected settings, adapting DRF solutions to safeguard crisis-affected populations even in the most complex environments.

Greater coordination and collaboration across the United Nations is also essential to closing the humanitarian funding gap. By working closely with UN partners across humanitarian and development mandates, WFP is helping to align risk analytics, financing instruments and delivery systems, ensuring that pre-arranged finance translates into timely, complementary support for vulnerable populations. Strengthened UN coordination on DRF not only reduces duplication and fragmentation, but also amplifies impact—enabling the UN system to respond faster, manage risk more strategically and support countries with integrated, scalable solutions in the face of accelerating climate shocks.

We are grateful for the continuous support of our partners and donors and look forward to continuing this important work in 2026.

Matthew Hollingworth

Assistant Executive Director

Programme Operations Department

World Food Programme



Vision, Goals, Targets

Vision

Aligned with WFP's Strategic Plan 2026–2029, the Disaster Risk Financing (DRF) team envisions a future where vulnerable people, communities and governments are better protected from crises through timely, predictable and efficient financing that reduces humanitarian needs and strengthens long-term resilience.

WFP's overarching aim—a world free of hunger where all people have reliable access to nutritious food—guides the DRF team's mission to ensure that predictable shocks, such as weather extremes and other disasters from natural hazards, do not push people into food crisis. As WFP prioritizes meeting acute food and nutrition needs in fragile and emergency settings, expanding access to pre-arranged financing can enable earlier, faster and more cost-efficient responses that reduce humanitarian needs.

WFP's Disaster Risk Financing solutions ensure that when crises hit, assistance reaches people faster, earlier and more efficiently, through pre-arranged and predictable financing. By expanding access to innovative financing mechanisms, DRF enables governments and communities to better manage shocks, protect the most vulnerable and reduce long-term humanitarian needs. Our vision is a future where predictable financing strengthens preparedness, triggers rapid response and builds resilience in the face of escalating climate and disaster risks.

Through DRF, WFP supports governments and communities to better manage risk by:

- **Improving preparedness** through data-driven risk analytics, contingency planning and strengthened national systems;
- **Ensuring rapid and scalable financing** after disasters to withstand and respond earlier to shocks, immediately when shocks occur; and
- **Mitigate and avert future humanitarian needs over time** by fostering integrated approaches that connect emergency and resilience programming, particularly in vulnerable settings.

In a context of growing needs and constrained resources, DRF provides a principled, transparent and evidence-based innovative financing mechanism for prioritizing early action and allocating resources where they can have the greatest impact. By enabling pre-arranged financing, the DRF team contributes to WFP's commitment to protect the most at-risk populations, support faster recovery and strengthen the resilience of crisis-prone communities and national institutions.

Goals

WFP's DRF approach seeks to develop innovative and scalable risk financing mechanisms that strengthen the ability of WFP, communities and governments to prepare for, withstand and rapidly respond to shocks. By improving risk financing infrastructure and delivery systems, DRF aims to shift from reactive, ad hoc funding toward a forward-looking model that ensures timely, predictable and cost-efficient assistance for populations at risk.

Reducing humanitarian needs requires access to risk financing and financial inclusion instruments that are integrated into broader disaster risk reduction and climate adaptation programmes. When deployed at scale, with innovative models that ensure sustainability, these instruments help crisis-prone communities absorb shocks, recover faster and strengthen long-term resilience. This work will focus on geographic areas and communities that experience protracted or recurrent acute food

insecurity, prioritizing people whose food security and nutrition are most impacted by shocks, including women, girls, children, persons with disabilities and Indigenous people. WFP's objective is to enable communities to meet their own needs after having experienced persistent acute food insecurity.

To achieve this, WFP's DRF team aims to:

- **Focus on the most vulnerable populations and contexts**

Strengthening targeting approaches that prioritize those most at risk and reinforce the humanitarian-development-peace nexus through fit-for-purpose disaster risk financing mechanisms.

- **Transform financing systems toward integrated pre-arranged finance**

Embed disaster risk financing instruments within WFP's internal systems, and promote alignment with other UN agencies, value chains and government financing and delivery mechanisms. Combine complementary financing tools—such as insurance, contingency funds and savings—to address differing levels of timing, severity and frequency of shocks.

- **Promote an enabling environment for DRF**

Build the operational and policy capacities of governments and local institutions, while fostering public-private partnerships that support sustainable use and expansion of risk financing tools. Facilitate the creation of conducive market conditions for sustainable financial services, and incentivize the development of innovative, efficient and value-added products for at-risk communities and food value chains.

- **Foster integration with WFP programmes and external initiatives**

Strengthen linkages between DRF and WFP programming—especially emergency preparedness, anticipatory action, climate adaptation, value chain improvement and market access, job creation and social protection—and promote synergies with government and private sector initiatives. Deepen engagement with international agencies, institutions, insurance networks and global DRF platforms to harmonize approaches, share learning and scale impact.

- **Generate robust evidence on impact and effectiveness**

Build an evidence base demonstrating how disaster risk financing and early action contribute to food security, resilience and financial protection of vulnerable populations.

Targets

TARGET 1

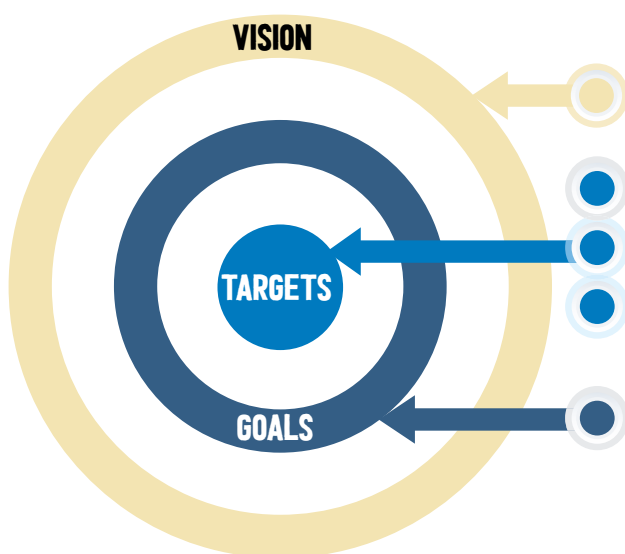
10 million people protected protected by DRF instruments **in 2029**.

TARGET 2

By 2029, WFP will support **50 countries** to access DRF solutions.

TARGET 3

By 2029, WFP will provide up to **US\$500 million** in pre-arranged finance for crisis response and resilience per year through DRF instruments.



WFP's vision is a future where **predictable financing** strengthens preparedness, triggers rapid response and builds resilience in the face of escalating climate and disaster risks.

10 million people protected by DRF instruments in 2029.

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OUR ACTION IN 2025

Macro Insurance



3.05 million people protected by macro-level insurance in 2025



Total value of premium amounts to **US\$10 million**



Over **US\$108 million** in financial coverage



Over **343,000** people received WFP assistance funded by macro insurance payouts in 2025



Over **US\$13 million** in insurance payouts triggered in 2024/25, of which **US\$8.2 million** was transferred to beneficiaries in 2025

Inclusive Insurance



Over **1.8 million** people covered by inclusive and/or meso-level insurance in 2025



Total value of premium amounts to nearly **US\$13.8 million**



Nearly **US\$272 million** in financial coverage, including over **US\$237 million** in indirect coverage through technical assistance



Over **765,000** people benefiting from inclusive insurance payouts distributed in 2025



Nearly **US\$5 million** in insurance payouts distributed in 2025

Savings and Loans



Over **224,000** participants engaged in financial inclusion initiatives in countries where WFP implements disaster risk financing programmes



60 percent of participants are **women**



Over **US\$7 million** saved by participants of financial inclusion programmes in countries where WFP implements disaster risk financing programmes



US\$6 million of loans accessed by financial inclusion initiative participants in countries where WFP implements disaster risk financing programmes

Pre-Arranged Financing for Food Security

What is PAF?

Pre-arranged Finance (PAF) refers to prepositioning of financing and its release before or right after a hazard has occurred, according to pre-agreed triggers and plans. For WFP and partners, PAF unlocks faster, more predictable support for vulnerable people- enabling Anticipatory (before impact) and Early (after impact) Action. Today, only **2 percent of global crisis finance is pre-arranged**, presenting a major opportunity to shift from costly reactive approaches to efficient proactive solutions. WFP's vision is to **increase pre-arranged financing tenfold** by 2035, making it the default crisis financing approach for predictable and modellable risks.

According to the Centre for Disaster Protection (CDP)¹, pre-arranged financing is made available in advance of a shock. It typically combines: (1) access to liquidity (e.g., prepositioned funds, insurance, contingent credit); (2) objective, pre-defined triggers; and (3) pre-agreed implementation plans. Examples of PAF instruments include:

- **Anticipatory actions (AA)** funded through trigger-based contingency funds. When a forecast-based trigger is reached, governments and humanitarian actors support the most vulnerable at-risk populations before a shock materializes.
- **Parametric insurance**, at the household or national level, which provides rapid payouts immediately after a shock, based on pre-defined parameters.
- **Catastrophe bonds**, which function similarly to parametric insurance, but mobilise additional resources from capital markets, enhancing financial protection for large-scale disasters.

1. Centre for Disaster Protection, High-Level Panel on Closing the Protection Gap. 2025. Crisis Protection 2.0: Future-proofing our World.

Why PAF for Food Security – Why now?

While conflict remains the main driver of food insecurity, the climate crisis is rapidly emerging as a major threat multiplier, disproportionately affecting the most vulnerable populations. However, most weather-related shocks are of a predictable nature, meaning that we can be **proactive instead of reactive** in reducing the impacts of these shocks on the most vulnerable populations. Yet, the crisis protection gap keeps growing. By crisis protection gap, we mean a systemic shortfall in proactive planning, risk management and financing for predictable emergencies, leaving communities, governments and economies exposed to escalating losses and rising costs. According to CDP, of the US\$76 billion spent on crisis finance in 2022, less than 2 percent was pre-arranged. Of this already small share, only 1.4 percent reached low income countries. WFP wants this to change, championing a systemic shift from reactive to proactive response.

How does PAF fit into WFP's work?

For decades, WFP has been at the forefront of designing and implementing programmes that not only respond, but also prevent shocks from turning into humanitarian crises, safeguarding the food security and nutrition of the most vulnerable populations, in collaboration with governments and local partners. The integration of PAF instruments is an important component of this approach. In the context of escalating food insecurity, growing poverty and the intensifying climate crisis, WFP is scaling up PAF programme solutions, such as Anticipatory Action (AA) and Disaster Risk Financing (DRF), to strengthen resilience, providing financial protection and helping communities to adapt.

Over the past 15 years, WFP has pioneered AA and DRF. AA focuses on actions taken *before* impacts are felt, using forecast-based triggers and pre-agreed plans. These actions include early warning dissemination, anticipatory cash transfers and support to protect livelihoods (e.g., agricultural inputs, improved agriculture techniques or seed distribution). Financial instruments like the WFP Trust Fund and the Central Emergency Response Fund (CERF) Anticipatory Action Window enable this proactive approach.

DRF, on the other hand, secures rapid liquidity *after* an event through mechanisms such as parametric insurance, sovereign risk pools, contingent credit and catastrophe bonds. Together, AA and DRF

form a layered approach that addresses different levels of risk severities. Today, these programmes protect over 11 million people, supporting them ***before and right after*** extreme weather events, with more than US\$460 million² in pre-arranged financing. During these uncertain times, increasing pre-arranged finance is a way to provide assistance more effectively and in a manner that ***maximizes every dollar spent.***

2. This figure refers to the combined AA, macro and Inclusive Risk Financing: US\$80 million of prearranged financing for anticipatory action and US\$380 million in insurance coverage.

WANT TO KNOW MORE ON PAF?

Read this Brochure on:
[Pre-arranged Finance for Food Security](#)



Pre-arranged Finance for Food Security



Pre-arranged Finance (PAF) refers to the pre-positioning of financing and its release before or right after a hazard has occurred, according to pre-agreed triggers and plans. For WFP and partners, PAF unlocks faster, more predictable support for vulnerable people — enabling Anticipatory (before-impact) and Early (after-impact) Action. Only a small fraction of international crisis finance is pre-arranged today (around 2 percent), presenting a major opportunity for the world to shift from costly reactive approaches to efficient proactive support. WFP's vision is to **increase pre-arranged financing tenfold by 2035**, making it the default crisis financing approach for predictable and modelable risks.



Grenada. The destruction brought by Hurricane Beryl on Carriacou Island.

WFP-supported Disaster Risk Financing Programmes

With growing humanitarian needs and shrinking donor budgets, pre-arranged financing is becoming vital to protect vulnerable communities. By ensuring that funds are secured before a crisis, these mechanisms make it possible to act earlier, respond faster and deliver assistance more cost-efficiently. In doing so, they help reduce humanitarian needs, protect hard-won development gains and reinforce long-term resilience.

The urgency of expanding pre-arranged financing becomes even more evident when viewed through the lens of the widening crisis protection gap. This gap—between the support people require to recover from shocks and the assistance they actually receive—has become a major driver of global hunger. Without predictable financial protection, vulnerable households are forced to absorb the full impact of weather-related and other shocks, threatening their lives and eroding their livelihoods and food security. In a world where humanitarian funding can no longer keep pace with escalating needs, this gap exposes

millions to avoidable losses and entrenches cycles of vulnerability.

Disaster risk financing, including insurance, is a critical tool for narrowing the crisis protection gap and advancing WFP's mandate to save lives and change lives. These financial instruments equip governments and communities with the resources they need to manage shocks more effectively, ensuring that funding is available when it is most needed. By enabling timely, predictable and well targeted responses, disaster risk financing supports early action, accelerates recovery and strengthens the capacity of institutions and households to withstand future disruptions.

Over the past fifteen years, WFP has been at the forefront of designing and testing innovative disaster risk financing solutions. When combined with broader risk management strategies, disaster risk financing provides comprehensive protection against a wide range of shocks. It also helps unlock investment

opportunities and supports the diversification of livelihoods, enabling communities to build resilience over time. WFP's disaster risk financing portfolio is built around two mutually reinforcing workstreams: **inclusive risk financing**, which builds resilient food value chains by unlocking access to financial services and therefore providing direct support to households and communities, and **macro-level risk financing**, which strengthens the ability of governments and humanitarian agencies—including WFP itself—to plan for, respond to and recover from shocks, so that the most vulnerable receive the support they need, when they need it. Together, these approaches ensure that people, systems and institutions are better equipped to prepare for crises, act quickly when they occur and rebuild more effectively in their aftermath.

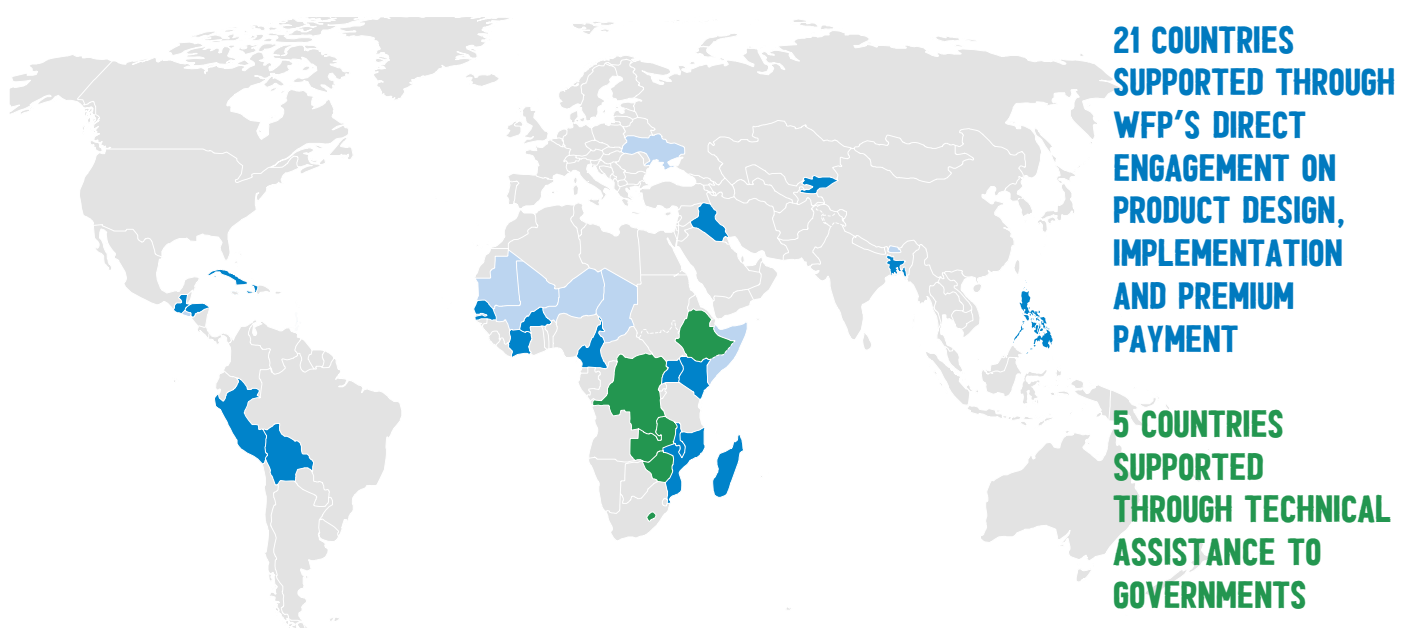
Inclusive Risk Financing

Smallholder farmers, pastoralists and micro, small and medium-sized enterprises (MSMEs) around the world remain highly vulnerable to weather-related

risks such as droughts, floods and storms. Yet they often lack access to the financial tools and services needed to manage these risks effectively. Expanding access to financial services is therefore essential for achieving food security: it enables investment and sustainable productivity across food value chains, facilitates market integration and job creation and strengthens households' ability to withstand shocks. By giving people the means to plan ahead, manage risk and cope with weather-related and other shocks, financial services play a vital role in building long-term resilience and safeguarding food security and livelihoods. They help reduce humanitarian needs by strengthening people's capacity to withstand and recover from crises.

Recognizing these needs, WFP has made significant progress over the past fifteen years in expanding access to financial services for more than 15 million vulnerable people through integrated risk management strategies, initially developed under the R4 Rural Resilience Initiative. These efforts have helped communities better manage weather-related and other risks, reducing their vulnerabilities in the face of increasing crises. These tools complement each other and provide support for different risk

FIGURE 1
Inclusive Risk Financing Programmes



severity levels, enabling individuals to manage a variety of risks. Building on this experience and evidence, WFP in 2024 transitioned the R4 Initiative into a streamlined Inclusive Risk Financing (IRF) approach designed to strengthen resilient food value chains. This evolution reflects a shift toward a more integrated and scalable strategy that draws on past learnings to enhance the sustainability and resilience of food systems amid growing weather-related shocks and economic pressures.

Through the IRF approach, WFP expands access to a suite of financial solutions—including insurance, savings and loans—delivered alongside initiatives that improve market access, promote adaptive practices, create employment opportunities and strengthen resilient food value chains. By broadening access to financial services, IRF enables smallholder farmers and other value chain actors to invest in productivity, integrate into markets and build more sustainable livelihoods. At the same time, it enhances their ability to manage weather-related and other shocks, ultimately advancing food security through stronger financial inclusion.

2025 ACHIEVEMENTS

In 2025, WFP protected over 1.8 million people with inclusive insurance across 21 countries (Bangladesh, Burkina Faso, Bolivia, Cuba, Côte d'Ivoire, Ethiopia, Guatemala, Haiti, Honduras, Iraq, Lesotho, Kenya, Kyrgyz Republic, Malawi, Madagascar, Mozambique, Peru, Philippines, Senegal, Uganda and Zambia) against a range of perils, including drought, excess rainfall, heatwaves, cyclones, pests and diseases. WFP provided financial protection of over US\$272 million, with premiums totalling US\$13 million. Following weather-related shocks, over US\$4.9 million in payouts were triggered, directly benefitting over 760,000 people.

WFP also provided technical assistance to the governments of the Democratic Republic of the Congo (DRC), Lesotho, Ethiopia, Zimbabwe and Zambia on the design and use of insurance solutions, helping strengthen the capacity of government and private sector institutions to lead climate risk insurance and broader IRF initiatives.

WFP has also advanced innovation in the Amazon region by introducing a meso-level insurance model for cities in Bolivia and Peru. This approach strengthens local preparedness and enables faster, more coordinated responses to disasters. In collaboration with the United Nations Environment Programme (UNEP) and the United Nations Office for Disaster Risk Reduction (UNDRR), WFP has launched rainfall indexed insurance schemes that release funds to municipal authorities when predefined rainfall thresholds are exceeded. This rapid financing allows cities to act quickly to protect food security and livelihoods. By improving local readiness and ensuring timely resources after extreme rainfall, the model reduces vulnerabilities and helps Amazonian cities recover more quickly during emergencies.

Finally, in 2025, the IRF workstream led the creation of the Technical Working Group on Financial Inclusion, bringing together all WFP efforts related to financial inclusion and access to finance. The group aims to promote simplification, coherence, collaboration and cost-efficiency across WFP's work in this area. In 2025, WFP further expanded its portfolio of climate risk solutions with the launch of an innovative heatwave insurance product in Iraq. Building on the drought insurance introduced in 2024, WFP worked closely with partners to design a solution that provides coverage against prolonged periods of extreme heat, an increasingly critical risk for vulnerable farming households as temperatures rise. Beyond financial protection, the initiative is strengthening communities' understanding of weather-related risks, encouraging the adoption of more adaptive practices, expanding access to financial services and enhancing overall resilience. Insurance payouts supported both food consumption and productive investments, helping households stabilize food security while continuing to build their livelihoods. Notably, the targeting also includes returnees, providing an additional layer of support to facilitate their reintegration into their communities.

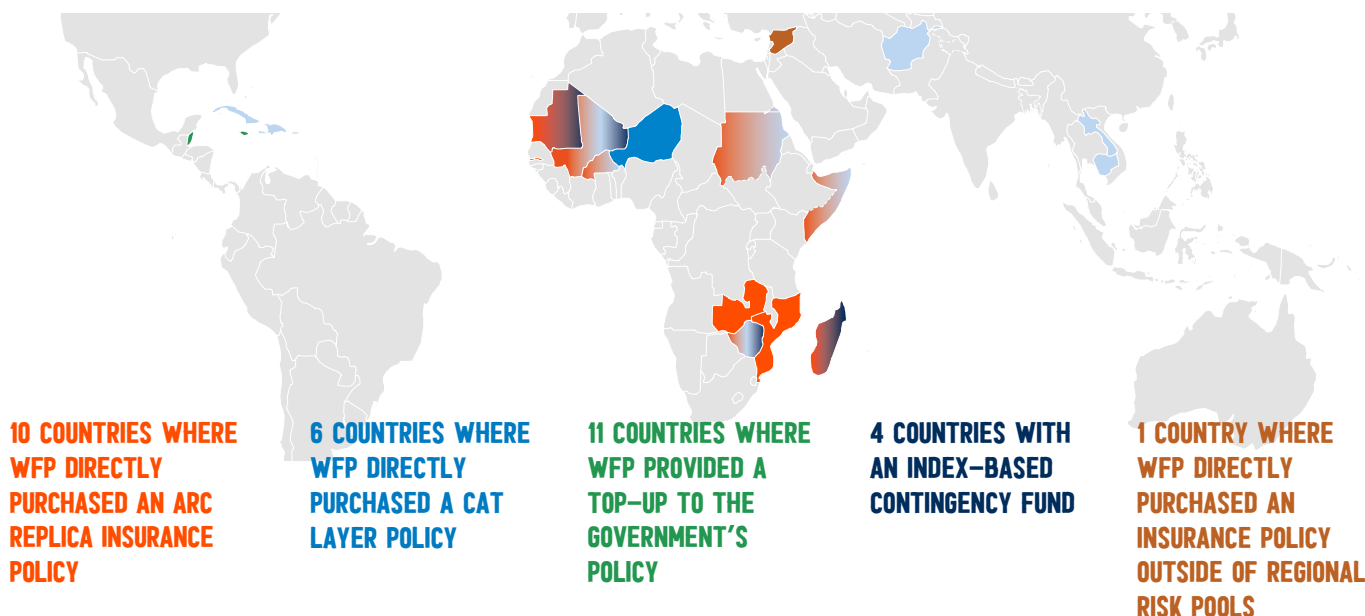
Macro-level Risk Financing

Each year, governments and the humanitarian sector spend billions to prepare for, respond to and help people recover from increasingly destructive weather-related disasters, yet a significant protection gap remains—leaving many vulnerable populations without the financial tools needed to recover from these shocks. As a leader in humanitarian risk financing, WFP partners with governments and regional risk pools, or goes directly to the market via an insurance broker to purchase macro insurance or top-up government insurance policies to protect those most vulnerable to the effects of extreme weather events. These instruments ensure that when disasters strike, rapid finance is available to support affected communities, either through government-led shock-responsive social protection systems or through WFP’s direct assistance programmes.

WFP supports three types of macro-level insurance policies, tailored to the context and actors involved. These help unlock funds rapidly and equitably after a verified weather-related shock:

- **Replica policies:** WFP purchases an insurance policy that mirrors or replicates the terms of a government’s own policy. This enables aligned, coordinated humanitarian response, supporting government systems wherever possible while ensuring WFP’s beneficiaries are protected.
- **Top-up policies:** WFP provides a financial contribution to increase the coverage of a government-held policy. These top-ups are earmarked for people-centered interventions, and WFP provides technical support for preparedness, implementation and monitoring if the policy triggers.
- **Primary policies:** WFP purchases standalone insurance coverage, independent of a government policy. These policies give WFP liquidity to rapidly respond to shocks and scale up support to affected communities – particularly valuable in fragile or underinsured settings.

FIGURE 2
Macro-Level Financing Instruments



Some countries have multiple macro-level risk financing instruments, including: Burkina Faso (with ARC Replica and Cat Layer policy); Mali (with ARC Replica, Cat Layer policy, and index-based contingency fund); Mauritania (with ARC Replica and index-based contingency fund); Madagascar (with ARC Replica and index-based contingency fund); Somalia (with ARC Replica and Cat Layer); Sudan (with ARC Replica and Cat Layer) and Zimbabwe (with ARC Replica, Cat Layer and index-based contingency fund).

AFRICA: USING LAYERS OF FINANCIAL PROTECTION TO MATCH DIFFERENT LEVELS OF RISK

WFP works closely with the African Union's African Risk Capacity (ARC), which helps governments insure themselves against weather-related disasters like drought or cyclones. WFP has three main macro-level risk financing mechanisms in Africa, including:

- **ARC Replica:** WFP buys "Replica" insurance policies that ensure both the government and WFP are covered if a major shock hits, allowing for a coordinated, fast response. By matching or supplementing the insurance policies of national governments purchased through ARC Ltd., WFP ensures that more financial resources are available for timely emergency responses when disaster strikes. In addition to securing financial protection, ARC Replica strengthens national disaster response by: supporting governments in customizing hazard models and risk assessments; enhancing contingency planning to improve coordination between governments and humanitarian agencies; and ensuring that insurance payouts are swiftly translated into life-saving assistance for affected communities.
- **Index-based contingency fund:** WFP has established a trigger-based contingency fund in Mali, Madagascar, Mauritania and Zimbabwe. This US\$2 million fund is tied to simple climate triggers and can be quickly disbursed to WFP Country Offices to support affected people. This fund provides timely support to Country Offices when localized drought conditions are met but do not reach the national thresholds required to trigger the ARC Replica insurance policy.³
- **Cat Layer:** For rare but severe droughts, WFP has introduced the Sahel Climate Catastrophe

Layer (Cat Layer) in Burkina Faso, Mali and Niger in 2024 and expanded the product to Sudan, Somalia and Zimbabwe in 2025. This mechanism can release up to US\$8.5 million per country when a once-in-25-year drought occurs, enabling large scale support during the most severe crises.

This layered approach enables WFP to respond swiftly and appropriately across different levels of crisis, strengthening financial protection for vulnerable communities and ensuring assistance reaches people faster and more effectively.

2025 ACHIEVEMENTS IN AFRICA

In 2025, WFP protected over 2.5 million people across eleven African countries (Burkina Faso, Madagascar, Mali, Mauritania, Mozambique, Niger, Somalia, Sudan, The Gambia, Zambia and Zimbabwe) from weather-related disasters. Through a diverse portfolio of macro-level risk financing instruments, WFP secured over US\$79.6 million in financial protection with premiums totaling US\$7.7 million.

When extreme weather triggered payouts that funded early assistance, WFP delivered concrete results across several countries, with Mali and Mozambique demonstrating how layered financing instruments translate into timely support on the ground.

- In Mali, localized drought conditions triggered a US\$138,547 payout from the index based contingency fund, which was channelled through the national social protection system, strengthening linkages between WFP's disaster risk financing tools and national social protection mechanisms. Using the Government's Unified Social Registry (RSU), vulnerable households were identified and assistance was expanded horizontally in the affected areas. More than 8,000 people received approximately US\$74 each for January, February, and March, with complementary resources enabling a second round of support for April to June.

3. The index-based contingency fund was supported by contributions from FCDO and USAID. By February 2025, the FCDO contribution had been fully utilized. The USAID grant concluded in early 2025 following a directive from the U.S. Executive Office reflecting adjustments to broader foreign assistance priorities.

- In Mozambique, the integration of anticipatory and early action played a pivotal role in strengthening WFP’s preparedness and response. Under its macro insurance coverage, WFP received two ARC Replica payouts—one for its tropical cyclone policy and another for drought—amounting to US\$3.1 million to respond to Cyclone Chido and over US\$400,000 for early response to drought. Mozambique demonstrated how WFP combines different pre-arranged financing tools to deliver timely, targeted and risk informed assistance: both anticipatory action and macro insurance payouts were triggered for the same tropical cyclone, marking the first time WFP implemented both these instruments for the same rapid onset event, and later both were again triggered for drought. This layered approach enabled faster and more coordinated support to affected communities. Ahead of Cyclone Chido, WFP supported the Government in disseminating early warning messages and facilitating evacuations. Immediately after landfall, the ARC Replica payout enabled WFP to provide rapid assistance, beginning with seven-day food rations and followed by three months of continuous food support for the most severely affected households. A similar sequence unfolded during the 2024/2025 drought. Anticipatory action was activated before the shock, and once the macro insurance trigger was confirmed, WFP continued assistance in one district of Gaza province. This ensured continuity

of support in areas where drought affected households had already been identified, effectively building on and complementing the anticipatory action intervention that had recently concluded.

On the preparedness front, WFP updated multiple contingency plans, including renewing the Operational Plans for ARC Replica for The Gambia (drought), Somalia (drought), Zambia (drought), Zimbabwe (drought) and Sudan (drought); renewing the Catastrophe Layer Operational Plans for Zimbabwe, Somalia and Sudan; developing new Disbursement Plans for Syria, the Pacific region (Fiji, Tonga, Vanuatu, Solomon Islands and Samoa) and the Dominican Republic; and reviewing the Disbursement Plans for Belize, Dominica, St. Lucia and Haiti.

As part of efforts to strengthen gender-sensitive approaches in macro-level risk financing—and building on the climate-sensitive gender analyses conducted in Somalia and Mozambique—three additional in depth studies in The Gambia, Mauritania and Zambia were conducted in 2025. These analyses examined the different vulnerabilities of women and men to climate and disaster risks, as well as their respective capacities to prepare for and respond to shocks and their participation in disaster risk management systems. The findings offer valuable insights into the specific challenges faced by women in these contexts and will guide the development of action plans for more targeted macro-level DRF interventions.



Beneficiaries receiving support through the contingency fund payout.

Expanding National-Level Disaster Risk Financing in Other Regions

LATIN AMERICA AND THE CARIBBEAN

In the Caribbean, WFP's macro-level risk financing model operates through premium top-ups, where WFP provides additional funding to top-up insurance policies purchased from the Caribbean Catastrophe Risk Insurance Facility (CCRIF SPC). When a CCRIF SPC policy is triggered, a portion of the payout—corresponding to WFP's share of the premium—is channelled through national social protection systems as cash assistance for disaster affected households. This approach ensures that support reaches the most vulnerable in the aftermath of a storm. First introduced in Dominica in 2021, the WFP-CCRIF top up model has since been adopted by several countries across the Caribbean and Central America, with WFP continuing to contribute to sovereign insurance premium top-ups.

In 2025, WFP continued supporting disaster risk financing in Belize, Dominica, Grenada, Jamaica, Saint Lucia, and St. Vincent and the Grenadines, securing an additional US\$14 million in insurance coverage and protecting more than 109,222 people against tropical cyclones and excess rainfall. Following Hurricane Beryl in 2024, CCRIF issued a US\$44 million payout, of which approximately US\$4.2 million was allocated to social protection through the Beryl Recovery Income Support Programme (BRISP). In 2025, WFP supported the implementation of BRISP, which provided unconditional income support to households whose livelihoods were affected.

Through this programme, around US\$1.3 million in cash assistance was delivered to roughly 2,600 people over six months. In October 2025, Hurricane Melissa—a Category 5 storm—triggered CCRIF SPC payouts for Jamaica amounting to approximately

US\$91 million. Of this, US\$1.69 million is being directed to support vulnerable households through cash transfers.

ASIA AND THE PACIFIC

WFP has been a key driver in advancing disaster risk financing and macro insurance mechanisms across the Asia-Pacific region, partnering with governments, regional organizations and development partners to enhance financial preparedness for weather-related disasters. In 2025, WFP supported macro insurance coverage for five Pacific Small Islands Developing States (SIDS)—Fiji, Samoa, Solomon Islands, Tonga and Vanuatu—through the Pacific Catastrophe Risk Insurance Company (PCRIC) regional risk pool, contributing US\$100,000 in premium support to each country. These policies help governments strengthen their financial resilience and improve disaster response capabilities. To ensure rapid and people centred use of PCRIC payouts, WFP worked closely with PCRIC, Ministries of Finance and National Disaster Management Organizations to develop practical and context appropriate disbursement plans. WFP also worked with PCRIC to introduce payout-utilization plan templates to move from planning scenarios to operationalization of a PCRIC payout-funded response.



Community members in Bangladesh engage in a focus group discussion (FGD).

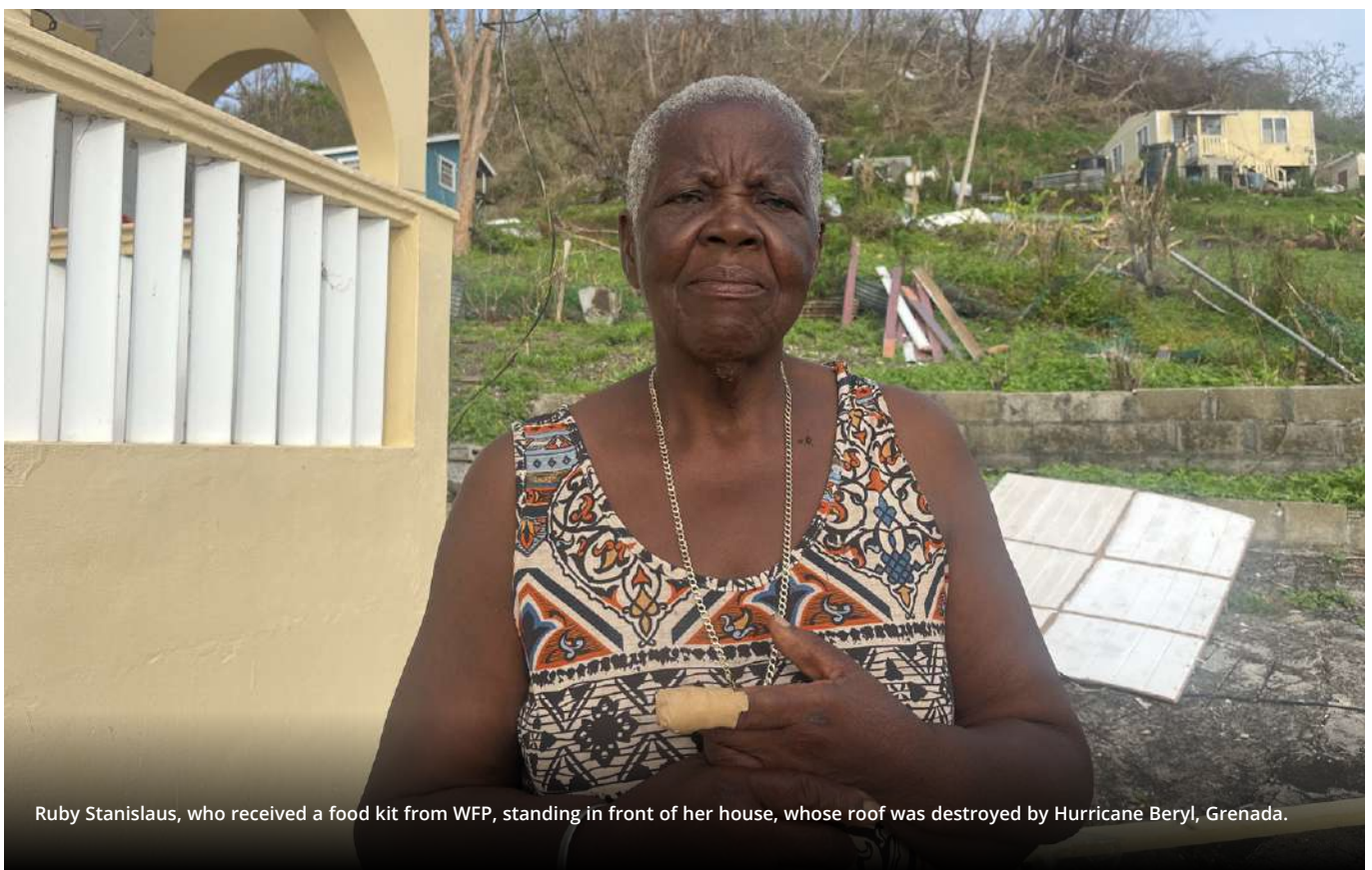
In Cambodia, WFP continued working with the Government to strengthen decision-making on disaster risk financing options and positioned itself as a key facilitator across the intersectoral, multi-stakeholder disaster risk financing agenda, promoting integration with social protection into national policies and programmes. Similarly, in the Lao People's Democratic Republic, WFP supported the Government in advancing disaster risk financing and strengthening linkages with shock-responsive social protection. Working with key ministries and the World Bank, WFP helped shift the disaster risk financing agenda from policy alignment toward greater operational readiness and systems integration.

FRAGILE CONTEXTS: PIONEERING INSURANCE IN CONFLICT-AFFECTED SETTINGS

In 2024/2025, WFP expanded its portfolio in fragile settings, recognizing the urgent need for innovative solutions to protect vulnerable people in fragile and

conflict-prone settings from the impacts of drought and escalating food insecurity. In partnership with insurance industry actors—including Swiss Re, Hiscox and Howden—WFP developed a macro insurance policy to finance its operations in Syria, providing critical financial protection for drought-affected populations.

Launched in January 2025, the policy triggers a payout when drought occurs in key food producing areas, enabling WFP to rapidly deliver up to US\$9.25 million in assistance. With a premium of US\$1.25 million, the policy protects more than 230,000 people. The initiative was developed through the Insurance Development Forum's Sovereign and Humanitarian Solutions Working Group. Following the country's worst drought in 50 years, the policy triggered a US\$7.9 million payout, allowing WFP to deliver early cash assistance for food and other essential needs. More than 83,000 people benefitted, ensuring timely support for households in high-risk, conflict-affected areas.



Ruby Stanislaus, who received a food kit from WFP, standing in front of her house, whose roof was destroyed by Hurricane Beryl, Grenada.



INTERVIEWS

CGAP Interview

Sophie Sirtaine

*Financial Services Global Director
at the World Bank Group and CGAP CEO*



CGAP⁴ and WFP share a common vision that inclusive, climate-responsive financial services, including insurance, savings, credit and digital payments, are essential to building resilient national food systems. In this context, WFP is a key partner to CGAP in advancing resilience for vulnerable populations that enable them to invest in their own resilience through inclusive insurance and broader risk-financing solutions.

Inclusive financial services are essential tools that equip vulnerable populations with the means they need to develop their own resilience capacities. For example, index insurance gives farmers the confidence to invest in the face of climate risk, savings products help households avoid distress sales and other negative coping mechanisms after a crisis, while recovery lending enables businesses to restock after a flood to get quickly back on their feet. In each instance, financial services help people make the most of limited resources and stay on an upward trajectory despite shocks that threaten to trap them in poverty through underinvestment, asset loss and protracted recovery. Integrating inclusive finance into broader response systems, such as disaster risk strategies, and channelling funding through inclusive financial service providers and digital accounts, makes it easier to reach and empower groups vulnerable to climate shocks and other risks.

4. CGAP is a global partnership of more than [40 leading development organizations](#) that works to advance the lives of people living in poverty, especially women, through financial inclusion.

In a world of increasingly frequent and interconnected shocks, CGAP's vision is for inclusive finance to become a core pillar of global resilience—enabling low-income populations to absorb shocks, build long-term adaptive capacity and strengthen the effectiveness of national policies and programmes. CGAP advances this vision by generating evidence and insights on how financial services—such as savings, insurance, credit and digital payments—can be embedded into resilience strategies that reflect people's lived realities and compounding risks they face.

Delivering on this vision requires collective action. Financial service providers, policymakers, regulators, multilateral development banks, donors and investors must work together to scale inclusive finance across resilience-building efforts. Done well, this approach helps close critical inclusion gaps while empowering low-income households and micro and small entrepreneurs (MSEs) to become active agents of resilience, stability and inclusive growth.

Partnerships with global organizations such as WFP are essential. WFP's operational reach, data and experience at the humanitarian–development nexus provide a powerful platform to test, refine and scale inclusive finance solutions in highly shock-affected contexts.

CGAP AND WFP SHARE A COMMON VISION THAT INCLUSIVE, CLIMATE-RESPONSIVE FINANCIAL SERVICES ARE ESSENTIAL TO BUILDING RESILIENT NATIONAL FOOD SYSTEMS.



INTERVIEWS

Insurance Development Forum (IDF) Interview

Kipkorir Koskei

*Director of Strategy and Partnerships,
Insurance Development Forum*



IDF's collaboration with WFP is grounded in a shared objective: translating risk financing into real-world resilience outcomes. WFP's participation in the Operational Committee and across the Working Groups brings operational discipline, crisis-response insight and demand-side clarity into IDF's market-facing work. Their deep field presence ensures our risk modelling and product designs are not just actuarially sound but operationally viable for the most vulnerable. WFP transforms our "capacity to insure" into a tangible "capacity" to protect.

Public-private partnerships are essential to closing the protection gap because no single actor can manage climate and disaster risk alone. Governments bring mandate and scale; the private sector brings capital, risk expertise and innovation; humanitarian actors ensure solutions respond to real needs on the ground. The challenge lies in aligning incentives, timelines and risk appetites—particularly in fragile and climate-affected contexts where uncertainty is high and data is limited.

The opportunity is significant. Well-structured partnerships can unlock pre-arranged finance, strengthen local insurance markets, and shift response from ad hoc assistance to predictable protection. Organizations like WFP play a critical role by articulating demand, embedding risk financing into humanitarian and food security systems, and helping translate financial instruments into operational impact. This makes partnerships investable, scalable and ultimately sustainable.

Scaling Disaster Risk Financing instruments faces three persistent challenges: limited fiscal space, fragmented data and insufficient integration with national planning systems. Too often, instruments remain pilots rather than becoming part of a coherent risk-layering strategy linked to budgets, contingency plans and sectoral responses. Yet the opportunity is equally clear. Advances in risk modelling, product design including parametric offerings and sovereign engagement have made pre-arranged finance more credible and actionable than ever. The insurance industry can contribute by providing underwriting discipline, analytics and risk transfer capacity—while also supporting governments to structure demand and crowd in domestic markets. Through partnerships with institutions like WFP, DRF instruments can be aligned with early action, social protection and safeguarding food security, ensuring finance arrives early enough to change outcomes, not just fund recovery.

THEIR DEEP FIELD PRESENCE ENSURES OUR RISK MODELLING AND PRODUCT DESIGNS ARE NOT JUST ACTUARIALLY SOUND BUT OPERATIONALLY VIABLE FOR THE MOST VULNERABLE WFP TRANSFORMS OUR "CAPACITY TO INSURE" INTO A TANGIBLE "CAPACITY" TO PROTECT. THEIR DEEP FIELD PRESENCE ENSURES OUR RISK MODELLING AND PRODUCT DESIGNS ARE NOT JUST ACTUARIALLY SOUND BUT OPERATIONALLY VIABLE FOR THE MOST VULNERABLE.



INTERVIEWS

Howden Interview

Paula Pagniez

*Executive Director, Climate Risk and Resilience
Howden Group Holdings*

Beatriz Vaca

*Chief Operating Officer, Micro Risk Solutions,
Howden Group Holdings*



WFP and Howden are working on identifying the best risk transfer solution to enhance WFP's anticipatory action (AA) programmes in Guatemala, Ethiopia and Honduras. AA programmes and their benefits are well proven, however Forecast Index Insurance (FII) is still in test mode, with less than a handful of programmes implemented worldwide. This collaboration will demonstrate how disaster risk finance and AA can best be combined through FII, setting an example for national governments willing to invest in disaster preparation and prevention programmes instead of post-disaster response only.

The investment that WFP has made in several countries, providing individual beneficiaries with climate insurance to protect their livelihoods from climate-related disasters, is now being complemented with FII covering WFP's AA programmes in selected countries. Disaster risk finance (in the form of insurance) and AA share a common approach: transforming the initial investment by many multipliers into benefits that reach the largest possible number of beneficiaries. The combination of both seeks to demonstrate how we can leverage risk transfer mechanisms to maximize the benefits of anticipatory humanitarian funding.

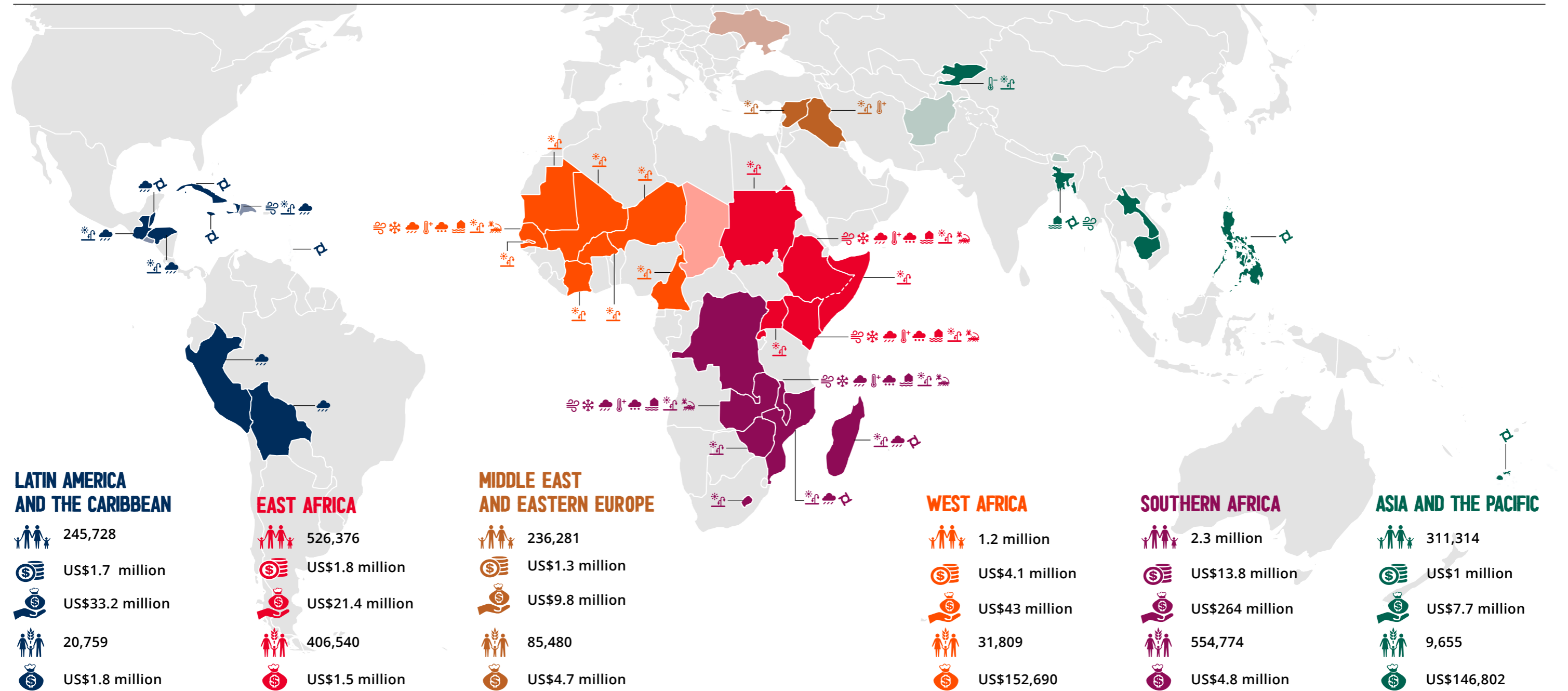
Contrary to classical insurance instruments, which pay claims to compensate for losses and damages once they have occurred, FII seeks to enable a payment before a loss event happens, using next-generation forecasting to reduce losses and damages. The idea behind this innovative instrument—once WFP validates its effectiveness and its feasibility for scaling actions and making resource use more efficient—is for governments to be able to subscribe to this type of risk-management instrument.

The main challenges include the existence and successful management of in-country AA programmes embedded into efficient distribution mechanisms, as well as the expectation of frequent, high payouts of humanitarian programs while risk transfer can be better leveraged for low-frequency, high-severity scenarios. In addition, the scaling of DRF instruments will depend on achieving the right equilibrium between the cost (affordability) of premiums and the relevance of the expected payouts to truly leverage the funds invested in AA.

An additional challenge is identifying a partner risk taker willing to invest in this type of instrument at a price that is viable and fair for the contractors (such as WFP or country governments). The most probable answer to this challenge is diversification of risk by pooling together, under the same “umbrella” instrument, a number of geographically diversified countries exposed to different perils. The basic principles of insurance and reinsurance also apply in this kind of innovative instrument.

THIS COLLABORATION WILL DEMONSTRATE HOW DISASTER RISK FINANCE AND ANTICIPATORY ACTION CAN BEST BE COMBINED THROUGH FORECAST INDEX INSURANCE, SETTING AN EXAMPLE FOR NATIONAL GOVERNMENTS WILLING TO INVEST IN DISASTER PREPARATION AND PREVENTION PROGRAMMES INSTEAD OF POST-DISASTER RESPONSE ONLY.

OUR REACH AND SCALE IN 2025



In 2025, WFP provided **US\$380 million** in financial protection to over **over 4.9 million people** through its disaster risk financing instruments across **44 countries** in Africa, Asia and the Pacific, the Middle East, Latin America and the Caribbean. In areas affected by drought, floods and tropical cyclones **US\$13.2 million** were transferred to assist **1.1 million people**.

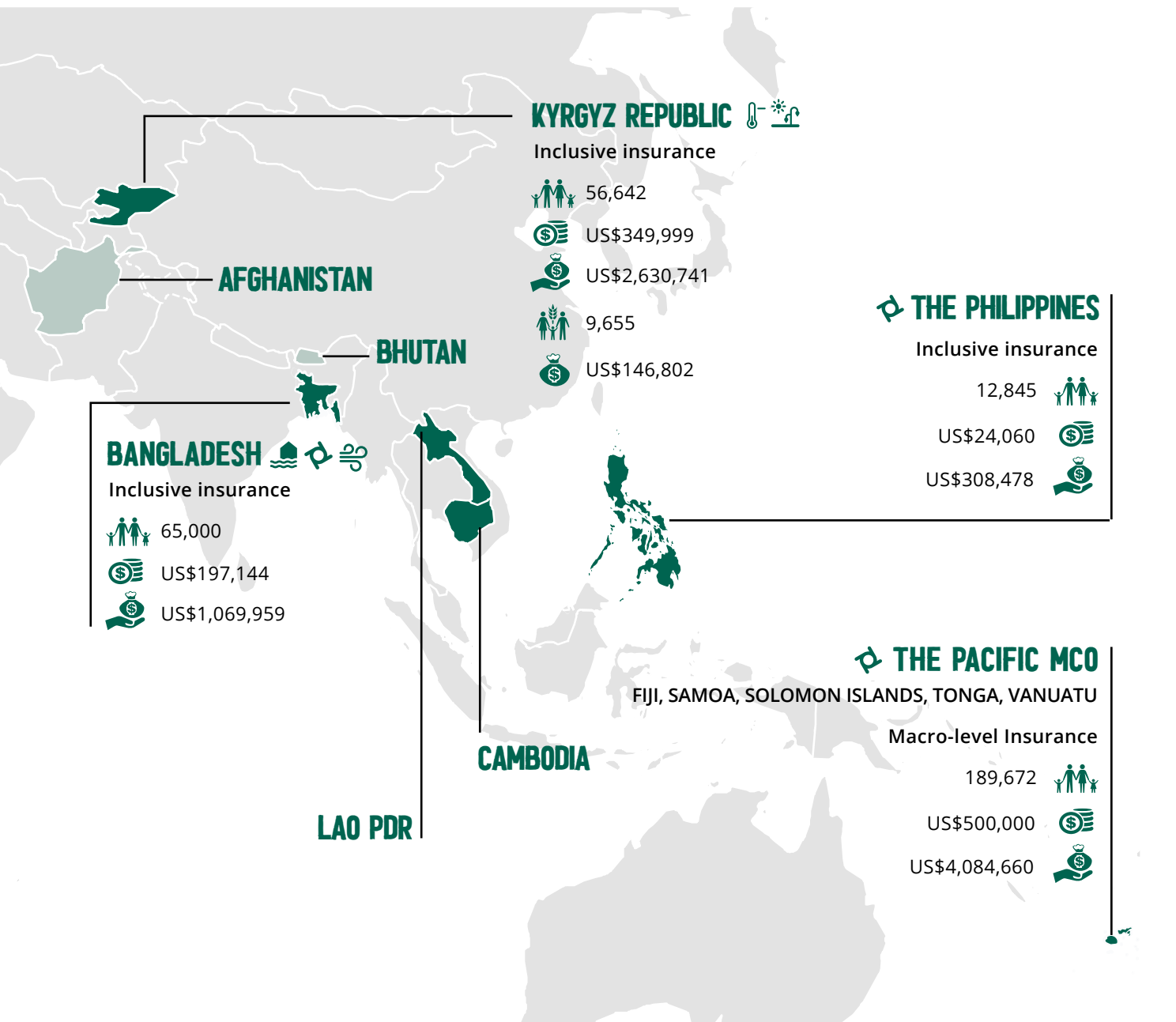
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LEGEND



ASIA AND THE PACIFIC



LEGEND

- | | | | | |
|---------------------------------------|--|--------------------|-----------------|------------|
| Number of people covered by insurance | Number of people benefiting from insurance payouts | Pests and diseases | Excess rainfall | Cold spell |
| US\$ value of premiums | US\$ value of payouts disbursed/transfers made in 2025 | Cyclone | Flood | Heatwave |
| US\$ value of sum insured | Current countries | Violent wind | Hail | Drought |
| | Expansion countries | Frost | | |

BANGLADESH



WITH FINANCIAL SUPPORT FROM



Swiss Agency for Development and Cooperation (SDC),
European Civil Protection and Humanitarian Aid Operations (DG ECHO),
French Ministry of Europe and Foreign Affairs

DISASTER RISK FINANCING IN BANGLADESH

In 2019, WFP introduced a comprehensive risk financing approach designed to protect vulnerable communities from climate-related shocks while enhancing their long-term resilience. In collaboration with Oxfam, WFP has designed and implemented inclusive Disaster Risk Financing (DRF) solutions, including both index-based and cooperative models, to provide micro-level financial protection to vulnerable households against floods, cyclones, droughts and other extreme weather events. These risk transfer mechanisms were integrated within the Country Office's Integrated Risk Management (IRM) approach, layered with anticipatory action initiatives (pre-shock) and the Shock-Responsive Social Protection (SRSP) programme, by enabling timely financial protection and reinforcing early action and recovery pathways. Further complemented by agro-meteorological advisory services, community-based monitoring and capacity strengthening of local partners, this approach combined risk transfer, risk reduction and preparedness to allow for a layered risk financing approach. DRF was linked with Smallholder Agricultural Market Support through WFP aggregation centres (smallholder farmer cooperatives), anchoring insurance delivery and payouts within market structures to reinforce collective risk management, market participation and alignment with social protection and disaster risk financing frameworks, all while enhancing inclusion, accountability and sustainability.

2025 PROGRESS

Throughout 2025, WFP Bangladesh advanced Inclusive Risk Financing (IRF) through the design, review, and rollout of DRF products embedded within its Integrated Climate Risk Management framework and comprehensive resilience package. Key activities included the design of new index-based insurance products for drought and flash floods, a technical review of the existing riverine flood insurance design, and the launch of a new cyclone insurance product tailored to coastal risk contexts. Product development was grounded in community consultations, field-level validation and iterative technical review to ensure contextual relevance and operational feasibility.

Capacity strengthening was prioritized through Training of Trainers (ToTs) with Cooperating Partners to support effective rollout, communications and claims processes. At each stage of the process, WFP also convened product-sharing and consultation meetings with relevant government stakeholders, strengthening institutional understanding and policy alignment. In December 2025, Advocacy efforts were expanded through a national roundtable with The Daily Star and a dedicated workshop with the Economic Reporters' Forum (ERF), contributing to improved media engagement and public discourse on DRF.

BANGLADESH

INCLUSIVE RISK FINANCING



65,000 people covered with meso insurance



13,000 households insured (74 percent women)



US\$197,144 of insurance premium



US\$1,069,959 of sum insured

WFP advanced financial inclusion by establishing and strengthening community-led cooperative insurance models, particularly among marginalized fisherfolks and farmers in Cox's Bazar District. A core achievement was the mobilization of households into self-help groups that actively contribute monthly savings to joint bank accounts, effectively turning aggregation centers into localized risk carriers. To professionalize these financial interactions, WFP issued cards to participants for transparent premium tracking and oriented committees on funds management and governance. Monitoring visits confirmed that these community-managed funds are operational, with elected committees overseeing collections and documentation. Furthermore, district-level sharing events demonstrated the transparency and benefits of this self-help model to government stakeholders, who recognized its potential to foster self-reliance and reduce dependence on external relief. Under the Self-help cooperative insurance, 17,127 smallholder farmers have been contributing premiums over the past eight months, each paying BDT 100 (approximately USD 1) per month. The accumulated savings now total BDT 12,919,260 (around USD 129,000), representing pooled community capital.

WFP Bangladesh has initiated work on a macro-level insurance programme in the Jamuna River Basin areas in collaboration with the Ministry of Finance and the World Bank, with implementation planned for 2026. The aim of the project is to reduce flood risks in the Jamuna River Basin through an integrated approach for flood risk management and pre-arranged financial arrangements. This includes deployment of Macro-level flood insurance instruments and community protection funds.

WFP has been actively involved in the Global Shield In-Country Process (ICP), particularly through its engagement on climate risk insurance, risk reduction action plan, social protection, shock responsive social protection and anticipatory action. As a part of the ICP, WFP contributed to the stocktaking exercise, and participated in multi-stakeholder discussion, supporting effort to integrate risk-informed social protection into the broader CDRFI agenda.

CHALLENGES AND LESSONS LEARNED

Implementation faced technical hurdles regarding data availability, such as gaps in historical weather records and sparse river station networks, which slowed the design of accurate indexes. However, these constraints were navigated through the use of alternative satellite datasets, triangulation of multiple data sources, and iterative field validation to develop context-appropriate and operationally viable insurance products.

BANGLADESH

COUNTRY CONTEXT

In 2025, Bangladesh faced multifaceted challenges, including slow economic growth and persistent inflation, with growth slowing and macro-financial risks including weak revenue and banking sector stress, remaining high. Elevated prices and inflationary pressures continued to strain households and businesses, adversely affecting poor and marginalized households with limited economic means. Political uncertainty persisted following the 2024 upheaval, with an interim government navigating contested election timelines and shifting party alliances ahead of the 2026 polls. Weather-related shocks, especially heatwaves and floods, intensified health and economic vulnerabilities, disrupting livelihoods and infrastructure across the country. According to meteorological department, in 2025 at least five low-pressure systems formed in the Bay of Bengal, leading to tidal surges of three to four feet above normal across 14 districts.

(continue...)

Despite high participation, the initiative faced challenges related to the low financial literacy of community members, which necessitated ongoing support from project staff to maintain accurate financial records and has led to the provision of reinforced financial literacy training for participants. Sustainability emerged as a primary concern, particularly regarding the long-term motivation of committee members who manage these funds without formal incentives. The project also encountered difficulties in ensuring the active leadership of women in these financial groups due to prevailing social norms. To address these challenges, WFP strove to build the capacity of Aggregation Centre Management Committee (ACMC) members and self-help groups in the areas of financial literacy, documentation and record keeping, loss and damage assessment, savings management, accountability mechanisms, access to credit and markets.

Key lessons learned emphasize that simplified, continuous communication is essential to overcome skepticism and ensure farmers understand index-based insurance concepts. Additionally, early and consistent engagement with local administration and regulators is critical for validating data and ensuring the long-term sustainability of insurance products beyond the pilot phase.

Lessons learned also indicated that for community-based risk pools to succeed, governance structures must be formalized with clear roles and sustainable operational models. Moreover, the feedback from the district-level stakeholder consultation highlighted that building trust in collective financial mechanisms requires rigorous transparency and the potential integration of these savings groups with wider market linkages and government safety nets.

OUTLOOK FOR 2026

In 2026, WFP plans to focus on refining and strengthening DRF products, particularly cyclone and cooperative self-insurance models, through actuarial reviews and updated meteorological data. The project will directly support 5,000 coastal households for cyclone insurance via cash-based premium subsidies. Technical work will include actuarial reviews, refinement of triggers using updated meteorological and hydrological data, and further alignment with anticipatory action and shock-responsive social protection systems. Effort will be made to enhance the capacity of cooperating partners, local stakeholders and government institutions through targeted training and national workshops. WFP also plans to design and implement macro-level flood insurance products in collaboration with the World Bank and the Ministry of Finance. Advocacy efforts will focus on embedding DRF within national disaster risk reduction and social protection frameworks,

BANGLADESH

COUNTRY CONTEXT

(...continue)

In July 2025, flash floods affected nearly 78,000 people in Feni, while landslides damaged 1,400 shelters in Cox's Bazar camps. Extreme heat peaked at 43°C, raising heat-related illnesses by 25 percent. These shocks intensified inflation, strained livelihoods and deepened vulnerabilities amid ongoing political uncertainty and financial stress. (Dhaka Tribune).

engaging policymakers, regulators and financial institutions. The initiative aims to build a scalable, technically sound and institutionally anchored DRF model, contributing to SDGs two, ten and thirteen, while advancing Bangladesh's leadership in climate adaptation and finance.

2025 KEY ACHIEVEMENTS



Secured index-based flood insurance for 8,000 vulnerable households (82 percent women) and cyclone index insurance for 5,000 households (60 percent women). Furthermore, launched a Self-help Cooperative Insurance model reaching 17,130 farmers (95 percent women).



Delivered multiple DRF and Insurance trainings, ToTs, validation workshops and advocacy events across Bangladesh, engaging over 570 government officials, media professionals and partner staff to strengthen technical capacity, awareness and institutional ownership.



Focus Group Discussions (FGD) conducted with communities in Bangladesh.
WFP/Bangladesh

CAMBODIA



WITH FINANCIAL SUPPORT FROM



Global Shield Financing Facility (GSFF), French Ministry of Europe and Foreign Affairs

DISASTER RISK FINANCING IN CAMBODIA

Cambodia has adopted a comprehensive approach to prevent and mitigate the impact of shocks, with a focus on disaster risk management, climate and social protection. One milestone was the adoption of the Shock-Responsive Social Protection (SRSP) Framework in 2023, developed in collaboration with WFP. In 2024, Cambodia launched its first national Disaster Risk Financing (DRF) Strategy. However, the Royal Government of Cambodia (RGC) has yet to determine how best to implement the DRF Strategy. WFP Cambodia dedicated 2025 to assisting the RGC with exploring Disaster Risk Finance (DRF) options and to facilitate the decision-making process of which DRF instrument to take forward by equipping the Government with necessary background knowledge and insights. WFP also managed to establish itself as a facilitator among the intersectoral, multi-stakeholder DRF agenda and actively promotes the integration of DRF and social protection in respective policies and programmes, such as into the scalability framework and business process for flood and drought response, or the DRF Action Plan for Social Protection.

2025 PROGRESS

In August, WFP Cambodia in close cooperation with WFP Indonesia and with support from the Regional Office for Asia and Pacific (APARO), organized a South-South and Triangular Cooperation (SSTC) knowledge exchange to Indonesia to learn from Indonesia's DRF experience. Over five days of exchanges with Indonesian ministries, regulators, insurers and local actors, Cambodian officials saw how the Pooling Fund for Disasters (PFB), Indonesia's Disaster Risk Information and Mapping Platform (InaRISK), and insurance schemes such as Asuransi Usaha Tani Padi (AUTP) and public asset coverage provide tangible protection for both households and state assets. What resonated most was not only the financial instruments but the governance and leadership that make them effective. Cambodia took particular note of how Indonesia integrates DRF with social protection, ensuring rapid assistance to vulnerable households and reducing poverty risks after disasters—an approach highly relevant to Cambodia's own resilience journey. Besides various bilateral meetings, this visit included a Government-to-Government exchange workshop, hosted by the Indonesian Ministry of Human Development and Culture and meetings with regional actors such as the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) or the ASEAN Insurance Council. Through Key Informant Interviews and a comprehensive survey among seven government agencies, WFP conducted a knowledge gap assessment for government officials that would oversee managing and administering DRF programmes. The findings will inform tailored trainings that will be rolled out in 2026. Moreover, WFP commissioned a feasibility study for agricultural insurance in Cambodia, showcasing agricultural insurance as an option to increase resilience of vulnerable farmers and rural populations, while reducing pressure on the national social protection system.

CAMBODIA

COUNTRY CONTEXT

Despite having achieved significant improvements in human development and food security and an economic growth of above 5 percent in 2025, Cambodian poverty rates remains stagnant at around 18 percent among the 17.85 million inhabitants. Agriculture, which accounts for over 20 percent of GDP and employs nearly 37 percent of the workforce, remains particularly at risk from weather-related shocks, with Cambodia ranking among the countries most exposed globally to floods and heat stress. Adding to these challenges, renewed border clashes with Thailand since July 2025 temporarily displaced over 600,000 people and caused significant humanitarian and economic implications, underscoring the fragility of development gains.

CHALLENGES AND LESSONS LEARNED

Advocating for a more comprehensive risk layering approach and supporting the RGC to navigate through the various DRF options has brought both opportunities and challenges, with several lessons emerging from WFP's engagement. Interest in risk pool approaches has grown, particularly through Cambodia's involvement with SEADRIF, yet regulatory barriers continue to slow progress. The RGC has emphasized the need for thorough assessments and feasibility studies before committing to the establishment of new institutions or financial mechanisms, such as disaster funds. While this careful approach ensures that decisions are evidence-based and sustainable, it also makes the process time-intensive and subject to delays.

One clear lesson is that coordination remains a critical enabler. Effective intersectoral collaboration—especially between “money-in” actors responsible for mobilizing resources and “money-out” actors tasked with delivering assistance—is essential to align priorities and ensure coherent implementation. Fortunately, WFP is increasingly seen as facilitator between both disaster management and social protection actors, as well as key financial agencies such as the Non-Bank Financial Service Authority or the Insurance Regulator of Cambodia, to which WFP managed to enhance relationships in 2025. Moreover, Cambodia's experience in 2025 provides a natural entry point for strengthened collaboration with the World Bank, particularly on disaster risk financing and social protection.

The convergence of climate related vulnerabilities, slowing poverty reduction and conflict-induced displacement underscores the need for robust, well financed systems capable of responding to large-scale shocks. As the World Bank is a key development partner supporting Cambodia's social protection reforms and financing strategies, the evolving risk landscape creates shared priorities between WFP and the World Bank. The need for coordinated DRF and social protection implementation—including technical guidance, analytical work and institutional capacity—presents a strategic opportunity for WFP to deepen cooperation with the World Bank, aligning operational insights from WFP with the World Bank's policy and financing instruments.

Another challenge lies in balancing competing interests between disaster risk financing for social protection or public assets. While both are vital, tensions can arise over resource allocation, requiring strong governance and clear policy direction. In addition, access to forecasting data remains limited, and the country lacks sufficient historical records to inform analysis.

Overall, Cambodia's experience highlights the importance of patient institution-building, robust coordination and strategic prioritization to advance DRF policies.

OUTLOOK FOR 2026

Moving forward, WFP Cambodia is committed to continuing its coordination role in linking DRF and social protection, fostering knowledge and awareness of DRF and promoting the use of social protection, while assisting the RGC with required technical analysis and tailored capacity strengthening. With the prospect of considerable national climate financing arriving by 2027, WFP Cambodia aims to help prepare the institutional foundation, system readiness and knowledge basis to kick-start the implementation of the DRF Strategy and accelerate the operationalization of the Shock-Responsive Social Protection (SRSP) Framework.

Building on the DRF knowledge gap assessment conducted in 2026, WFP will deliver a series of tailored trainings for government officials responsible for managing and administering DRF programmes. These efforts will most likely focus on expanding foundational knowledge of different DRF concepts and instruments for money-out actors, as well as technical capacity to strengthen forecasting and risk modelling. At the same time, WFP will continue to generate and provide the evidence required by the RGC to make informed choices and move forward with the establishment of required DRF institutions. Parallel to this, WFP remains committed to operationalizing the SRSP Framework, with a particular emphasis on implementation at the subnational level, including SRSP trainings and an anticipatory action pilot including cash-based transfers.

Finally, WFP will support broader system strengthening, such as developing a monitoring and evaluation framework for the national DRF strategy and continued advancement in Cambodia's early warning systems.

2025 KEY ACHIEVEMENTS



Facilitated joint study visit of seven Cambodian line Ministries to Indonesia, strengthening relationships between RGC and Indonesia and expanding relationships with regional actors such as ASEAN and SEADRIF.



53 (27 females) government representatives and selected development partners participated in a SSTC study tour on exploring Disaster Risk Financing options for Shock-Responsive Social Protection in Cambodia and Indonesia, accompanied by one preparatory background session and one dissemination workshop.

LAO PDR



WITH FINANCIAL SUPPORT FROM



French Ministry of
Europe and Foreign
Affairs

DISASTER RISK FINANCING IN LAO PDR

Lao People's Democratic Republic (Lao PDR) is highly exposed to weather-related shocks, particularly floods, tropical storms and droughts, which place recurrent pressure on public finances, service delivery and household food security and livelihoods. In response, the Government of Lao PDR has increasingly prioritized disaster risk financing (DRF) as a core pillar of its national resilience agenda, alongside disaster risk reduction, climate adaptation and social protection, as reflected in national policy frameworks and integration of pre-arranged financial instruments that enable faster and more predictable post-disaster response. The national DRF approach is anchored the National Disaster Risk in the Financing Strategy, the National Disaster Risk Reduction Strategy and the National Social Protection Strategy, which collectively emphasize financial preparedness, rapid response and the protection of vulnerable populations. These policies operate within the Disaster Management Law legal framework and are implemented through a multi-tier disaster management system spanning national, provincial, district and village levels. The Ministry of Finance (MoF) leads on fiscal management and the mobilization and oversight of disaster related funds, while the Ministry of Labour and Social Welfare (MoLSW) coordinates disaster response and social assistance delivery through the national disaster management structures. Lao PDR's participation in the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) represents a major step forward in the country's DRF architecture. Since joining in 2021, Lao PDR has benefited from World Bank-supported sovereign disaster insurance that provides rapid liquidity following extreme events. The initial policy has been progressively enhanced, with a renewed policy in February 2024 and a two-year, multi-peril policy signed in July 2025, offering up to US\$16 million in coverage and incorporating official reporting triggers through the National Disaster Management Office. These developments have strengthened institutional ownership, predictability and accountability in post-disaster financing. Insurance payouts are intended to support life-saving and early recovery interventions, while excluding high risk activities such as land acquisition, major construction or environmentally-sensitive works. SEADRIF payouts to date—US\$1.5 million in August 2023, US\$3 million in October 2024 following Typhoon Yagi, and US\$2 million in September 2025 after Tropical Cyclones Wutip and Wipha—demonstrate the value of this approach in enabling timely response and reducing delays associated with budget reallocations or post-disaster appeals.

2025 PROGRESS

In 2025, WFP supported the Government of Lao PDR to advance DRF and strengthen linkages with shock-responsive social protection (SRSP). Working closely with the MoLSW, the MoF, the Ministry of Agriculture and Environment (MAE), and the World Bank, WFP's support helped move the DRF agenda beyond policy alignment toward greater operational readiness and systems integration. Key WFP-supported

LAO PDR

COUNTRY CONTEXT

The Lao People's Democratic Republic (Lao PDR) is a mountainous, landlocked country and one of the most sparsely populated in Asia. Its predominantly rural population of around 7.5 million people is dispersed across more than 10,000 villages, many located in remote and ethnically diverse areas where access to basic services remains limited. Despite strong economic growth in recent years and declining national poverty rates, development gains have been uneven across regions. Food insecurity and malnutrition persist, with nearly 20 percent of the population experiencing moderate to severe food insecurity, particularly among low income households in rural and central regions. Agriculture is the main livelihood for roughly three quarters of households, with rice grown by about 90 percent of farmers, largely for subsistence. Limited crop diversification, declining availability of forest foods, poor infant and young child feeding practices, low education levels and constrained access to health and nutrition services contribute to persistent malnutrition. Weather-related hazards further exacerbate vulnerability through droughts, floods and typhoons, compounding low productivity, market access constraints and limited livelihood options.

initiatives demonstrate active government engagement across policy, capacity building and implementation. These included a national DRF Orientation Workshop focused on risk layering, contingency planning and the role of insurance in financing rapid response. The workshop brought together 43 government participants, including 16 women, from relevant ministries and agencies. Throughout the year, WFP also invested in strengthening national and sub-national capacity for SRSP. Dedicated SRSP training was delivered for MoLSW, MAE, Lao Red Cross and provincial authorities, reaching 44 participants, including 20 women, expanding knowledge on using social protection to respond to shocks and sharing lessons learned from other countries among key stakeholders in social protection. To support consensus building among key ministries, WFP, in partnership with World Bank and MAE, provided technical support and facilitated sub-national government participation at a national workshop to leverage MAE's Social Protection System for Social Assistance and Post-Disaster Response Programmes in Lao PDR. Discussions focused on practical mechanisms for vertical and horizontal scale up, institutional coordination during shocks, and the use of social registries to support rapid, targeted assistance. This resulted in a proposed roadmap for developing SRSP guidelines to implement people-centered cash transfers through SEADRIF insurance payouts and can serve as the platform to deliver SRSP cash transfers financed from other sources. At the operational level, WFP supported a rapid targeting pilot through the national social registry, testing the feasibility of quickly identifying and reaching shock-affected households using government led systems. In parallel, WFP and Tetra Tech worked to strengthen linkages between the social registry and climate risk data, improving the analytical basis for SRSP scale-up, and risk-informed financing decisions. Together, these initiatives reflect a strategic shift toward using national systems as the primary delivery platforms for disaster response. These policy foundations and operational pilots signal strong government interest in operationalizing SRSP and explicitly linking it to DRF mechanisms such as SEADRIF.

CHALLENGES AND LESSONS LEARNED

There exists both structural and operational challenges in financing and delivering effective disaster response in Lao PDR. Historically, the country has relied on ex-post financing mechanisms, including central and provincial budget reserves, the National Contingency Fund, the State Reserve Fund and ad hoc external assistance. While these instruments provide flexibility for frequent, lower-impact events, in severe flood years, disaster-related expenditures have reached a significant portion of total government spending, underscoring the limitations of ex-post financing in a context of constrained fiscal space. These pressures have increasingly highlighted the importance of complementing budgetary tools with pre-arranged risk financing mechanisms. Implementation challenges were also driven by limited national and sub-national institutional capacity that constrains effective planning, coordination

and execution of DRF and shock-responsive interventions, particularly at decentralized levels where response must be operationalized. Delivery mechanisms for rapid response through cash-based transfers (CBT) remain limited, due to gaps in payment infrastructure, targeting systems and interoperable data platforms. Limited national social protection coverage further reduces the ability to scale assistance quickly during large-scale shocks. Key lessons include the need for an integrated approach that links pre-arranged DRF with strengthened delivery systems, expanded social protection coverage and sustained capacity building. Without these enabling conditions, rapid access to financing alone is insufficient to translate resources into timely, people-centred support during crises.

OUTLOOK FOR 2026

Looking ahead to 2026, WFP will continue close collaboration with the Government of Lao PDR and the World Bank to further strengthen the integration of DRF, emergency preparedness and response, and SRSP. A key milestone will be WFP's purchase of a SEADRIF Replica insurance policy, aligned with the Government of Lao PDR's sovereign SEADRIF coverage supported by the World Bank. This approach will ensure coherence in risk financing arrangements while reinforcing national ownership and complementarity between sovereign and partner-supported instruments. WFP's support will place strong emphasis on enhancing national and sub-national capacities for emergency preparedness, response and SRSP, including further strengthening of contingency planning, trigger protocols, institutional coordination and operational readiness to translate insurance payouts into timely assistance. In parallel, WFP will continue to strengthen national shock-responsive delivery systems, with a focus on social registries, targeting mechanisms and payment channels. Building on ongoing analytical and capacity building work, WFP will also support the design of a SRSP pilot, to test scalable approaches for linking early warning, pre-arranged financing and social assistance. Where insurance payouts are triggered—through sovereign SEADRIF coverage or a Replica policy—resources will increasingly be channelled through government-led shock-responsive responsive mechanisms, to deliver timely, people-centred assistance at scale while strengthening long-term system sustainability.

2025 KEY ACHIEVEMENTS



43 (16 women) government representatives participated in a Disaster Risk Financing Orientation workshop, jointly delivered by WFP, the World Bank and SEADRIF.



44 (20 women) national and subnational government representatives participated in SRSP related trainings.

KYRGYZ REPUBLIC



WITH FINANCIAL SUPPORT FROM



Swiss Agency for
Development and
Cooperation (SDC)

DISASTER RISK FINANCING IN KYRGYZ REPUBLIC

WFP's Inclusive Risk Financing approach in the Kyrgyz Republic combines parametric disaster risk insurance pilots with broader disaster-risk management measures to protect vulnerable households from weather-related shocks. WFP Kyrgyz Republic works with the Government to advance disaster risk finance, strengthening early warning systems and linking payouts to community-level resilience and Disaster Risk Reduction (DRR) planning. These tools are integrated into WFP's climate-adaptive livelihoods portfolio, which includes promotion of no-till agriculture, water-access improvements and value-chain support for smallholders, ensuring farmers can recover faster from weather-related losses. DRF elements also complement social protection programmes such as the Social Contract and Active Labour Market Programmes (ALMPs), helping low-income households manage shocks and safeguard food security during periods of climate variability.

2025 PROGRESS

WFP advanced disaster risk insurance in 2025 by expanding both livestock and crop insurance pilots and strengthening their integration with national systems. The livestock weather-index product in Naryn, Ak-Talaa, and Jungal continued to mature, providing a tested model for protecting herders against drought-induced feed shortages. In parallel, WFP supported the development and rollout of a crop-insurance pilot in Suzak, aligning the product design with local climate profiles and government priorities. Insurance targeting was linked to Social Passport households, allowing vulnerable farmers and herders to be prioritised. District administrations worked with WFP to validate registered households, develop distribution plans and prepare payout scenarios, strengthening the operational links between insurance and the social protection system. These activities were supported by WFP's broader work on climate information services, including localised climate risk assessments and early-warning platforms that help inform insurance design and payout mechanisms.

WFP is supporting integration of innovative insurance products into the national social protection system by linking the insurance scheme with government beneficiary identification and delivery infrastructure. Livestock and crop insurance pilots, including the crop insurance rollout in Suzak, are linked to households targeted jointly with local authorities so that vulnerable farmers and herders are reached first. District administrations use existing social protection registries and procedures to validate beneficiaries and distribute payouts quickly and transparently. This approach complements the Social Contract and ALMPs by helping households manage climate-related losses, while WFP's engagement in national policy dialogues supports the gradual inclusion of disaster risk insurance within national social protection frameworks.

KYRGYZ REPUBLIC

INCLUSIVE RISK FINANCING



56,642 people
covered with
inclusive insurance



11,328 households
insured
(24 percent women)



US\$349,999 of
insurance premium



US\$2,630,741 of
sum insured



US\$146,802 of
payouts
distributed,
benefiting
9,655 people

CHALLENGES AND LESSONS LEARNED

WFP strengthened financial inclusion in 2025 by expanding the use of digital cash transfers and improving beneficiary access to formal financial services. The WFP Country Office operated with two financial service provider (FSP) contracts, allowing beneficiaries to choose between e-wallets and personal bank accounts. This increased flexibility and improved coverage across regions. Local NGO partners played a key role in supporting households during account opening by providing guidance on required documents, onboarding procedures and safe use of digital tools. WFP also worked closely with local authorities, who were trained alongside bank staff to assist targeted households with registration, identity verification and troubleshooting. This partnership approach ensured that beneficiaries, including women in remote areas, could access their accounts with fewer barriers and greater confidence in using financial services.

The shift to beneficiary-owned accounts reduced the need for distribution sites as well as improving transparency and data protection for supported households. Beneficiaries used cash for food, small business development and essential expenditures, reinforcing links between cash transfers and sustainable livelihood outcomes. Key challenges included uneven digital literacy, variations in FSP capacity and limited availability of data on how many beneficiaries used savings functions. Lessons learned highlight the need for continued financial literacy support, closer coordination between WFP, NGOs, local authorities and FSPs, and more systematic monitoring of how digital accounts are being used. These insights will guide further improvements in financial inclusion in 2026.

OUTLOOK FOR 2026

In 2026, WFP will continue consolidating its DRF portfolio by refining insurance products, strengthening institutional arrangements and improving the climate information systems that underpin decision making. Building on lessons learned from the livestock and crop insurance pilots in 2024 and 2025, WFP will focus on improving product design, trigger calibration and operational procedures before pursuing wider application. Work will be grounded in improved climate analytics, including updated PRISM monitoring, long-term seasonal forecasts and INFORM indicators, which will guide drought-monitoring efforts and support hazard modelling for mudflows and low-temperature shocks.

KYRGYZ REPUBLIC

COUNTRY CONTEXT

The Kyrgyz Republic remained highly vulnerable in 2025 as rising food and fuel prices, reliance on remittances and limited fiscal space continued to strain household resilience. Frequent floods and mudflows, intensified by heavy rains and climate variability, caused repeated damage in high-risk areas, while drought and erratic weather affected agricultural livelihoods. Ongoing government reforms, including social protection and disaster management, advanced but created transitional pressures. Although political stability held, institutional capacity gaps and funding constraints slowed implementation, leaving vulnerable communities exposed to shocks and relying on negative coping strategies.

WFP will also work with the key government counterparts, including Ministry of Emergency Situations, Ministry of Agriculture and Kyrgyz Hydromet and district administrations to accelerate handover of roles for beneficiary validation, payout preparation and communication, ensuring that insurance processes reinforce early warning, preparedness and the national emergency food basket. At the community level, WFP will link DRF tools with climate-smart agricultural practices, diversification measures and small-scale resilience investments, drawing on experience from Suzak and Naryn to better connect payouts to livelihood recovery.

Under the Green Climate Fund (GCF) and SDC portfolios, WFP will advance capacity strengthening on hazard monitoring, seasonal forecasting, local planning and community-based adaptation. Parallel efforts will explore pathways for long-term financial sustainability, including government cost-sharing arrangements and stronger institutional ownership. These actions will feed directly into the next CSP design and support a gradual shift from piloting toward a more nationally embedded DRF approach by 2027.

2025 KEY ACHIEVEMENTS



More than 2,100 farmers, including over 600 women, adopted no-till technology and doubled wheat yields despite national production declines.



Over 1,300 rural residents across Osh, Batken and Naryn completed climate-smart agriculture, drought-resistant fodder and financial literacy training under GCF-supported activities.



WFP and partners constructed 230 disaster-risk-reduction assets, including irrigation canals, water pipelines and reforested areas, benefiting more than 200 rural settlements.



THE PACIFIC MCO

FIJI, SAMOA,
SOLOMON ISLANDS,
TONGA, VANUATU



WITH FINANCIAL SUPPORT FROM



Global Shield
Financing Facility
(GSFF), French
Ministry of Europe
and Foreign
Affairs

DISASTER RISK FINANCING IN PACIFIC SMALL ISLANDS DEVELOPING STATES (SIDS)

The Pacific region is highly vulnerable to weather-related disasters, losing about US\$1 billion annually (around 5 percent of GDP), with potential losses rising to 20 percent of GDP as global temperatures increase. Pacific governments face growing disaster costs and have traditionally relied on slow, uncertain aid, but are increasingly turning to pre-arranged disaster risk financing (DRF) for more reliable protection. Governments are taking up sovereign macro insurance policies to be able to cover some of their disaster costs. The WFP Pacific Multi-Country Office (PMCO) supports DRF across the region through participating and contributing to the regional DRF Technical Working Group, chaired by Pacific Island Forum Secretariat (PIFS), by supporting countries to develop their DRF Policies and Strategies. Specifically for 2025, support to macro insurance policies was provided to five Pacific SIDS – Fiji, Samoa, Solomon Islands, Tonga and Vanuatu through the Pacific Catastrophic Risk Company (PCRIC) regional risk pool. WFP PMCO, through support from the Global Shield Financing Facility (GSFF), supported macro insurance premium payments of US\$100,000 to each of the five Pacific SIDS. To ensure rapid and effective disbursement of PCRIC payouts, WFP PMCO has worked closely with PCRIC, Ministries of Finance and National Disaster Management Organizations (NDMOs) in the five countries to develop realistic, people-centred disbursement plans.

2025 PROGRESS

In 2025, the WFP PMCO strengthened DRF systems in close collaboration with PCRIC and national governments. WFP contributed to the regional DRF dialogue, including presenting at the PCRIC DRF Workshop in Nadi, and supported the development of tripartite agreements between WFP, PCRIC and ministries of finance in five countries. WFP led regional and national efforts to enhance payout preparedness, including a two day regional disbursement planning workshop in Fiji and five in country workshops engaging 132 people (72 women) across disaster management sectors. PMCO also facilitated technical sessions on disbursement plans and adaptive social protection at the PCRIC Regional DRF Workshop in February in Nadi. The workshop was attended by Pacific Governments, development partners, civil society organisations and donors. Five PCRIC payout disbursement plans were drafted and endorsed by WFP and PCRIC, with final national approvals pending. All five premium invoices were issued, with four completed by mid-December. WFP continued active participation in regional DRF coordination mechanisms and advanced linkages between DRF and Adaptive Social Protection (ASP), supported by a grant from the French

THE PACIFIC MCO

MACRO-LEVEL RISK FINANCING



189,672 people covered with inclusive insurance



US\$500,000 of insurance premium



US\$4.08 million of sum insured

Government. This builds on WFP's experiences using multi-purpose cash Anticipatory Action (AA) programmes in Fiji and Tonga that link to existing government social protection systems. Established ASP delivery structures—such as targeting systems, financial processes, trained staff, and feedback and monitoring mechanisms—support efficient ex-ante PCRIC payouts. Social protection scoping studies were completed across all PCRIC member countries receiving premium subsidies, alongside a research study on the intersection of cash, disasters and disability inclusion to inform SRSP in Tonga as well as a comprehensive DRF/SRSP feasibility study in the Republic of Marshall Islands that looked at their current social protection landscape/architecture, policies, systems and programmes, identifying gaps and possible opportunities to create a more shock-responsive system. Both Fiji and Tonga have now integrated cash transfers through their national social protection systems into their PCRIC Payout Disbursement Plans (DPs), reinforcing timely and inclusive disaster response.

CHALLENGES AND LESSONS LEARNED

Drawing on WFP's comparative advantage in emergency preparedness and response planning, WFP PMCO has worked to ensure that NDMOs are more prominently integrated into DP processes. This is especially important given that PCRIC's payout mechanisms are largely channelled through Ministries of Finance. The involvement of PCRIC's senior consultants—many of whom are respected former government officials—has also been instrumental, lending credibility and helping WFP secure the necessary traction to convene and run national workshops. Across all countries, there was interest in expanding the payout disbursement planning process beyond PCRIC's parametric insurance to include other DRF instruments, particularly those managed through national budgets. Workshop discussions also highlighted the need for realistic scenario-based planning; while the total number of people covered by macro insurance were driven by the largest intervention (logistics), DP development required a stronger focus on realistic capacities and cost estimates. Some NDMOs tended to overestimate their operational reach, underscoring the importance of aligning DPs with actual capabilities.

Expansion into drought-related policies and associated DPs may prove challenging due to PCRIC's partnership with the New Zealand Government under its Climate Finance Capacity Support Programme.

THE PACIFIC MCO

COUNTRY CONTEXT

In 2025, Pacific Small Island Developing States (SIDS) faced heightened exposure to weather-related hazards, including cyclones, droughts and flooding events that disrupted livelihoods and critical infrastructure. These disasters compounded existing vulnerabilities in food security, water supply and energy systems, while limited fiscal space constrained recovery and resilience efforts. Earthquake and tsunami risks further intensified the region's fragility, with small economies struggling to absorb repeated shocks.

OUTLOOK FOR 2026

WFP PMCO is still defining the DRF strategy for 2026, given that the DPs that were finalised in 2025 will be valid for two years. WFP can play strong role in coordinating with the MoFs, PCRIC and the NDMOs on supporting M&E if any payouts are triggered and advocating for the effective use of the DPs. Despite this, there remains strong potential for WFP PMCO to continue strengthening linkages between DRF, AA and ASP across the region. WFP PMCO is also enhancing the link between ASP (and cash readiness) and DRF, building on the model developed in Fiji for AA. Through this, WFP supports national governments in strengthening the capacity of their social protection systems to become more shock-responsive, enabling them to scale up during disasters and channel DRF to affected communities.

The DRF landscape in the Pacific is crowded, which makes it challenging for WFP PMCO, given its limited resources, to fully maximise its unique value proposition. In 2025, WFP was requested to facilitate national disbursement planning workshops with PCRIC in five countries, engaging government stakeholders. This demonstrated the critical link between DRF and its role in strengthening national sovereignty over inclusive and localized disaster risk management planning and response. This is an important role WFP can play moving forward, in addition to supporting national mechanisms and processes specifically for rapid multi-purpose cash, AA, early response and ASP.

2025 KEY ACHIEVEMENTS



Five tripartite agreements signed between Ministries of Finance, PCRIC and WFP



Development and approval of five PCRIC payout Disbursement Plans for Fiji, Solomon Islands, Vanuatu, Tonga and Samoa.



Convened a two-day regional Disbursement Planning orientation workshop with 26 people and five in-country Disbursement Planning workshops with 132 participants.



Five Government PCRIC policies signed using WFP premium subsidy.

THE PHILIPPINES



WITH FINANCIAL SUPPORT FROM



Global Shield Financing Facility (GSFF), French Ministry of Europe and Foreign Affairs

DISASTER RISK FINANCING IN THE PHILIPPINES

The Disaster Risk Financing (DRF) portfolio of WFP Philippines positions the country at the forefront of innovative and proactive approaches to risk management. The programme is increasingly recognized as cutting edge and gaining strong momentum across government and development partners. A major milestone for the DRF agenda was achieved through WFP Philippines' technical assistance, which contributed to the passage of Republic Act No. 12287, also known as the Declaration of a State of Imminent Disaster Act or Anticipatory Action Law. This landmark legislation institutionalizes anticipatory action (AA) in the Philippines, enabling early action before the onset of hazards to reduce humanitarian impacts. In parallel, WFP is supporting the finalization of a pilot microinsurance project designed for the most vulnerable households reached through the government's social protection system. This initiative aims to offer shock-responsive financial protection for poor and vulnerable families, strengthening resilience at the household level. WFP also recently concluded a partnership focused on strengthening the capacity of farmer cooperatives farmer cooperatives through the introduction of a meso-level climate risk insurance programme. The initiative encouraged farmer cooperatives to enroll and avail of the parametric insurance. The successful completion of this pilot marks an important proof-of-concept for government and development partners, demonstrating the potential of scalable parametric insurance mechanisms to protect agricultural communities from climate-induced losses and support more resilient livelihoods.

2025 PROGRESS

In 2025, WFP Philippines forged a partnership with CLIMBS Life and General Insurance Cooperative, a composite insurance for cooperatives and grassroots communities to strengthen the capacity of farmer cooperatives in financial literacy and support them in accessing DRF mechanisms such as insurance. The partnership was an avenue for farmers to receive training in financial literacy, climate-smart agriculture and access to CLIMBS' parametric insurance, the Weather Protect Insurance (WPI). Business forums and roadshows were conducted to increase awareness of farmer cooperatives who were not yet part of the programme. Through these joint efforts, 12,845 new farmers were enrolled and protected by the WPI.

WFP Philippines partnered with the Department of Social Welfare and Development to pilot microinsurance with 1,000 households selected from the 4Ps programme residing in typhoon-prone areas of the country. Households will benefit from a property insurance package bundled with a financial literacy training, and WFP will support through contributing to the cost of the premiums. These efforts also help demonstrate how linking microinsurance with social protection can enhance resilience and reduce long-term vulnerability among at-risk communities.

THE PHILIPPINES

INCLUSIVE RISK FINANCING



12,845 people covered with inclusive insurance



US\$24,060 of insurance premium



US\$308,478 of sum insured

CHALLENGES AND LESSONS LEARNED

The implementation of DRF in the Philippines is influenced by several interconnected institutional and delivery challenges. Mandates for risk assessment, financing, regulation and social protection span many agencies with diverse policy frameworks and timelines, making coordination complex and distributing responsibilities across actors. Activation and fund flow processes can face administrative delays, affecting how quickly sovereign financing translates into support for local governments, households and food system actors. Data availability and interoperability remain areas for improvement, particularly the need for standardized, quality assured and historical loss datasets to strengthen parametric product design and verification. Subnational preparedness also varies, with differing capacities and fund flow clarity contributing to uneven use of local Disaster Risk Reduction and Management Funds, especially for anticipatory and pre-disaster actions. Challenges underscore the value of continued efforts to strengthen coordination, data governance and delivery readiness across risk layers.

OUTLOOK FOR 2026

Building on the lessons of recent response operations, findings of landscape analyses and ongoing insurance pilots, WFP will work with government partners and insurance aggregators to further institutionalize DRF tools and mechanisms. At the macro-level, efforts build on layering ex-ante and ex-post financing options, linking national financing and insurance approaches with social protection systems, promoting policy dialogue and incentivizing government investment in preparedness through the piloting of policy top-ups. WFP Philippines intends to provide technical assistance in the drafting of the Disaster Risk Financing and Insurance (DRFI) Bill and in proposing amendments to the 4Ps Law, helping embed a more coherent and sustainable approach to disaster risk management across government systems.

At the micro- and meso-levels, WFP will deepen its engagement with insurers, cooperatives and social protection actors to ensure that vulnerable households and communities have access to tailored, affordable insurance products. Technical assistance will focus on designing products that complement existing social protection programmes, assessing the needs and payment capacities of beneficiaries, and enhancing financial literacy. WFP is also exploring the introduction and piloting of Takaful (Islamic) insurance for stakeholders in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

THE PHILIPPINES

COUNTRY CONTEXT

The Philippines is among one of the most hazard-exposed countries globally, with recurrent disasters generating substantial fiscal pressure, disrupting food systems and disproportionately affecting poor and vulnerable households, smallholder farmers and fishers.

Over the past decade, the Government of the Philippines has strengthened its DRF architecture through a mix of budgetary reserves, contingent credit and insurance-based risk transfer. The recent enactment in 2025 of Republic Act No. 12287 (State of Imminent Disaster Act) marks a significant legal shift by enabling earlier disaster declarations and faster access to financing.

In parallel, the National Disaster Risk Financing and Insurance Strategy (NDRFIS) is undergoing revision to better reflect emerging instruments, fiscal practices and delivery considerations. WFP's approach in the Philippines thus focuses on integrating the evolving DRF tools and mechanisms into national disaster risk management and social protection frameworks to support vulnerable people before and after hazards.

Complementing operational efforts, WFP will facilitate knowledge exchanges with Global Shield pathfinder countries, document lessons from ongoing initiatives, and contribute to the development of a global or regional community of practice. Through systematic evidence generation and strategic knowledge sharing, WFP Philippines will help elevate the country's leadership in linking DRF with social protection, offering models and insights that inform resilience-building efforts.

2025 KEY ACHIEVEMENTS



Partnered with the Department of Social Welfare and Development to pilot microinsurance with 1,000 households selected from the 4Ps programme residing in typhoon-prone areas of the country



Enrollment of 12,845 farmers covered with Weather Protect Insurance through the capacity building partnership with CLIMBS.



Insurance beneficiary Jeffrey Modanza in his field.
WFP/Philippines



STORIES FROM THE FIELD

Weather Protect Insurance: Providing protection for the most vulnerable

Extreme weather events have become an increasingly common challenge for many farming communities in the Philippines. Unpredictable rainfall, strong typhoons and shifting weather-related patterns threaten crops and livelihoods. With the country ranking first in hazard exposure and vulnerability for four consecutive years, these risks can easily disrupt livelihoods and food systems, cut food supplies and erode farmers' sources of income.

For Roselle Tidalgo, Agribusiness Manager of Alipao Multipurpose Cooperative (ALMUCO) in Surigao del Norte, being prepared for weather-related risks has become more critical than ever for the cooperative and its farmer-members.

Aware of the weather-related risks faced by farmers, Roselle and her two colleagues attended a WFP-supported training, in partnership with CLIMBS Life and General Insurance Cooperative and in collaboration with the Co-operative College of the Philippines (CCPh). The training aimed to help farmers strengthen their resilience through Climate-Smart Agriculture (CSA), financial and insurance literacy initiatives, and innovative risk protection solutions such as Weather Protect Insurance (WPI). It introduced participants to practical strategies for coping with increasingly unpredictable weather and reducing the risks faced by farming communities.



Roselle Tidalgo

Agribusiness Manager of Alipao Multipurpose Cooperative (ALMUCO).

WFP/Philippines

“One of the topics that stood out during the training was the Weather Protect Insurance,” Roselle shared. “Our cooperative decided to avail of this insurance because we believe it can greatly help our farmer-members. It provides financial assistance during calamities, particularly typhoons and extreme weather conditions.”

The value of WPI became evident when typhoon Tino (Kalmaegi) affected parts of Mindanao in November 2025. The storm brought strong winds and heavy rains that impacted farming communities, including ALMUCO members. Following the event, the cooperative received a payout through WPI—demonstrating how parametric insurance can provide timely support when extreme weather occurs.

Among ALMUCO's farmer-members is Jeffrey Modanza, whose family depends largely on farming as their primary source of livelihood. Like many farmers in the area, Jeffrey faces constant uncertainty due to unpredictable weather patterns that can damage crops and reduce income.

Through the cooperative's participation in CLIMBS' climate resilience initiatives, farmer-members like Jeffrey benefit from increased awareness of weather-related risks, improved farming practices and access financial protection mechanisms such as WPI offered through the cooperative.

In addition, cooperatives receive support through CLIMBS' Community Action Response to Emergency Services (CARES) initiative, which delivers relief assistance such as basic food supplies and immediate aid to affected communities when disasters strike.

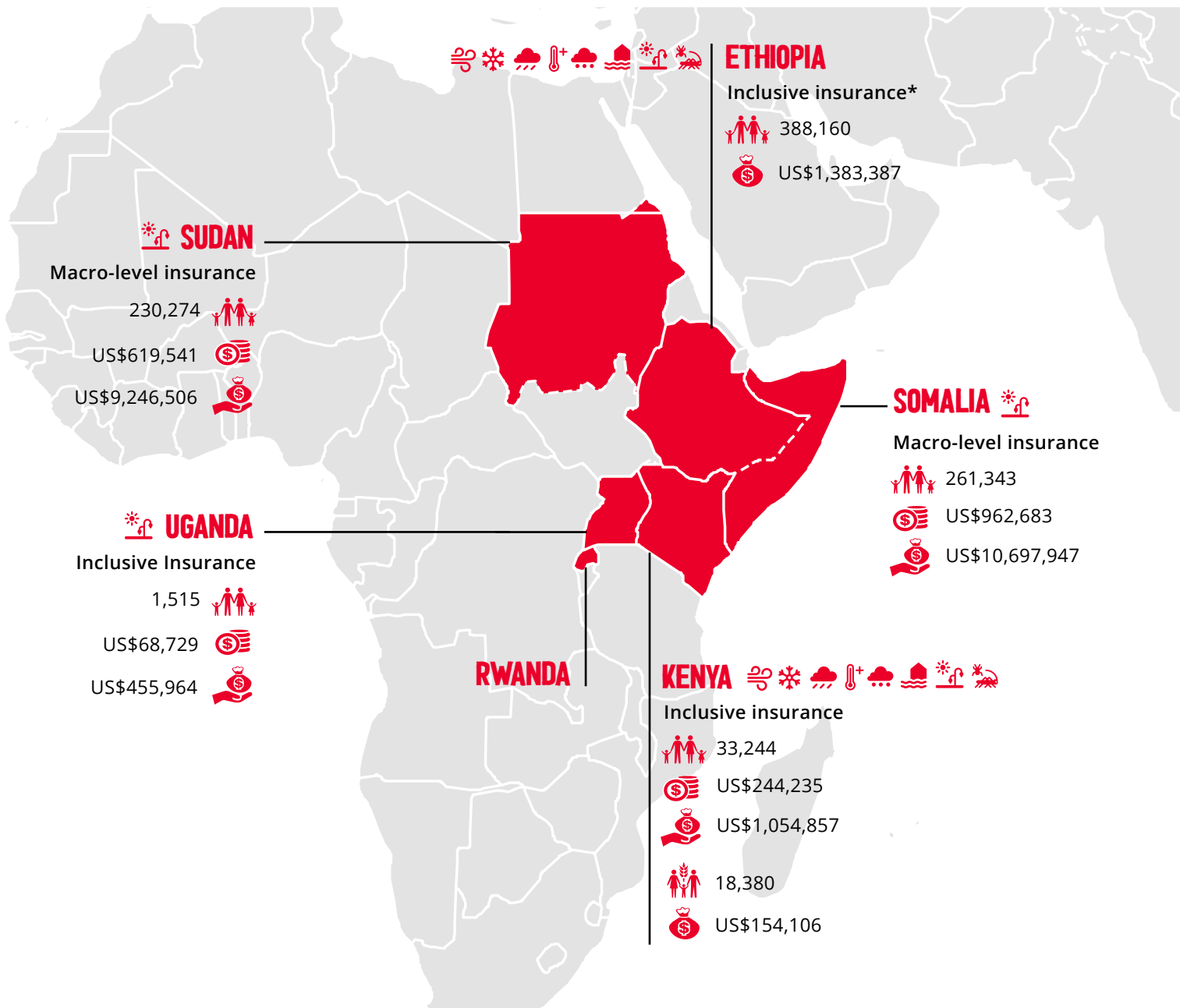
WFP's partnership with CLIMBS and CCPH has strengthened farmers' confidence and resilience amid growing risks. With better knowledge, stronger preparedness, and access to WPI tailored to their realities, cooperatives and their members are now better equipped to withstand the challenges of increasingly unpredictable weather.



Jeffrey Modanza, *in his field.*

WFP/Philippines

EAST AFRICA



LEGEND

- | | | | | |
|---------------------------------------|--|--------------------|-----------------|------------|
| Number of people covered by insurance | Number of people benefiting from insurance payouts | Pests and diseases | Excess rainfall | Cold spell |
| US\$ value of premiums | US\$ value of payouts disbursed/transfers made in 2025 | Cyclone | Flood | Heatwave |
| US\$ value of sum insured | Current countries | Violent wind | Hail | Drought |
| | Expansion countries | Frost | | |

* These figures refer to the 2024/2025 payouts, distributed in 2025.

ETHIOPIA



WITH FINANCIAL SUPPORT FROM



German Federal Ministry for Economic Cooperation and Development (BMZ), Kreditanstalt fuer Wiederaufbau (KfW), Danish International Development Agency (DANIDA) and WFP internal Resources

INCLUSIVE RISK FINANCING



US\$1,383,387 of payouts distributed for the 2024/2025 season, benefiting 388,160 people

DISASTER RISK FINANCING IN ETHIOPIA

WFP Ethiopia is supporting the national shift from short-term humanitarian assistance toward resilient and self-reliant food systems by strengthening local production, expanding access to financial services, and improving markets and irrigation services. In 2025, WFP transitioned from directly providing subsidized crop and livestock insurance to offering technical support at the national level, working closely with the Ministry of Agriculture (MoA), Ministry of Finance (MoF), the National Bank of Ethiopia (NBE) and private sector partners. This shift aims to help the country build scalable and sustainable climate risk management systems. At the community level, WFP continued to enhance resilience through nature-based solutions, village savings and loans groups (VSLAs), and financial literacy training.

2025 PROGRESS

In 2025, WFP advanced a wide range of climate risk management and financial inclusion initiatives throughout the year. In Amhara, the bundled insurance pilot implemented with the Agriculture Transformation Institute (ATI) and Pula Advisors proved successful and was subsequently scaled region wide, with further expansion to Tigray, Oromia and Sidama under a private-sector-led model.

Together with BASF Stiftung, WFP also launched an integrated risk management pilot that combines climate risk insurance with post-harvest management to strengthen smallholder resilience. At the institutional level, WFP, the United Nations Development Programme (UNDP) and the Japan International Cooperation Agency (JICA) supported the Ministry of Agriculture in establishing the Rural Finance Service Unit (RFSU) to lead national efforts on rural finance and agricultural insurance, while the creation of an Agricultural Insurance Consortium helped strengthen industry risk retention and promote a more market-driven insurance ecosystem.

WFP contributed to global knowledge sharing by presenting its climate risk management experience at major international events, including the African Insurance Organisation (AIO) Conference and the African Climate Summit.

In parallel, design work began on a Forecast Index Insurance product for the Somali Region, developed with technical support from International Research Institute for Climate and Society (IRI) and Howden to complement Anticipatory Action.

ETHIOPIA

COUNTRY CONTEXT

In 2025, Ethiopia continued to pursue ambitious economic reforms, even as enduring structural weaknesses and political instability constrained progress and increased vulnerability.

Following the July 2024 shift to a market based exchange rate and the start of full year support under the IMF's Extended Credit Facility, the government has embarked on a far reaching stabilization and liberalization agenda. Key milestones include the launch of the Ethiopian Securities Exchange, the gradual opening of the banking sector to foreign competition, and the full operationalization of the Grand Ethiopian Renaissance Dam, which positioned Ethiopia as Africa's leading hydropower producer and a regional energy exporter. These reforms, combined with continued infrastructure investment and a large domestic market, underpin projected economic growth of over 7 percent in 2025 and signal a renewed effort to restore macroeconomic balance and attract investment.

(continue...)

At the community level, WFP organized 26,423 vulnerable individuals into 1,093 Village Savings and Loan Association / Village Economic and Social Association (VSLAs/VESAs) and 42 Rural Savings and Credit Cooperative (RuSACCOs) to expand access to financial services, delivering financial literacy and management training to group leaders and providing technical and material support to strengthen local financial operations. In total, these groups mobilized over US\$507,000 and issued US\$1.28 million in loans, strengthening their climate and income resilience.

To reinforce these systems, WFP constructed and equipped offices for 18 RuSACCOs and allocated a US\$1 million revolving fund to enhance their liquidity and lending capacity under the resilience programme.

CHALLENGES AND LESSONS LEARNED

The programme faced several challenges, including declining donor funding that limited the scale and continuity of key activities in 2025, localized security deterioration that caused minor operational disruptions, and low financial literacy levels among target communities. Weak regulation and supervision of the RuSACCO regulatory body also constrained progress. At the same time, important lessons emerged: the establishment of the Rural Finance Service Unit (RFSU) created a foundation for implementing a national-level insurance programme, and the allocation of a revolving fund proved critical for strengthening the liquidity and lending capacity of RuSACCOs.

OUTLOOK FOR 2026

In 2026, under the new CSP, WFP Ethiopia plans to scale up integrated resilience and livelihood interventions across six climate risk-prone regions—Afar, Tigray, Amhara, Somali, Gambella and Southern Ethiopia. Planned activities include reaching 25,000 households in the Somali Region through integrated livelihood development and resilience building initiatives; continuing post-harvest loss management and market linkage support in Gambella; and providing integrated livelihood assistance to 17,644 vulnerable smallholders in Amhara.

In Afar region, WFP will support 6,600 climate shock-prone households to strengthen production and productivity, while in Tigray, WFP will support over 12,000 households affected by recurrent drought and conflict through the promotion of water harvesting technologies and post-harvest management interventions.

ETHIOPIA

COUNTRY CONTEXT

(...continue)

Despite these positive shifts, Ethiopia continues to face significant economic, political and weather-related challenges. High inflation, elevated public debt and structural inefficiencies continue to strain macroeconomic stability and household welfare. Political fragility persists, driven by active conflict in Amhara and Oromia and the fragile post-Tigray crisis recovery efforts. Concurrently, recurrent droughts and environmental shocks have deepened food insecurity and reduced agricultural productivity, exacerbating vulnerability for millions reliant on rain-fed agriculture.

Complementing these field activities, WFP will continue to strengthen national systems by supporting the Ministry of Agriculture's Rural Finance Service Unit (RFSU) and the National Bank of Ethiopia (NBE) to enhance agricultural insurance design and delivery, credit systems, regulatory oversight and policy development.

2025 KEY ACHIEVEMENTS



26,423 farmers trained in financial education to enhance their capacity to make productive investment decisions.



US\$ 507,400 was mobilized in savings by VSLAs and RuSACCOs members.



US\$1,284,529 was disbursed as loans to members of VSLAs and RuSACCOs.



The National Agricultural Insurance Technical Working Group was formally established, with WFP serving as a core member.



Ali Yimer, R4 beneficiary in Ethiopia.
WFP/Filimon Mekonnen

KENYA



WITH FINANCIAL SUPPORT FROM



Korea
International
Cooperation
Agency (KOICA)
and Zoetis
Foundation

DISASTER RISK FINANCING IN KENYA

As part of its risk financing approach, WFP Kenya has been unlocking access to index-based crop and livestock insurance products that rely on satellite-monitored weather data, such as rainfall deficits, to trigger payouts. These mechanisms enhance the resilience of smallholder farmers and pastoralists by offering financial protection against weather-related shocks. WFP Kenya also promotes household financial stability through Village Savings and Loans Associations (VSLAs), which expand access to savings and credit. This reduces reliance on informal or exploitative lenders, strengthens community-level risk pooling and improves participants' financial literacy. Several VSLAs have now evolved into Savings and Credit Associations (SACCOs).

2025 PROGRESS

In 2025, WFP Kenya advanced its Disaster Risk Financing (DRF) programme by supporting both crop and livestock insurance activities. These efforts were anchored in existing and newly formed Village VSLAs, which served as platforms for insurance education, premium mobilization and service delivery. By leveraging VSLAs, participants gained practical knowledge on how crop and livestock insurance function, while also pooling savings and loans to co-finance premium payments. In total, 14,604 people benefitted from livestock insurance in Garissa and Isiolo counties, while 18,640 benefitted from crop insurance in Makueni county.

WFP strengthened the distribution network for insurance products by training Village Agents (VAs) on insurance processes and procedures, improving their understanding of insurance concepts and ensuring smoother service delivery at the grassroots level. For crop insurance, trained VAs supported VSLA groups by facilitating related trainings. For livestock insurance, VAs were trained, licensed and formally recognized as distributors, earning commissions from insurance companies while expanding access for rural households.

To promote holistic community development, WFP Kenya integrated crop and livestock insurance, nutrition and social behaviour change communication (SBCC) trainings into VSLA activities, alongside disaster risk reduction messaging. This approach not only improved awareness but also boosted cumulative savings and loan disbursement, directly supporting member livelihoods.

Financial accountability improved significantly in 2025. Premium collection and VSLA reporting systems were strengthened, and loan repayment rates for insurance-related borrowing were excellent—no defaults were recorded. The project successfully transitioned 8,749 participants into advanced programmes, ensuring continuity of

KENYA

INCLUSIVE RISK FINANCING



33,244 people covered with inclusive insurance



4,060 households insured (80 percent women)



US\$244,235 of insurance premium



US\$1,054,857 of sum insured



US\$154,106 of payouts distributed, benefiting **18,380** people

growth and reinforcing the resilience of VSLA groups. These outcomes reflect both a deepened understanding of financial management and the ability of communities to maintain creditworthiness under challenging conditions.

CHALLENGES AND LESSONS LEARNED

Adoption of insurance among pastoralists in Garissa and Isiolo remains low, driven by limited awareness and cultural or religious beliefs that hinder acceptance. Increasing uptake will require timelier and more targeted sensitization on index-based livestock insurance, alongside product adjustments that make insurance more flexible and better aligned with pastoralists' needs. Uptake has also been constrained by weak integration of livestock insurance with other products or services that shape pastoralist livelihoods. Expanding Component 2 of the De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) project across the entire county would help link insurance to market access and financial inclusion, creating stronger incentives for insurance uptake by addressing broader livelihood concerns and facilitating improved access to essential services.

Operational challenges further affected implementation. A short registration closure notice left several farmers unregistered and placed pressure on field teams and VAs, particularly in remote areas with poor network coverage. In some areas, low literacy levels among VAs and community members slowed group formation and affected the quality of reporting, prompting a review of the VSLA guide to support digitization and strengthen financial literacy components. Financial constraints also limited participation, especially in areas using Sharia compliant VSLA models, where savings growth has been slower. In addition, some members lacked income generating activities, reducing their ability to save or purchase insurance.

Geographical and weather-related conditions added additional strain. The vastness of arid and semi-arid areas required VAs to travel long distances to reach groups, while persistent drought made it harder for participants to achieve expected outcomes. Male participation in VSLAs remained low, limiting diversity and reducing opportunities to broaden knowledge on crop and livestock insurance.

A key lesson across counties is the importance of early planning to avoid last minute pressures and ensure a smoother rollout. Encouraging members to progressively increase their share contributions has also proven essential, as higher share capital strengthens group resilience, supports insurance payments and enables savings for priority projects.

KENYA

COUNTRY CONTEXT

Kenya experienced significant weather-related disruptions in 2025. Prolonged drought during the October–December season left more than two million people food insecure, severely reducing agricultural yields and livestock productivity. The March–May long rains were delayed in several key farming regions, while arid counties such as Turkana faced sudden flash floods that destroyed crops and damaged infrastructure. Overall, the impacts of weather-related shocks imposed an annual economic cost equivalent to 3–5 percent of GDP, heightening loss ratios for agricultural insurers and exacerbating the financial vulnerability of farming households. At the same time, the macroeconomic environment remained fragile: a widening fiscal deficit, estimated at 5.9 percent of GDP, prompted aggressive taxation measures that eroded household disposable income and weakened demand for microinsurance products.

OUTLOOK FOR 2026

Livestock Insurance in Garissa and Isiolo

In Garissa and Isiolo counties, efforts are underway to strengthen pastoral households' resilience through livestock insurance. Community engagement forums at hub and cluster levels are being expanded to sensitize households, encouraging both VSLA group formation and active participation in insurance enrollment campaigns.

To deepen impact, two VSLA umbrella associations are being formed and strengthened, with a clear pathway toward transitioning into Savings and Credit Cooperatives (SACCOs). This transition will broaden the insurance education outreach and expand distribution networks. Continued support for these networks ensures that livestock insurance remains accessible and effective for pastoral communities.

Crop Insurance in Makueni and Kitui

In Makueni and Kitui counties, crop insurance is being scaled up to cover more farmers and incorporate the four Rs of risk management—risk reduction, risk retention, risk transfer and risk reserves. Expansion into two wards in Kitui is underway, with re-targeting strategies to ensure inclusivity and effectiveness.

A progressive shift is being introduced to reduce WFP's subsidies while increasing farmer contributions, fostering ownership and sustainability. At the same time, efforts to raise share capital are enhancing financial inclusion, ultimately leading to higher returns for participating farmers.

2025 KEY ACHIEVEMENTS



Over 4,000 people accessed livestock insurance information in Garissa and Isiolo through radio talk shows.



900 VSLA groups in Kitui, Makueni, Garissa and Isiolo were supported to participate in both crop and livestock insurance.



A new partnership was established with ACRE for the provision of crop insurance services in Makueni County.



WFP, together with local stakeholders, mobilized VSLA groups and facilitated sensitization forums that enabled the creation of two new SACCOs, enabling their members to have increased access to financial products and services.

RWANDA



WITH FINANCIAL SUPPORT FROM



German Federal Ministry for Economic Cooperation and Development (BMZ), European Civil Protection and Humanitarian Aid Operations (DG ECHO), Denmark, Japan, Ireland



The Minister of State in Charge of National Treasury, Mr. Godfrey Kabera, gives opening remarks and a keynote address at the launch of Rwanda's DRF Diagnostic and Strategy.

WFP/Rwanda

DISASTER RISK FINANCING IN RWANDA

In Rwanda, at the macro level, WFP supports government preparedness through risk layering and disaster risk financing (DRF) approaches, complementing national social protection systems. Risk financing is embedded across climate, disaster risk management and social protection linkages, with the aim to enable timely scale-up of assistance during shocks while protecting development gains. In its own programming, WFP integrates inclusive risk financing (IRF) and microinsurance-ready approaches within youth employment initiatives, notably SheCan and Shora Neza. Through Shora Neza, WFP links women and youth smallholder farmers to farmer service centers, markets and financial services, including savings, credit and blended finance mechanisms that lay the foundation for future agricultural microinsurance uptake. Similarly, SheCan promotes women-centered financial inclusion by improving access to productive inputs, income opportunities and digitized payments, enhancing women's capacity to manage weather-related and economic risks.

2025 PROGRESS

In 2025, WFP Rwanda focused on strengthening collaboration with Government and partners to advance DRF through nationally led systems. WFP maintained close engagement with key ministries, including the Ministry in Charge of Emergency Management (MINEMA), Ministry of Finance and Economic Planning (MINECOFIN), Ministry of Local Government (MINALOC) and Local Administrative Entities Development Agency (LODA), to support policy dialogue, coordination and evidence-based decision making on financing disaster response.

The country office's most significant contribution in 2025 was technical engagement and support in the development of Rwanda's Disaster Risk Financing strategy, which was technically validated in November. WFP and the World Bank supported MINECOFIN throughout the process, with the World Bank leading on the DRF Diagnostic and WFP leading on the strategy. This included acting as secretariat for the multi-ministerial steering committee for the DRF strategy. By contributing to analytical work and participating in the validation workshop, WFP helped highlight Rwanda's exposure to recurrent weather-related shocks, the limitations of ex-post financing, and the need for a risk-layered approach combining budgetary instruments, contingent financing and insurance over time. WFP consistently advocated for strengthening the use of existing national delivery systems, particularly social protection mechanisms, as payout channels for DRF mechanisms, ensuring coherence between financial protection and response capacity. This advocacy supported an increased recognition of shock-responsive social protection as a core pillar of the DRF strategy rather than a parallel intervention.

RWANDA

COUNTRY CONTEXT

Rwanda's economy continued to perform well in 2025, recording year-on-year growth of 7.8 percent in the first half, following an average growth rate of 8.4 percent between 2022 and 2024. However, rising inflation and debt sustainability concerns constrained policy space. The country faced exposure to global commodity price volatility, tighter financing conditions and regional insecurity linked to ongoing conflict in eastern Democratic Republic of Congo (DRC). Weather-related shocks, including irregular rainfall and localized flooding, affected agricultural production and food prices, exacerbating vulnerabilities for poorer households. These shocks disproportionately affect rural livelihoods, undermining efforts to improve food and nutrition security and household purchasing power. These combined macroeconomic, weather-related and regional risks required continued fiscal consolidation and climate-resilient development efforts.

Another key area of support was WFP's sustained engagement in Rwanda's Global Shield in-country process, led by MINEMA and MINECOFIN, where WFP provided analytical input, technical advice and facilitation support. At the request of the Global Shield Secretariat, WFP provided capacity building sessions at a two-day workshop directly preceding the in-country workshop in September 2025. WFP delivered sessions on "Principles of CDRFI and Risk Layering" and a "Deep dive on Overview of CDRFI Instruments" while Oxford Policy Management and German Society for International Cooperation (GIZ) led a session on shock-responsive social protection. This collaboration helped link DRF diagnostics with social protection delivery systems and informed the country's request for Global Shield support, ensuring alignment with national priorities and institutions, including MINALOC and LODA. A key achievement was finalizing a Government agreement to use the existing social protection system as the channel for disaster financing to households, rather than creating parallel delivery mechanisms, strengthening national ownership and sustainability.

CHALLENGES AND LESSONS LEARNED

In 2025, DRF efforts in Rwanda highlighted several persistent challenges related to the transition from reactive to more pre-arranged and risk-layered financing approaches. A key challenge was the continued reliance on ex-post funding mechanisms, such as budget reallocations and humanitarian assistance, which limited the timeliness and predictability of response. Although policy frameworks and legal provisions for disaster financing exist, gaps between policy intent and operational implementation remained, particularly in the activation of contingency funds and the use of risk-based budgeting. Data constraints also posed challenges, including fragmented recording of disaster losses and limited integration between disaster risk management, public finance and social protection information systems. These data gaps constrained informed decision-making and slowed progress in operationalizing insurance and contingent financing instruments.

A central lesson from 2025 was that effective DRF depends as much on delivery systems as on financing instruments. Strengthening interoperability between early warning systems, social registries and payment platforms proved critical for translating financing into timely support for affected households. The year also underscored the value of strong government leadership and cross-sectoral coordination, particularly in aligning DRF with social protection systems. Finally, the experience demonstrated that diagnostic analysis and policy dialogue are essential foundations, but sustained technical engagement and institutional capacity building are required to move from strategy to implementation and close the disaster financing protection gap over time.

OUTLOOK FOR 2026

In 2026, WFP's DRF support in Rwanda will focus on translating policy commitments into operational and governable systems that enable predictable and timely financing for disaster response. A central priority will be the development of a robust governance framework for the National Disaster Response Fund, ensuring clarity on institutional roles, decision-making authority, fiduciary risk management and accountability arrangements. WFP will support MINECOFIN to operationalize the Fund in line with Rwanda's public finance framework and DRF strategy, addressing long-standing gaps between legal provisions and implementation.

WFP will also continue to serve as secretariat of the Disaster Risk Financing Steering Committee under MINECOFIN, strengthening coordination across ministries and partners and anchoring DRF discussions within national budgetary and policy processes. This role will allow WFP to facilitate structured dialogue on risk layering, financing instruments and alignment between disaster risk management, public finance and social protection. Building on Global Shield engagement, WFP will support coherence between financing decisions and delivery systems, particularly the use of national social protection mechanisms as channels for disaster financing to households.

Overall, 2026 will mark a shift from diagnostic and planning stages toward institutionalization and governance, positioning Rwanda to progressively mobilize and manage pre-arranged disaster financing in a transparent, credible and nationally owned manner.

2025 KEY ACHIEVEMENTS



Technical validation of Rwanda's DRF Diagnostic and Strategy.



WFP served as Secretariat for the national DRF Technical Steering Committee, which brought together several ministries and government agencies to shape Rwanda's Disaster Risk Financing Strategy.



Over 50 stakeholders trained on DRF, risk layering and instruments ahead of the Global Shield in-country process workshop.



Contributed to Africa RiskView (ARV) drought model contextualization for Rwanda under the African Risk Capacity (ARC).

SOMALIA



WITH FINANCIAL SUPPORT FROM



Global Affairs
Canada (GAC)

DISASTER RISK FINANCING IN SOMALIA

WFP Somalia's disaster risk financing (DRF) strategy employs macro-level insurance instruments (ARC Replica and Catastrophe Layer (Cat Layer), microinsurance pilots for smallholder farmers and financial inclusion initiatives such as Village Loans and Saving Groups (VSLAs). Instruments such as ARC Replica and Cat Layer are parametric, with payouts linked to pre-defined drought risk indicators. These instruments are embedded within government-endorsed operational frameworks that set out pre-agreed response actions, targeting priorities and coordination arrangements ahead of shocks. This approach supports faster, more structured scale-up of response activities, complements government-led disaster management systems and humanitarian frameworks, and reduces reliance on ad hoc post-crisis funding. Microinsurance schemes protect farmers against crop losses and support recovery, while financial inclusion is advanced through community groups that enable access to savings, particularly for women and youth. These tools are integrated across WFP programmes—emergency response, Smallholder Agricultural Market Support, school feeding, nutrition, social protection and cash-based transfers—ensuring that vulnerable communities benefit from early action, improved resilience, and inclusive access to financial services.

2025 PROGRESS

In 2025, WFP Somalia strengthened the operational readiness of macro-level DRF in 2025, advancing from design toward implementation in close collaboration with national counterparts. A key milestone was the finalization and government endorsement of the ARC Replica Operational Plan (OP), which established pre-agreed response actions, targeting approaches, timelines and coordination arrangements to be activated in the event of a drought trigger.

This process reinforced government ownership and clarified institutional roles for insurance-supported drought response. Technical progress was achieved through continued refinement of risk transfer parameters (RTPs) and Africa Risk View (ARV) calibration, supported by a technical workshop held in Nairobi from 8–10 July. The workshop brought together government counterparts, the African Development Bank (AfDB), African Risk Capacity (ARC) and ARC Replica partners, strengthening shared understanding of drought risk modelling and informing updates to RTPs to better reflect Somalia's drought risk profile and operational context. Gender considerations were embedded across planning processes, with gender-responsive elements integrated into the ARC Replica OP, including targeting criteria, disaggregated beneficiary planning and delivery considerations to improve access for women and vulnerable groups.

SOMALIA

MACRO-LEVEL RISK FINANCING



261,343 people covered with macro insurance



US\$962,683 of insurance premium



US\$10.7 million of sum insured

In parallel, WFP supported development of a Gender-Smart Toolkit for macro-level DRF, providing practical guidance for integrating gender across insurance design and implementation, while supporting advocacy for government mainstreaming of gender in drought risk financing. In addition, WFP Somalia completed the Catastrophe (Cat) Layer OP for the 2025–2026 season, extending financial protection for severe, low-frequency drought events and strengthening preparedness for large-scale shocks. Throughout the year, coordination with government institutions and partners ensured coherence across insurance instruments and alignment with broader drought response frameworks, laying the foundation for more predictable and structured drought financing.

WFP Somalia's macro-level insurance approach explored linkages with national social protection and disaster risk management systems through policy engagement, diagnostics and operational alignment, including strengthened participation in the Global Shield against Climate Risks In-Country Process led by the Ministry of Finance with World Bank technical support, where WFP contributed a diagnostic gap analysis, stocktake and findings from its Assessment of Country Capacities for Shock-Responsive Social Protection to inform dialogue on using national systems as delivery channels.

Operational planning for both ARC Replica and the Catastrophic (Cat) Layer is designed to support vertical scale-up, by increasing the level or duration of support to households already reached through existing programmes, and horizontal scale-up, by expanding coverage to newly affected populations following drought shocks. The OPs emphasize alignment with existing system elements, including beneficiary registries, coordination platforms and established delivery arrangements, to ensure that insurance-supported responses can be implemented in a manner that reinforces nationally anchored shock-responsive social protection pathways rather than operating in parallel.

CHALLENGES AND LESSONS LEARNED

The policy design and preparation process highlighted the importance of keeping technical and operational work closely aligned. One key lesson was the need to clearly translate ARV outputs and RTPs into operational planning assumptions that are easily understood by non-technical actors. This was addressed through focused technical discussions and by reflecting agreed parameters directly within the OP, helping ensure consistency between analysis and planned response actions. The preparation of the OP reinforced the value of early government engagement and validation. Aligning technical inputs with government expectations and approval processes required sufficient time and flexibility, particularly given competing priorities. Maintaining a focused scope and building on existing response practices helped ensure that the OP remained practical and implementable.

SOMALIA

COUNTRY CONTEXT

Somalia continues to face elevated food security and drought risks following below-average Gu (April–June 2025) and Deyr (October–December 2025) rains, which reduced water availability, pasture conditions and agricultural production. Impacts are most pronounced in central and northern areas, as well as parts of southern Somalia, where pastoral and agro-pastoral livelihoods remain highly sensitive to rainfall variability.

According to the latest IPC analysis, approximately 4.4 million people are experiencing acute food insecurity (IPC Phase 3 or above), including pockets of Emergency (IPC Phase 4). Acute malnutrition remains a concern, particularly among children and displaced populations. In response to deteriorating drought conditions, the Federal Government of Somalia issued a national drought appeal on 10 November 2025, calling for strengthened early action and coordinated support to protect food security, water access and livelihoods.

Coordination among WFP, government counterparts and ARC benefited from regular information sharing and clear sequencing of technical and approval steps. While coordination structures are in place, the experience underscored the importance of early alignment on timelines and documentation requirements, especially as policies approach potential activation. Looking ahead, continued emphasis on clarity and realism will help strengthen future cycles. For WFP Country Offices new to ARC Replica, early investment in understanding ARV outputs, timely initiation of OP development and proactive coordination with ARC and government counterparts are recommended to streamline the process and improve readiness.

OUTLOOK FOR 2026

In 2026, WFP Somalia will focus on consolidating and operationalizing macro-level risk financing instruments as part of a broader drought risk management approach. Building on the foundations established in 2025, priorities include strengthening readiness to activate insurance instruments, improving the translation of payouts into timely assistance and ensuring coherence with government-led drought response mechanisms. Drawing on experience from other WFP country programmes, emphasis will be placed on refining risk parameters, strengthening institutional familiarity and improving alignment between insurance instruments and existing humanitarian and social protection responses, including through continued engagement in the Global Shield against Climate Risks In-Country Process to strengthen use of national systems for shock-responsive delivery. The objective is to ensure that macro-level insurance contributes consistently and effectively to mitigating the human and livelihood impacts of droughts in Somalia.

2025 KEY ACHIEVEMENTS



ARC Replica Operational Plan finalized and endorsed by the Government.



Risk transfer parameters updated to better reflect Somalia's drought risk.



Cat Layer Operational Plan approved for the 2025–2026 drought season.



WFP held virtual and in-person coordination discussions to review the approved Operational Plan, ensure shared understanding of planned response actions and exchange updates on evolving drought conditions and their potential implications for activation.

SUDAN



WITH FINANCIAL SUPPORT FROM



Global Shield
Financing Facility
(GSFF)

DISASTER RISK FINANCING IN SUDAN

In 2025, WFP Sudan started to employ a risk-layered disaster risk financing (DRF) strategy, integrating macro insurance through Africa Risk Capacity (ARC) Replica and a catastrophe (Cat) layer policy to address weather-related shocks. ARC Replica provides parametric drought insurance, enabling rapid payouts when predefined triggers are met, while the catastrophe layer offers additional coverage for infrequent, extreme events. These instruments are linked to WFP's emergency response and resilience-building programmes, including cash-based transfers (CBTs) and general food distribution (GFD). Operational Plans ensure alignment with WFP contingency frameworks, promoting early action and minimizing response delays. This approach strengthens preparedness and resilience and also complements social protection systems, reducing reliance on ad hoc funding during crises.

2025 PROGRESS

During the reporting period, WFP Sudan maintained its ARC Replica policy and added new catastrophe layer coverage, ensuring readiness for potential drought events. WFP finalized the Operational Plan for the catastrophe layer macro insurance policy with guidance from WFP's DRF Team, outlining interventions such as CBT and GFD for affected populations. WFP Sudan also prepared a one-page summary and short analysis on the implications of using different masks for the crop and rangeland products to be annexed to the current ARC Replica Operational Plan (OP) developed in 2023.

Due to ARC's capital limitations and broader funding constraints, only the crop policy was purchased this year, resulting in relatively limited coverage. While no payout was triggered in 2025 for either the catastrophe layer or ARC Replica policies, preparedness efforts—including seasonal monitoring and contingency planning—continued throughout the year.

Challenges also arose specifically in relation to the ARC Replica drought-risk model. Although the Technical Working Group (WFP and Government experts) completed all required technical work to update the model parameters, the revised version could not be applied this year due to unresolved institutional processes between ARC and the government. As a result, the programme continued using an older AfricaRiskView (ARV) model for the Replica policy, which—while still functional—does not fully incorporate the recent refinements developed during the customization exercise.

SUDAN

MACRO-LEVEL RISK FINANCING



230,274 people covered with macro insurance



US\$619,541 of insurance premium



US\$9,246,506 of sum insured

COUNTRY CONTEXT

In 2025, Sudan continues facing a complex humanitarian situation driven by extended conflict, political instability and severe economic downturn. Weather-related shocks, including erratic rainfall and localized drought, exacerbated food insecurity and disrupted livelihoods. Inflation and currency depreciation further limited household purchasing power, while displacement due to insecurity increased vulnerability. These overlapping crises strained social protection systems and heightened the need for anticipatory and disaster risk financing instruments to safeguard food security and resilience.

CHALLENGES AND LESSONS LEARNED

WFP's activities to strengthen DRF in Sudan highlighted several operational lessons. Stakeholders required targeted training to effectively utilize the ARV software for climate risk assessment, underscoring the importance of sustained capacity strengthening. Coordinating the multiple actors involved in ARC Replica implementation also proved challenging, making joint planning meetings and clear documentation of roles essential for smooth collaboration. While the localized datasets available in-country were adequate for maintaining an operational ARV model for insurance purposes, data gaps and outdated information limited opportunities to further enhance model robustness. Improving the quality, granularity and availability of climate-related datasets therefore remains a priority to support stronger model customization and greater accuracy in future seasons. Strengthening WFP Sudan DRF programmes depends on continuous capacity building, reliable data systems and clear, consistent communication among all actors.

OUTLOOK FOR 2026

In 2026, WFP Sudan plans to subscribe both ARC Replica and Cat layer macroinsurance policies and to secure a contingency fund to enhance WFP's financial protection, ensuring broader coverage for vulnerable populations in Sudan. WFP will focus on updating disaster preparedness plans, strengthening data analysis capabilities, and enhancing the skills of the Technical Working Group to support more effective and timely disaster response.

2025 KEY ACHIEVEMENTS



In 2025, the Cat Layer policy was introduced to enhance protection against rare and extreme drought events.



WFP contributed to the development of a concept note, building on Sudan's ongoing ADReFi programme to strengthen disaster risk management, drought and flood preparedness, and overall resilience to weather-related shocks.



WFP signed two crop drought insurance policies totalling US\$619,541 of financial protection (ARC Replica and Cat layer) for WFP Sudan, covering 230,274 vulnerable individuals from June to November 2025.



Developed an Operational Plan for the Cat Layer policy, ensuring timely cash transfer targeting and in-kind food assistance once a drought payout has been received by WFP.

UGANDA



WITH FINANCIAL SUPPORT FROM



European Union
Directorate-
General for
International
Partnerships
(EU INTPA)

DISASTER RISK FINANCING IN UGANDA

In Uganda, Disaster Risk Financing (DRF) and inclusive insurance are moving from concept to practice, with stronger coordination emerging across the Government and partners. WFP's engagement in the Ministry of Finance, Planning and Economic Development (MoFPED)-led Technical Working Committee on DRF and insurance is part of this shift, alongside ongoing DRF discussions supported through the World Bank that are helping frame how Uganda can finance early action and recovery more predictably.

WFP Uganda is positioning its contribution in a way that is practical and sustainable, bringing field experience from livelihoods and climate risk management programmes into these national conversations — what communities understand, what delivery requires and what makes insurance and DRF credible at scale. Importantly, WFP is aligning its activities into a two-tier resilience approach:

1. household and livelihood protection (so productive investments are not wiped out by shocks), and
2. system-level DRF tools that can unlock timely resources for anticipatory action when forecasts show heightened risk.

This is also an internal pivot for WFP Uganda. Past efforts across microinsurance, refugee-related support and anticipatory action have been valuable, but were often working in isolated work streams. WFP Uganda's Country Strategic Plan (CSP) (2026–2031) creates the opportunity to integrate into one coherent DRF pathway that strengthens delivery, protects WFP's reputation and keeps communities at the centre.

2025 PROGRESS

In 2025, WFP invested in community sensitisation and practical financial literacy around agricultural insurance; helping farmers understand what insurance is (and is not), how it protects inputs and productive assets, and how it fits into seasonal planning. This work translated into genuine demand: farmers proceeded to enrol because they could see the value of protection after repeated climate and production shocks.

WFP observed encouraging engagement through Village Savings and Loans Associations (VSLAs). Where savings and small credit discipline already exist, conversations become more grounded; people ask better questions, plan more realistically for premiums and discuss risk openly as a group rather than as individuals. In other words, VSLAs strengthened insurance readiness, not by promising credit, but by supporting the habits that make protection effective.

UGANDA

INCLUSIVE RISK FINANCING



1,515 people covered with inclusive insurance



942 households insured



US\$68,729 of insurance premium



US\$455,964 of sum insured

However, cover for the 2025 season was not activated, because premium remittance was not completed within the required timelines. While this was disappointing, it has been a useful lesson: uptake and sensitisation are only one side of the story. The other side is strong end-to-end delivery with clear partner roles, accurate enrolment records, consistent messaging and timely premium processes so that community expectations and actual cover always match.

The positive takeaway is that demand is real and the pathway is clear: keep the community momentum, while tightening delivery so future seasons run smoothly and credibly.

CHALLENGES AND LESSONS LEARNED

The 2025 experience confirmed that demand is there, farmers will take up insurance when the value is explained clearly and consistently. It also reminded us that insurance delivery needs tight end-to-end coordination: timing of premium remittance, clear roles across partners, and clean, verifiable enrolment records matter just as much as community mobilisation.

A second learning is that trust and clarity are everything. Communities respond well when messaging is straightforward and consistent, especially when delivered through trusted platforms like VSLAs. But that same trust can be damaged if enrolment activity is interpreted as active cover when the operational steps have not been completed. Going forward, we will keep momentum at community level, while strengthening the behind-the-scenes arrangements so that when we support enrolment, cover is activated smoothly and expectations are managed responsibly.

A third learning is the importance of proper partnership and coordination among all stakeholders. Smooth roll out of insurance products depends on clear alignment between government, insurers, delivery agents and community platforms. Where roles and responsibilities are well defined and communication flows consistently, operational steps (from enrolment to premium remittance) are completed on time and credibility is maintained. Strengthening this coordination will be central to future seasons.

Finally, we learned that these efforts are most effective when integrated into livelihoods programming, rather than treated as a standalone pilot. Insurance can be embedded in farmer business plans as a simple risk management line item, alongside inputs, storage and marketing so protection becomes part of how households plan and protect productive assets.

UGANDA

COUNTRY CONTEXT

Uganda's vulnerability to climate and economic shocks continues to rise, with repeated droughts, floods and irregular rainfall affecting agricultural livelihoods and food security. These pressures are most acute in fragile and drought-prone areas such as Karamoja, where households often operate close to the margin and shocks quickly translate into reduced production, distressed coping and higher humanitarian needs. In this context, DRF and inclusive insurance are increasingly recognised as practical tools; not theoretical ones. They help protect investments in livelihoods, stabilise household liquidity when shocks hit and reduce the need for repeated emergency responses. For WFP, the opportunity is to help shape solutions that are credible and aligned to national systems, while ensuring communities are supported with clear communication and realistic expectations.

OUTLOOK FOR 2026

The next phase is about consolidation and credibility. Under the new CSP, WFP will bring together lessons from microinsurance activities, VSLA-linked community engagement and anticipatory action into one coherent DRF pathway that is practical and sustainable.

A key priority is to advance Forecast Index Insurance (FII) as a focused proof-of-concept linked to anticipatory action so that early action can be triggered by transparent indicators and aligned to pre-agreed response plans. This is a disciplined way to demonstrate an auditable, rules-based approach that can strengthen confidence among government and partners, including through the MoFPED technical working committee and wider World Bank-supported DRF discussions.

In parallel, WFP will continue strengthening community readiness through livelihoods platforms (including VSLAs), ensuring that insurance messaging, planning and operational follow-through are tightly aligned. The aim is simple: when communities are asked to engage, WFP and partners should be able to deliver clearly, consistently and credibly.

2025 KEY ACHIEVEMENTS



Built strong farmer awareness and demand for agricultural insurance through targeted sensitization campaigns.



US\$4.041 million in savings mobilized and US\$1.988 million in loans accessed through 1,500 VSLA groups, serving approximately 37,500 participants nationwide, building resilience across the country.



Strengthened the case for integrating insurance into livelihood pathways and farmer business planning, ensuring risk management becomes a core part of sustainable agricultural growth.



Positioned WFP as a credible and influential contributor to national disaster risk financing and insurance policy discussions through active engagement in MoFPED's Technical Working Committee.



STORIES FROM THE FIELD

From Uncertainty to Resilience. How Integrated Risk Management transformed Ali Yimer's life*

Ali Yimer is a 63-year-old farmer from Siba Kebele in Legehida Woreda, in the South Wollo Zone of Ethiopia's Amhara Region. A father of eight, Ali Yimer has built his life around hard work, perseverance and a deep connection to the land.

For years, Ali has cultivated three plots of farmland, a size of one hectare, focusing primarily on wheat which is one of the staple crops in Ethiopia. In the past several years, Ali Yimer, like many farmers in the region, has faced increasing challenges due to drought, unpredictable rainfall patterns and crop diseases. These conditions have been challenging conditions for crop yields and food security for communities in Ali's locality.

In 2021, seeking solutions, Ali joined the R4 Rural Resilience Initiative (R4) —now known as the Inclusive Risk Financing (IRF) approach— an integrated risk management programme implemented by the World Food Programme (WFP), in partnership with Self Help Africa and the Regional Bureau of the Ministry of Agriculture.

The initiative has played a vital role in strengthening the resilience of smallholder farmers by enabling them to adopt improved agricultural practices and access essential financial services—such as insurance, savings and loans—helping them better

withstand and manage weather-related as well as other livelihood risks.

As part of the initiative, Ali enrolled in the Area Yield Index Insurance programme, which provides protection for crops like wheat and teff against weather shocks and crop diseases. A key feature of this programme is its flexible premium payment option, making insurance accessible even for resource constrained farmers.

In 2021, Ali paid his insurance premium through six days of labour, contributing to essential community work such as soil and water conservation, tree planting and land rehabilitation. These efforts not only secured his crops but also helped enhance the fertility and resilience of the environment around him.



“THE GROWTH STAGE OF THE WHEAT CROP IS VERY PROMISING AS ALWAYS FOR ANOTHER SUCCESSFUL YIELD AND FOOD SECURE SEASON, THANKS WFP FOR INSTALLING THE IRRIGATION SYSTEM”

Ali Yimer, R4 beneficiary in Ethiopia.
WFP/Filimon Mekonnen

* Interview conducted by: **Claire Nevill** – Interpreted by **Melese Awoke**.

As a beneficiary of the Input Voucher Supply (IVS) scheme—which bundles insurance with access to agricultural inputs—Ali continued participating in the insurance programme in the 2024 cropping season and managed to pay ETB 130 (US\$2), contributing 20 percent of the premium, while WFP subsidized the remaining 80 percent. This structured support allowed Ali to actively manage agricultural risks, reinforcing both his confidence and self-reliance in the face of unpredictable weather conditions.

In the 2023 cropping season, Ali and his wife took part in the 'Enhanced Livelihood Resilience Support (ELRS)' initiative, one of the components of the project. Farmers received more than 0.5 kg of assorted vegetable seeds as well as farm tools from WFP via Self Help Africa. On the 0.25 hectares of land, they planted carrots and, with the help of their family, successfully managed the crop.

When Ali harvested his crops, he realized he produced an impressive 41.5 quintals of carrots, which he sold at ETB 1,200 (US\$20) per quintal (100 kg), generating over ETB 45,000 (US\$750) total income. This marked a major turning point, providing both financial security and motivation to further expand his farming ventures. Ali used part of his earnings to purchase five sheep for ETB 18,200 (US\$300) aiming to also get involved in the breeding and fattening business to diversify his income.

In 2024, he also rented 0.25 hectares of irrigable land for ETB 15,000 (US\$250) and bought agricultural inputs. He planted carrots once again, harvesting 15 quintals, which he sold for ETB 1,400 (US\$23) per quintal earning ETB 21,000 (US\$350). Furthermore, out of the total five sheep, after fattening three of them for over three months, Ali sold them for a total of ETB 22,000 (US\$365), demonstrating how livestock investment added a stream of reliable income and contributed to greater financial stability.

In 2025, Ali continued to demonstrate his leadership in promoting improved agricultural practices. WFP provided him with 1.5 quintals of improved wheat seed as a revolving in-kind fund and planted them on one hectare of irrigated land. Moreover, to boost agricultural productivity and improve food

security, the initiative recognized the urgent need to integrate small scale irrigation systems. Working in collaboration with government partners, WFP procured and distributed solar powered irrigation pumps to beneficiaries like Ali.

Beyond his farming activities, Ali has taken on a leadership role in his community. In May 2022, he and fellow villagers formed the 'Ediget Behibret Village Economic Saving Association (VESAA)', a local savings and loan group comprising of 27 members, ten of which are women. Ali serves as the chairperson of the five-member management committee.

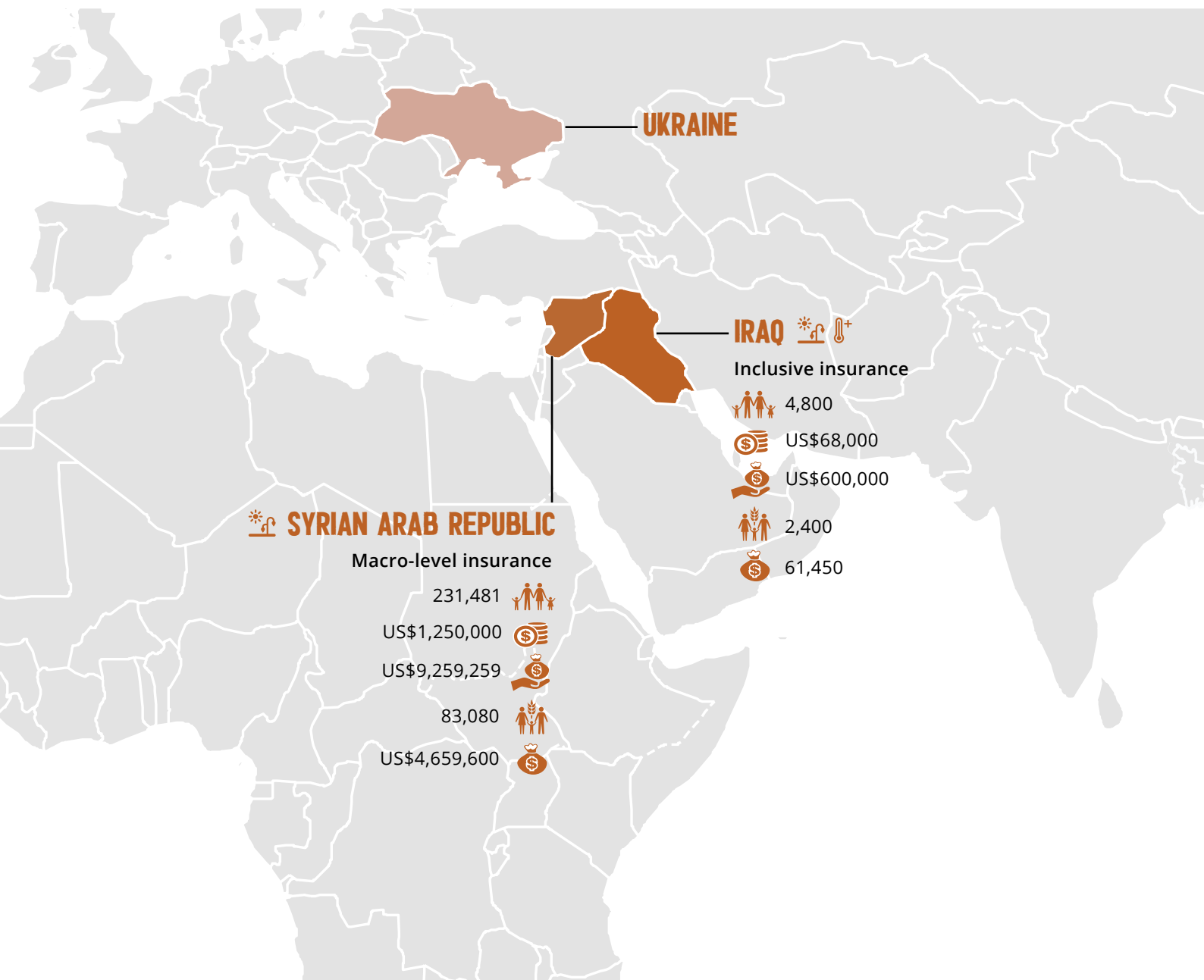
The group meets biweekly to discuss financial matters, community development and agricultural planning. Members contribute ETB 25 (US\$0.19) every two weeks and ETB 50 (US\$0.39) monthly into a shared savings pool. Through this structure, Ali was able to take a loan of ETB 5,000 (US\$39), which he used to purchase carrot seeds and plant an additional 0.25 hectares of irrigable land.

Ali Yimer's journey is a testament to the power of resilience, innovation and community collaboration. His proactive approach to weather-related challenges, willingness to diversify income and commitment to empowering his community make him a model farmer in Siba Kebele. Through the support of WFP and its partners, Ali has not only established a better life for himself and his family but has also inspired many others in his village to embrace sustainable agriculture and economic empowerment.



Ali Yimer, R4 beneficiary in Ethiopia.
WFP/Filimon Mekonnen

MIDDLE EAST AND EASTERN EUROPE



LEGEND

Number of people covered by insurance	Number of people benefiting from insurance payouts	Pests and diseases	Excess rainfall	Cold spell
US\$ value of premiums	US\$ value of payouts disbursed/transfers made in 2025	Cyclone	Flood	Heatwave
US\$ value of sum insured	Current countries	Violent wind	Hail	Drought
	Expansion countries	Frost		

IRAQ



WITH FINANCIAL SUPPORT FROM



German Federal Ministry of Economic Cooperation and Development (BMZ) and the WFP Innovation Accelerator

INCLUSIVE RISK FINANCING



4,800 people covered with inclusive insurance



800 households insured



US\$68,000 of insurance premium



US\$600,000 of sum insured



US\$61,450 payouts distributed, benefitting 2,400 people

DISASTER RISK FINANCING IN IRAQ

WFP Iraq continues to enhance its support to smallholder farmers by integrating risk financing and financial inclusion as part of a broader resilience approach. A central pillar of this work is the Savings, Insurance and Loan Layering (SAILL) approach, which is designed to strengthen the ability of vulnerable households to manage weather-related shocks while sustaining livelihoods. The model is built around two core elements: an inclusive insurance layer to provide timely protection against climate-related shocks and strengthened savings along with access to productive finance to improve households' capacity to absorb and recover from losses. At the operational level, SAILL is implemented through two workstreams: inclusive microinsurance and SheCan. Following the launch of Iraq's first microinsurance programme in 2024, WFP supported index-based insurance that covers drought and heatwave risks in 2025, embedding this work within WFP's resilience and livelihoods portfolio and laying the foundation for future scale-up.

2025 PROGRESS

In 2025, WFP Iraq focused on operationalizing and validating climate risk insurance for smallholder farmers through a combination of farmer sensitization, institutional engagement and the delivery of first payouts. Targeted sensitization sessions were conducted in all governorates to inform insured farmers about their coverage and explain how the insurance products function.

The successful triggering and disbursement of the first payouts for the 2025 drought season marked a major milestone, demonstrating that the insurance mechanisms functioned as intended and could deliver timely support. In parallel, WFP supported the design of Iraq's first parametric insurance product for heatwaves, marking a significant innovation for the country and a first of its kind in the region.

At the institutional level, WFP convened an in-country workshop with government counterparts and technical partners to reflect on implementation and plan for expansion. Discussions focused on developing a sustainable national framework, integrating insurance with broader financial services, exploring digital delivery options, strengthening institutional capacities and outlining pathways toward policy engagement and a gradual transition to national ownership.

For the 2025/2026 drought season, WFP played a critical enabling role in mobilizing international reinsurance support, successfully bringing Hannover Re on board to back the national parametric insurance scheme. WFP's facilitation helped bridge local insurers with global risk markets, strengthening the credibility, technical and financial foundations of the programme.

IRAQ

COUNTRY CONTEXT

Iraq is continuing its transition toward greater stability while strengthening resilience to weather-related challenges. The impact of weather-related events poses a risk to national food systems, with water scarcity and environmental degradation diminishing the capacity to increase agricultural productivity, rendering Iraq increasingly dependent on food imports to meet its needs.

In 2025, the country experienced one of its hottest summers on record, with temperatures frequently exceeding 50°C, while long-term warming of approximately 0.48°C per decade since 2000 has intensified heatwaves and drought. These shocks disrupted agricultural production and underscore the need for predictable disaster risk financing mechanisms.

CHALLENGES AND LESSONS LEARNED

WFP will improve the effectiveness and timeliness of insurance payouts by transferring payout delivery responsibilities to local insurance companies. This transition will help ensure that payouts reach beneficiaries more quickly, maximizing their protective impact during critical periods. In 2025, WFP advanced financial inclusion under the SAILL approach, prioritizing learning and sequencing over immediate scale-up. Lessons from SheCan in rural Iraq highlighted important structural and contextual constraints to loan uptake, including limited familiarity with formal credit, religious considerations and unforeseen barriers around digitalization. As a result, WFP prioritized integrating financial literacy into climate risk insurance sensitization, strengthening understanding of risk management and basic financial concepts before expanding access to credit. SheCan generated insights on how women's economic participation is more effectively supported through localized partnerships and trusted community-based actors. Key lessons from 2025 reinforced the importance of sequencing insurance before credit, tailoring products to local contexts and leveraging non-traditional entry points. These insights are informing refinements to the SAILL approach to ensure that future financial inclusion efforts are demand-driven, context-appropriate and supportive of resilient livelihoods.

OUTLOOK FOR 2026

In 2026, WFP Iraq will build on the 2025 results to expand climate risk insurance to additional governorates and increase coverage, while consolidating delivery in existing areas. Scale-up will be guided by lessons from the pilot and expansion analysis, with a focus on districts where operational readiness, climate risk exposure and institutional capacity align. Coverage will continue to prioritize smallholder farmers, with exploratory pathways to reach more vulnerable subsistence farmers through linkages with resilience and social protection systems, subject to feasibility and capacity. A central focus in 2026 will be strengthening national systems and government ownership. WFP will intensify capacity strengthening efforts with national insurance partners and relevant government institutions, such as the Insurance Regulator (Diwan), the Ministry of Agriculture and the Ministry of Environment, advancing the transition of payout distribution to the insurance company and preparing for the gradual handover of policyholder functions to government-led institutions. Institutional efforts will prioritize regulatory alignment, effective coordination among key stakeholders and the identification of sustainable financing arrangements. Together, these steps aim to progressively reduce WFP's direct operational role and position climate risk insurance as scalable and nationally owned scheme.

2025 KEY ACHIEVEMENTS



First ever climate risk insurance payouts disbursed, through digital accounts and mobile wallet services.



400 farmers trained on climate risk insurance and financial literacy basics.



First parametric insurance product for heatwaves developed and introduced in the Iraq, a key milestone for the region.



International reinsurer, Hannover Re, brought on board to back the national parametric insurance scheme.

SYRIAN ARAB REPUBLIC



WITH FINANCIAL SUPPORT FROM



Global Shield Financing Facility (GSFF) and Humanity Insured

MACRO-LEVEL RISK FINANCING



240,000 people covered with macro insurance



US\$1,250,000 of insurance premium



US\$9,249,249 of sum insured



US\$4,350,400 payouts distributed, benefiting 83,080 people

DISASTER RISK FINANCING IN SYRIAN ARAB REPUBLIC

In fragile settings such as Syria, where the speed of financing can determine whether drought becomes a temporary shock or a much deeper livelihood crisis, WFP's is mobilizing early financing that helps prevent negative coping strategies and is more cost-effective than waiting until needs escalate.

In Syria, this approach has been introduced through WFP's first macro-level drought insurance policy, supported through the Global Shield Financing Facility and Humanity Insured. The policy was designed to protect vulnerable rural communities in key agricultural areas by linking payouts to objective indicators derived from satellite-monitored rainfall and vegetation data. The strategic significance of this model lies in its predictability: the trigger, the coverage and the payout logic are agreed in advance, allowing financing to move on the basis of data rather than waiting for a full post-shock resource mobilization cycle.

This is especially relevant in Syria because drought is no longer an occasional stress layered onto a stable environment. It is interacting with conflict, displacement, inflation, liquidity constraints and damaged agricultural systems. In such a setting, innovative finance is not simply a technical experiment; it is a way to strengthen the humanitarian-development-peace nexus in practical terms. Enabling earlier action helps protect livelihoods, support household food security, and reduce the likelihood that already vulnerable communities slide deeper into crisis.

2025 PROGRESS

In 2025, WFP implemented a major macro-level drought insurance program in Syria, covering 240,000 people with a US\$1.25 million premium and US\$9.25 million in insured losses. After a severe drought, the policy was triggered, releasing US\$7.9 million for response efforts, of which US\$4.35 million was distributed to 83,080 people, in partnership with the Syrian Ministry of Agriculture. The policy triggered in June 2025, following one of Syria's worst droughts in 50 years, enabling rapid assistance to nearly 120,000 in agricultural areas. This shows Syria's successful move from concept to execution of a disaster risk financing (DRF) mechanism, turning data into early humanitarian action.

A second major achievement was proof of concept. The Syria experience showed that parametric insurance can function in a highly complex operating environment, including one affected by political transition, financial market distortions and access constraints. This matters well beyond the immediate response. It demonstrates that DRF can be adapted to protracted crises, not only to more stable, disaster-prone settings, and that innovative finance can be embedded within humanitarian operations without losing sight of protection, access and accountability considerations.

SYRIAN ARAB REPUBLIC

COUNTRY CONTEXT

Syria entered 2025 at a moment of profound transition. Political change after December 2024 opened new possibilities for recovery, but the operating environment remained highly fragile, shaped by insecurity, displacement, damaged infrastructure, weakened markets and acute funding constraints. Food insecurity remained widespread, with 9.1 million people being food insecure, more than 7 million people remaining internally displaced, and the organization required US\$335 million for its emergency and recovery work in Syria in 2025. For WFP, funding shortfalls forced it to reduce assistance sharply in 2024, underscoring the need for more predictable and agile financing in 2025. Climate shock further intensified these pressures.

(continue...)

A third achievement was strategic complementarity. WFP complemented insurance-supported distributions with five months of food assistance in non-payout locations affected by drought. This is important because it shows the value of a layered approach: pre-arranged financing can accelerate response where triggers are met, while conventional humanitarian resources remain essential for broader geographic coverage and for needs that extend beyond the insured footprint. That combination is likely to remain the most realistic model for Syria in the medium term.

CHALLENGES AND LESSONS LEARNED

The 2025 experience also reinforced several strategic lessons.

1. Climate risk financing must remain adaptable to fluid political and operational realities. The attachment notes that changes in government control required the revalidation of geographic targeting and administrative arrangements. In fragile settings, this kind of volatility is not exceptional; it is part of the operating model. Future instruments, therefore, need strong governance, early contingency planning and sufficient flexibility to absorb institutional shifts without losing momentum.
2. Liquidity and financial market conditions matter as much as policy design. The attachment highlights severe liquidity constraints, changes affecting US dollar transactions, and the need to adapt disbursement arrangements to preserve continuity and reach rural households efficiently. This underlines a broader point: in fragile economies, getting money to people is not only a financing question; it is also a market-function and delivery-system question. Strong pre-arranged finance must therefore be matched by strong delivery pathways.
3. The Syria response highlighted the importance of keeping coverage parameters under review. The attachment observes that the scale of the 2024 - 2025 drought extended beyond the predefined coverage zones, showing a mismatch between historical climate patterns and the severity of current shocks. As climate extremes intensify, area selection, trigger calibration and model assumptions will need regular updating. This is not a weakness of the model; it is a reminder that climate risk financing works best when it is continuously recalibrated in response to evolving evidence.
4. The main lesson is that innovative finance is strongest when it is integrated into a broader response ecosystem. Syria's experience suggests that the greatest value of macro insurance lies not in standing alone, but in working alongside donor funding, pooled humanitarian mechanisms, early warning systems and more traditional emergency programming. In that sense, the achievement of 2025 was not simply the activation of a policy. It was the demonstration that risk-informed, rules-based financing can become a credible part of Syria's wider response architecture.

SYRIAN ARAB REPUBLIC

COUNTRY CONTEXT

(...continue)

The 2024–2025 rainy season recorded only 41 percent of average precipitation, making it one of the worst droughts in over five decades and compounding already severe pressure on rural livelihoods and local food systems. In a context where conflict, macroeconomic instability and environmental stress intersect, climate-related shocks do not remain isolated agricultural events; they quickly translate into reduced production, income losses, market strain and higher humanitarian need.

OUTLOOK FOR 2026

Looking ahead, the strategic case for expanding DRF in Syria remains strong. In 2026, WFP aims to purchase a new macro-level drought insurance policy to protect nearly 200,000 people with around US\$7.9 million in financial coverage. It also plans to conduct an endline assessment, building on the baseline conducted before distribution, to generate evidence on effectiveness and household-level impact. This next phase matters for two reasons.

1. First, it offers an opportunity to consolidate 2025's successful activation into a stronger, more evidence-based platform for future cycles.
2. Second, it can help position Syria more clearly within the wider shift toward risk-informed programming that WFP and its partners are promoting globally.

As humanitarian resources become more constrained and climate shocks more frequent, instruments that improve speed, predictability and efficiency will become more important, not less. WFP's own evidence on DRF points in that direction, emphasizing that earlier action saves time, protects livelihoods and makes scarce resources go further. For Syria, the implication is clear: innovative finance should be seen as part of a broader modernization of crisis response. The goal is not to move away from humanitarian solidarity, but to make that solidarity more pre-arranged, better targeted and more resilient. In a country where recovery remains fragile, and climate risk is rising, macro-level DRF offers a practical way to strengthen preparedness, protect vulnerable communities and support a more forward-looking response model.

2025 KEY ACHIEVEMENTS



Letter of Agreement with the Ministry of Agriculture formalized into a memorandum of understanding to institutionalize coordination and support for drought-affected farmers.



Agreement signed with a national Financial Service Provider, Al Fouad Money Transfer Company, within an exceptionally tight timeframe while maintaining full procurement compliance, enabling timely distribution of MPCA across multiple governorates.



Strengthened internal preparedness and cross-unit coordination within WFP (Programme, CBT, VAM, M&E, Finance), reinforcing institutional capacity for risk financing and early response.



Fostered constructive coordination with the Directorate of Agriculture and relevant government counterparts, who valued the objective, data-driven payout mechanism and the protection of smallholder farmers without fiscal burden on national systems.



STORIES FROM THE FIELD

Rebuilding life after conflict. How drought insurance helped Lamis rebuild her life in rural Syria

In Dadikh village in rural Syria, Lamis stands among the ruins of a community she once knew. Her home was destroyed during years of conflict, forcing her to live with her brother and his family. “We’re sitting outside—it’s pitch-dark, no electricity, no water, no anything,” she says. “This village is destroyed.”

For six years, displacement and insecurity kept her away from her land. When she finally returned, she found it littered with debris and landmines. Farming equipment had been damaged, olive trees cut down, and the fields left bare. Despite these risks, Lamis tried to rebuild her life.

“We planted wheat, barley, cumin and lentils, but nothing yielded,” she recalls. “We borrowed money and now we are indebted. May God help us.”

A SEASON OF HARDSHIP AND A VILLAGE STRUGGLING TO SURVIVE

Like many rural communities in Syria, Dadikh continues to face the compounded impacts of conflict, economic collapse and climate shocks. Families who once earned a living from agriculture now struggle to afford even basic food. “All these people here are poor, and all the village is destroyed,” Lamis says. “For six years we’ve been



“IT’S BEEN SUCH A HARD TIME FOR SIX YEARS. WE’RE PRAYING FOR HELP, FROM YOU (WFP) AND FROM GOD, TO CONTINUE SUPPORTING US WITH REBUILDING THESE HOUSES, REPLANTING OLIVE TREES AND TO CONTINUE PROVIDING THE FOOD ASSISTANCE.”

Lamis, beneficiary of WFP’s macro insurance payout in Syria.

enduring a lot—without God’s mercy and the help of good people, we’d be doomed.”

Lamis and her sister live with very little. They make tea over wood fires, ration every drop of oil and often cannot afford bread. “We never see meat or chicken,” she says. “God knows how tough it has been on us.”

SUPPORT THAT ARRIVED AT A CRITICAL MOMENT

In 2025, WFP provided food assistance and cash to families like Lamis's—including a US\$300 grant to help them meet immediate needs and replant part of their land.

"This US\$300 gave us great joy," Lamis says. "We sowed the land with a quarter of the amount of seeds. We hope this support continues, because we have no one else to rely on except God."

Alongside cash, her family received benefits from bread subsidies through WFP, helping them meet their most essential daily needs at a time when purchasing food had become nearly impossible.

"This year, you helped us pay for the bread we eat," she explains. "Last year the crops yielded literally nothing."



"THIS US\$300 THAT YOU GAVE TO MY BROTHER AND I GAVE US GREAT JOY, AND WE HOPE IT CONTINUES, BECAUSE WE HAVE NO ONE TO SUPPORT US."

TRYING TO REBUILD IN THE FACE OF DANGER

Even after returning home, safety remains a daily concern. "Landmines killed people," she says. "Explosions are common here. Tractors were damaged and olive trees were cut down."

While the debris removal continues, many families continue to live in temporary conditions. "We returned eight months ago and haven't finished clearing the rubble," she says. "We're living outside—my sister, my nieces and I—all of us."

Her brother supports his own children and orphaned relatives, adding to the strain on the already limited resources. "He has a huge responsibility," she says. "I am single and my sister is a widow—we need support to finish even one small house to live in."

FARMING AGAINST ALL ODDS

Lamis and her sister jointly own 12 dunams (1.2 hectares) of land, but they can only afford to plant a small portion. Fertilizers, seeds and basic inputs are far beyond their reach. "We wish you could help us sow the rest of the land, better than leaving it uncultivated" she says.

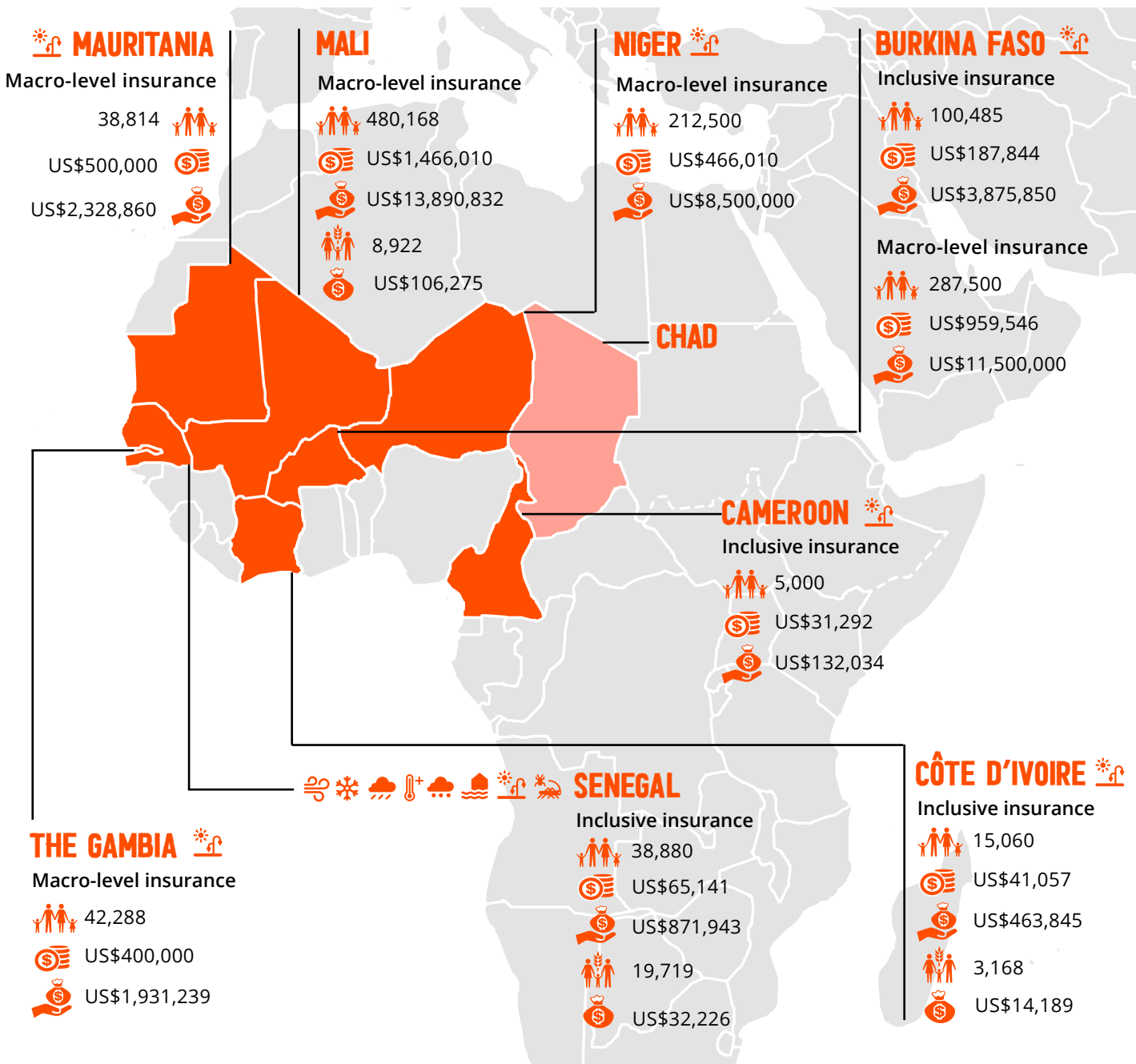
Despite her challenges, she remains committed to farming and hope to rebuild what was lost—her home, her fields and her olive trees. "We're praying for help, from you and from God," she says. "To rebuild these houses, replant olive trees and to continue receiving food assistance."

HOPES FOR THE SEASON AHEAD

Even in such hardship, Lamis holds onto hope. "We are hopeful that God will send rain, and the crops will be good," she says. "And that you continue to help us."

Through emergency food assistance, bread and cash transfers, WFP is helping families like Lamis's navigate the daily realities of conflict, displacement and deepening poverty—ensuring they can meet their basic needs today while working towards a safer, more stable future.

WEST AFRICA



LEGEND

- | | | | | |
|---------------------------------------|--|--------------------|-----------------|------------|
| Number of people covered by insurance | Number of people benefiting from insurance payouts | Pests and diseases | Excess rainfall | Cold spell |
| US\$ value of premiums | US\$ value of payouts disbursed/transfers made in 2025 | Cyclone | Flood | Heatwave |
| US\$ value of sum insured | Current countries | Violent wind | Hail | Drought |
| | Expansion countries | Frost | | |

BURKINA FASO



WITH FINANCIAL SUPPORT FROM



Green Climate Fund (GCF), Global Affairs Canada (GAC), International Fund for Agricultural Development (IFAD)

DISASTER RISK FINANCING IN BURKINA FASO

In Burkina Faso, WFP implements a comprehensive risk financing approach to address food insecurity and strengthen resilience to weather related shocks. At the sovereign level, this includes macro-level risk financing through ARC Replica's drought insurance, which is embedded within government-led contingency planning under the leadership of the Executive Secretariat of the National Council for Food Security (SE-CNSA), with technical guidance from the ARC Technical Working Group. This mechanism provides coverage for vulnerable populations and enables timely assistance in the event of drought. This is complemented by the Catastrophe Layer (Cat Layer), which provides additional financing when shocks exceed the ARC Replica coverage threshold, ensuring continued support during more severe events. At the community level, WFP supports smallholder farmers through inclusive insurance schemes and agricultural risk management tools that help safeguard livelihoods against increasingly unpredictable weather patterns. These risk financing instruments are integrated across WFP's broader programme portfolio—including anticipatory actions, social protection, resilience building, school feeding and nutrition initiatives—ensuring that vulnerable populations, particularly in rural areas, receive timely and essential assistance during periods of stress. This integrated approach not only strengthens food security but also enhances long term resilience to climatic and economic pressures.

2025 INCLUSIVE RISK FINANCING PROGRESS

As part of the microinsurance programme, WFP Burkina Faso, together with government partners and Yelen Assurance—a local microinsurance provider—trained 121 facilitators to carry out awareness campaigns and enroll agricultural producers in crop insurance and climate risk management. These efforts sensitized over 15,000 household heads, of whom 14,355 were successfully enrolled, reaching 96 percent of the annual target of 15,000 beneficiaries.

Challenges and Lessons Learned

Several lessons emerged from the awareness raising campaigns. Updating beneficiary lists in advance is essential for smooth organization and faster processing. Conducting activities before the rainy season ensures better access to farmers. Communication in local languages significantly improved understanding and uptake. In addition, extending field agent training to at least one week would ensure more comprehensive preparation. Finally, engaging local stakeholders—such as agricultural extension agents and cooperative leaders—was critical for mobilizing producers and ensuring strong participation.

BURKINA FASO

INCLUSIVE RISK FINANCING



100,485 people covered with inclusive insurance



14,355 households insured
(48,28 percent women)



US\$187,844 of insurance premium



US\$3,875,850 of sum insured

Several areas present opportunities for further strengthening. In some localities where agricultural insurance is newly introduced, understanding of the product takes time and requires ongoing sensitization. Enrolment remains largely manual and therefore time intensive. Additional efforts to encourage beneficiary contributions to premiums are needed to support long term sustainability.

As the concept of insurance can be complex for rural farmers, expanding education, sensitization and communication efforts will reinforce understanding and ownership. Allowing sufficient time to identify eligible beneficiaries ahead of enrolment also improves the quality and efficiency of implementation.

Burkina Faso's decentralized agricultural extension services remain an important entry point for sustaining outreach and supporting producer engagement. Strengthening their capacities and giving them defined roles within the microinsurance scheme will enhance continuity and scale. In terms of lessons learned, the concept of insurance is complex for rural producers, therefore, education, awareness-raising and communication activities must be intensified to ensure stronger ownership by beneficiaries. Adequate time must also be dedicated to identifying eligible beneficiaries prior to enrolment.

In the context of Burkina Faso, decentralized public agricultural extension services constitute a key pillar for ensuring the sustainability of interventions among producers. Strengthening their capacities and assigning them specific roles within the current microinsurance scheme is therefore essential.

Finally, improving insurance distribution channels through the full digitalization of the process—from enrolment to claims settlement—remains a critical priority for enhancing efficiency, transparency and scalability. Emphasis on enrolling women's organizations is an avenue for increase women's participation at the local level.

Outlook for 2026

Looking ahead to 2026, the programme will focus on strengthening sustainability, national ownership and operational efficiency. A phased strategy will be rolled out to gradually increase beneficiary contributions toward insurance premiums, supporting the long term viability of the mechanism. Capacity building for government agricultural extension and advisory agents will be prioritized so they can progressively assume greater responsibility from distribution teams and provide consistent support to producers throughout the year. Efforts will also focus on establishing a participatory monitoring mechanism for the agricultural season to enhance transparency and reinforce beneficiary engagement. In parallel, WFP will continue exploring solutions for fully digitalizing the insurance process—from enrolment through to claims settlement—to improve efficiency, accuracy and scalability.

BURKINA FASO

MACRO-LEVEL RISK FINANCING



287,500 people covered with macro insurance, including ARC Replica and Cat Layer



US\$959,546 of insurance premium



US\$11,500,000 of sum insured

2025 Key Achievements Inclusive Risk Financing



100,485 people benefitted from insurance, strengthening their ability to withstand weather related shocks.



WFP continued its partnership with Yelen Assurance and worked closely with government stakeholders to advance the implementation of the insurance programme.



Over 80 agricultural agents were trained on rainfall measurement and seasonal monitoring, strengthening climate information systems and supporting evidence-based decision-making during the 2025/2026 agropastoral season.

2025 MACRO-LEVEL RISK FINANCING PROGRESS

In 2025, WFP Burkina Faso advanced the implementation of ARC Replica as its principal disaster risk financing (DRF) instrument, working in close collaboration with national institutions to strengthen ownership and technical capacity across all stages of the insurance cycle. The customization of Africa RiskView (ARV) was completed during a national in-person workshop held from 20 to 24 January 2025, bringing together members of the ARC Technical Working Group (TWG), government technical services, ARC experts and WFP. Participants validated vulnerability profiles, livelihood parameters and response costs, ensuring that the model accurately reflected the country's agro-climatic realities and priority livelihood zones, thereby reinforcing the technical robustness and national ownership of the mechanism.

Capacity strengthening efforts, including training on rainfall measurement and seasonal monitoring, further reinforced the TWG's role as a credible and technically robust platform. Burkina Faso also demonstrated strong adherence to ARC best practices through an inclusive, well-structured and technically sound policy preparation process. The country's commitment to timely data updates, systematic customization and consistent engagement positioned it as a reliable partner and contributed to strengthening the overall quality of the insurance design. Regional authorities and sectoral services particularly valued the regional sensitization efforts, which improved understanding of agricultural insurance and DRF mechanisms. Collectively, these achievements reflect a maturing national ecosystem for macro-level risk financing—characterized by strong government leadership, sustained partner engagement and clear pathways for scaling resilience outcomes.

BURKINA FASO

COUNTRY CONTEXT

In 2025, Burkina Faso experienced persistent variability in rainfall patterns, which continued to strongly influence agricultural performance. The 2025/2026 agropastoral season recorded generally normal to above average cumulative rainfall across most regions, supporting satisfactory crop development, pasture regeneration and water availability. Agro-meteorological monitoring indicated overall favorable vegetation conditions, despite some localized rainfall deficits. These dynamics underscored the importance of strengthened climate risk monitoring, early warning systems and risk financing mechanisms.

Operational planning continued under the existing ARC Replica Operational Plan (OP) for 2024–2025, guiding preparedness and coordination activities throughout the year. Initial discussions were launched with government counterparts to support the development of a new OP for the 2026–2027 cycle. On 27 March 2025, WFP facilitated an online workshop to support the selection of risk transfer parameters (RTPs) for the 2025–2026 agricultural season. TWG members reviewed updated risk analyses and agreed on key RTPs that aligned financing needs with the country's risk profile and anticipated response requirements. Coordination with national institutions remained central to implementation. Throughout the year, WFP worked closely with the SE CNSA and the TWG to align ARC Replica processes with national early warning systems, seasonal monitoring and response planning frameworks, reinforcing ARC Replica as an integrated, nationally-led mechanism. As part of this collaboration, WFP subscribed to an ARC Replica drought insurance policy valued at US\$500,000 and an ARC Catastrophe Layer policy amounting to US\$459,546 for the 2025/2026 agricultural season. These instruments expanded national preparedness capacities and strengthened the Government's ability to activate early and coordinated response mechanisms. Through these risk transfer mechanisms, WFP supported macro-level insurance coverage for approximately 287,500 people. At the same time, WFP continued to support the Government in advancing its broader DRF strategy, recognizing that recurrent weather-related shocks generate substantial losses for rural households and undermine long-term food security.

Challenges and Lessons Learned

The 2025 policy design and preparation process generated several lessons to strengthen future ARC Replica cycles in Burkina Faso. Below are some key challenges and lessons for thematic areas:

- **Africa RiskView (ARV) customization process:** The ARV customization highlighted the need for clearer guidance on data sources, verification procedures and reconciliation of differences between satellite, field and national datasets. Early briefings on certifying mechanisms and standard protocols for addressing data inconsistencies would improve transparency and trust.
- **OP technical content and process:** The OP for 2024–2025 provided a solid operational foundation, but aligning OP timelines with evolving technical discussions during ARV customization required flexibility. Close coordination with the SE-CNSA and continuous engagement with TWG members helped address these challenges. For future implementation, developing the next OP (2026–2027) with built-in flexibility and explicit linkages to ARV assumptions and policy design choices would enhance coherence and reduce operational uncertainty.

BURKINA FASO

- **RTP selection process:** The RTP selection process was recognized as a critical step for informed decision-making. TWG members expressed concerns regarding the potential impact of certain RTP design choices on premium pricing. These concerns reinforced the importance of presenting multiple scenarios and clearly articulating trade-offs between coverage, basis risk and premium costs. Future RTP workshops would benefit from structured scenario comparisons and simplified decision-support tools to facilitate consensus.
- **Coordination with government, ARC and partners:** Strong coordination through the SE-CNSA-led TWG remained a key strength of the programme. Open technical dialogue between ARC, WFP and government counterparts allowed concerns to be raised and addressed constructively. To further strengthen coordination, it is recommended to formalize technical follow-up mechanisms after customization workshops and ensure that unresolved issues are documented and addressed ahead of policy subscription.

Overall, the 2025 experience confirms that transparency, early engagement and clear communication on technical processes are essential to maintaining confidence in macro-level risk financing mechanisms.

Outlook for 2026

In 2026, WFP will continue to strengthen its macro-level risk financing portfolio in close collaboration with government counterparts and ARC, advancing financial protection for the most vulnerable against drought. Key priorities will include developing a new OP for the 2026–2027 cycle, index customization exercises and further enhancing preparedness and operational response capacities to ensure timely and effective support when weather-related shocks occur.

2025 Key Achievements Macro-Level Risk Financing



WFP Burkina Faso secured US\$459,546 in ARC Replica agricultural insurance coverage and an additional US\$500,000 through the Catastrophe Layer policy, strengthening national preparedness for climate shocks



Over 150 national and regional stakeholders were trained and sensitized on disaster risk financing mechanisms through ARC Replica, reinforcing government ownership via the SE-CNSA-led Technical Working Group.



Updated agricultural and vulnerability datasets were consolidated with the Technical Working Group, directly informing ARV customization and national planning processes for the 2026 agricultural campaign.

Newly insured members of Mougou women's cooperative in their shared farm in Guiriko region.

WFP/Sylvie Njobati

CAMEROON



WITH FINANCIAL SUPPORT FROM



WFP's Locally Generated Funds (LGF)

INCLUSIVE RISK FINANCING



5,000 people covered with inclusive insurance



1,000 households insured (60 percent women)



US\$31,292 of insurance premium



US\$132,034 of sum insured

DISASTER RISK FINANCING IN CAMEROON

In 2025, WFP Cameroon strengthened the resilience of smallholder livestock farmers to climate risks—particularly drought—through an innovative index based livestock insurance initiative. The intervention targeted 1,000 livestock-keeping households across the Adamaoua, Far North, North and North-West regions.

2025 PROGRESS

In 2025, WFP launched an index-based livestock insurance scheme to strengthen the resilience of smallholder livestock farmers to climate shocks, particularly drought. As the first WFP-supported insurance pilot in the country, this initiative marked a major milestone in expanding disaster risk financing (DRF) solutions in Cameroon and demonstrated WFP's commitment to developing innovative tools that protect vulnerable livestock-dependent households from weather-related shocks. To address these growing risks, WFP Cameroon, ZEP RE (Reinsurance), ACRE Africa and the insurance company Compagnie Professionnelle d'Assurance (CPA) jointly developed an Index-Based Livestock Insurance (IBLI) product. This innovative solution helps herders manage the impacts of forage shortages caused by drought, enabling them to better protect their animals, sustain their livelihoods and maintain household food security. Field visits and awareness campaigns were conducted in the Adamawa, Far North and North-West regions, reaching 489 small-scale livestock farmers and cooperative leaders, 40 percent of whom were women. These sessions helped strengthen understanding of the importance of livestock insurance amid growing weather-related risks, explained how index-based insurance works (using vegetation conditions as a trigger), and introduced key livestock risk management practices. Between June and October 2025, WFP and its partner ACRE Africa conducted a rigorous biomass assessment across the target regions—Far North, North, Adamawa and North-West. This satellite-based monitoring enabled the programme to track forage availability throughout the rainy season and assess the degree of pasture stress experienced by livestock, providing critical data to inform the insurance mechanism.

In 2025, vegetation conditions varied across regions, leading to different payout outcomes under the index-based livestock insurance scheme. While no region reached severe drought thresholds, some experienced vegetation stress sufficient to trigger compensation. The North-West and North recorded vegetation levels close to or slightly below the trigger threshold, resulting in partial payouts, while the Far North experienced moderate stress, generating a low payout. Adamawa showed favorable conditions and therefore did not trigger compensation. Overall, 700 livestock-keeping households will be receiving a payout amounting to US\$2,705.

CAMEROON

COUNTRY CONTEXT

In Cameroon, smallholder farmers and livestock keepers are central to food security and rural livelihoods, yet they are increasingly exposed to weather related shocks. Recurrent droughts, growing rainfall variability and progressive pasture degradation are placing mounting pressure on their production systems. These climate stresses lead to livestock losses and reduced productivity, further heightening the economic and nutritional vulnerability of already fragile households.

CHALLENGES AND LESSONS LEARNED

Key challenges emerged during implementation, beginning with the limited understanding of insurance products among some livestock farmers, many of whom were initially cautious about index-based mechanisms. On the technical side, significant variations in biomass across locations made it difficult to standardize the insurance product, requiring careful calibration to ensure accuracy and fairness. Security constraints in certain areas, particularly the North-West and Far North, also affected outreach and implementation activities. Despite these hurdles, important lessons were learned. The strong involvement of producer organizations proved invaluable, accelerating the dissemination of technical information and greatly improving beneficiaries' understanding and acceptance of the scheme. The absence of payouts in Adamawa and the partial compensation observed in the North further demonstrated the reliability of the model, showing that it accurately reflects climatic realities rather than generating false triggers. Moreover, linking insurance to savings and credit mechanisms emerged as a promising pathway to reinforce financial resilience and amplify long term benefits for livestock dependent households.

OUTLOOK FOR 2026

Looking ahead to 2026, and subject to resource availability, WFP Cameroon aims to expand the reach of the livestock insurance initiative by increasing the number of beneficiaries, with particular emphasis on women and youth in areas with high concentrations of agro-pastoral households. Strengthening the financial resilience of producers will also be a priority, including efforts to link insurance with micro-credit schemes or to support the creation of village savings and loan associations to enable households to purchase supplementary feed during the lean season. At the same time, WFP will continue to intensify awareness raising efforts in rural communities to deepen understanding of index based insurance and encourage broader uptake among livestock farmers. Together, these efforts will help consolidate the foundations of a scalable, inclusive and sustainable DRF model for Cameroon.

2025 KEY ACHIEVEMENTS



3,000 tropical livestock units (TLUs) were insured, providing coverage to 5,000 people



WFP partnered with ZEP RE, ACRE Africa, and the Compagnie Professionnelle d'Assurance (CPA) to launch an Index Based Livestock Insurance (IBLI) product.

CHAD



**WITH FINANCIAL
SUPPORT FROM**



International Fund
for Agricultural
Development
(IFAD)

DISASTER RISK FINANCING IN CHAD

WFP Chad has begun integrating a combination of disaster risk financing (DRF) tools tailored to different levels of vulnerability. As part of the African Integrated Climate Risk Management (AICRM) project, WFP has begun preparatory work for the implementation of the microinsurance component aimed at protecting smallholder farmers against weather-related shocks. This approach is integrated into WFP programme packages, including Smallholder Agricultural Market Support (SAMS) and cash-based transfers (CBT), while also strengthening technical capacities and community resilience to weather-related and economic hazards.

2025 PROGRESS

In 2025, WFP facilitated a series of multi-stakeholder meetings with the host project, Sahel Joint Regional Programme in Response to the Challenges of Covid-19, Conflicts and Climate Change (SD3C) and other partners, both held at WFP's offices and at the project's premises. These discussions provided an opportunity to review the overall intervention logic of the AICRM programme, including its objectives, geographic focus, duration, target groups, funding arrangements and key partners. The meetings also served to assess progress to date and to support the development of the annual work plan and budget.

As part of efforts to ensure the programme's relevance and long term sustainability, WFP commissioned a comprehensive feasibility study on microinsurance under the AICRM project. Conducted by the International Center for Tropical Agriculture (CIAT), the study examined the institutional context, market dynamics, and potential value chains, while engaging a wide range of stakeholders such as beneficiaries, insurers and government ministries. The assessment identified priority risks—including drought, rainfall variability and flooding—as well as the value chains most suitable for coverage, namely maize, millet and sorghum.

To share and validate these findings, WFP organized a national workshop bringing together programme stakeholders from across Chad. The event provided a platform to present the results of the feasibility study and to discuss the relevance, feasibility and acceptability of establishing an agricultural microinsurance mechanism under the AICRM programme.

CHAD

COUNTRY CONTEXT

In 2025, Chad faced a series of economic, political and weather-related shocks that further heightened its fragility. Macroeconomically, dependence on oil and the lack of diversification increased vulnerability to fluctuations in global prices. In addition, recurrent droughts and floods worsened food insecurity and weakened livelihoods, increasing humanitarian needs.

OUTLOOK FOR 2026

In 2026, WFP Chad will shift from preparatory groundwork of the AICRM programme to the design and development of tailored microinsurance products. This phase will focus on creating insurance solutions adapted to the needs and risk profiles of vulnerable smallholder farmers, with the aim of reaching 8,000 households in the initial rollout. Alongside product design, the programme will establish a comprehensive monitoring and evaluation plan to track progress, measure impact and ensure that the microinsurance mechanism is both effective and sustainable.

2025 KEY ACHIEVEMENTS



WFP engaged the international research institute CIAT to conduct the feasibility study in the programme's target areas, ensuring a rigorous and independent assessment.



Gender considerations were fully integrated into the 2025 microinsurance feasibility study, ensuring inclusive design from the outset. Targeting for 2026 includes a balanced quota of 50 percent women and 50 percent men, with increased participation of women in technical trainings and awareness sessions.



Farmers harvesting tomatoes in Chad.
WFP/Asma Achahboun

CÔTE D'IVOIRE



WITH FINANCIAL SUPPORT FROM



Green Climate
Fund (GCF)

DISASTER RISK FINANCING IN CÔTE D'IVOIRE

WFP's risk financing approach in Côte d'Ivoire remains centred on agricultural microinsurance, with current efforts focused on scaling and consolidating climate risk insurance products. These interventions rely on a network of public and private partners, including insurance companies, ARC Ltd. as reinsurer and facilitator, and the National Agency for Support to Rural Development (ANADER), which provides technical support and leads farmer engagement. The Women Adapt project, funded by the Green Climate Fund, offers an enabling framework to progressively strengthen linkages between WFP's Inclusive Risk Financing (IRF) and other WFP programmes—such as climate services, Smallholder Agricultural Market Support (SAMS), school feeding, nutrition, social protection, Food Assistance for Assets (FFA) and financial inclusion through village savings and loans associations (VSLAs). This phased approach aims to expand the impact of microinsurance beyond risk transfer alone, supporting more resilient livelihoods while laying the groundwork for a gradual reduction in premium subsidies.

2025 PROGRESS

IRF activities continued to shift from a project-based intervention to a system-level mechanism embedded within national structures. Core functions—such as product design, beneficiary identification, sensitization, claims management and communication—were increasingly led by national institutions. This transition was supported by a consortium based governance model that strengthened coordination between public and private actors, reinforced the local insurance value chain and laid the groundwork for long-term operational sustainability with reduced dependence on external funding. In 2025, the robustness of the climate insurance model became increasingly evident through the continued support farmers received from partner programmes. Farmers supported under an earlier pilot were included as part of the national consortium of insured farmers. At the same time, a gradual scale-up brought new participants into the scheme while maintaining quality through regular field engagement, stronger understanding of the insurance product, growing acceptance of beneficiary premium contributions and more strategic use of payouts to reinforce livelihoods. This measured approach helped minimize the risk of drop-out and strengthened linkages with complementary resilience and social protection instruments. Finally, the Women Adapt initiative emerged as the central platform guiding the expansion of inclusive insurance and positioning WFP as the partner of choice for insurance in the country. Its integrated approach—combining climate resilience, women's empowerment, agricultural markets, financial inclusion and social protection—provides a coherent framework for scaling the mechanism nationally.

INCLUSIVE RISK FINANCING



15,060 people covered with inclusive insurance



2,510 households insured (98 percent women)



US\$41,057 of insurance premium



US\$463,845 of sum insured



US\$14,189 of payouts distributed, benefiting 3,168 people

Experience from 2025 underscores the importance of strong national leadership and quality-oriented monitoring to build a sustainable microinsurance market capable of managing climate risks over the long term.

CHALLENGES AND LESSONS LEARNED

In 2025, evidence generation exercises—including post distribution monitoring and a food security outcome monitoring—highlighted two key lessons for strengthening climate insurance delivery. First, the clear and inclusive identification of insurance beneficiaries is essential, and must be applied consistently across all project activities, supported by communication tailored to the needs and capacities of the target audience. Second, simple and rapid operational procedures—such as enabling premium payments through mobile money—significantly enhance programme uptake and overall effectiveness.

Due to the irregular onset of the rainy season, the coverage period of the insurance product was brought forward by one month to better align protection with anticipated climate risks. This adjustment further underscored the importance of insurance as a vital mechanism for safeguarding livelihoods, stabilizing agricultural incomes and strengthening food security across climate-sensitive value chains.

OUTLOOK FOR 2026

In 2026, Women Adapt will further strengthen agricultural insurance as a transversal mechanism, integrating it across the SAMS and School Feeding components with a strategic focus on gender. This evolution builds on a harmonized targeting approach that links households and areas identified through FFA processes with beneficiaries engaged in market and financial inclusion activities, ensuring stronger coherence between financial protection, risk reduction and women's economic empowerment.

Within this framework, Village Savings and Loan Associations (VSLAs) will play a key role by mobilizing savings to support livelihoods and cover beneficiaries' share of insurance premiums, reinforcing the connection between productive activities and risk management, and enhancing accountability through community-based validation mechanisms.

Building on this integrated approach, the objective for the year is to reach 10,500 insured farmers, with full coverage of the rice and maize value chains. This expansion is a critical step toward consolidating the financial sustainability of the mechanism and strengthening women's economic leadership. The link between

CÔTE D'IVOIRE

COUNTRY CONTEXT

In 2025, Côte d'Ivoire continued to experience increasingly erratic rainfall, with significant disruptions to normal seasonal patterns. The irregular onset of the rainy season, combined with prolonged dry spells, heightened the risk of water stress and negatively affected agricultural productivity, particularly in the more vulnerable northern regions.



Mrs. Djara Tall, a rice producer from Fononvogo and member of the UDECACI cooperative, has been farming for nearly twenty years while raising her seven children. She expressed great satisfaction upon receiving her insurance payout, which she plans to reinvest in the upcoming agricultural season, particularly for the purchase of essential inputs such as fertilizer.

WFP/Yao Kouman

savings and insurance will be operationalized starting with understanding the needs for capacity building of VSLAs and designing the best combination of activities that will increase women's overall financial inclusion. The savings generated through VSLAs will progressively contribute to sustaining the system, reducing dependency on external subsidies and encouraging more active and autonomous participation from communities.

WFP Côte d'Ivoire will continuously work to strengthen collaboration with government partners to further enhance alignment with national priorities related to integrated risk management. This will reinforce partnerships and will also support knowledge transfer and capitalization, allowing WFP to disseminate lessons learned from its experience in implementing large-scale index insurance initiatives, harmonizing approaches and contributing to the institutional adoption of insurance models at the national level.

2025 KEY ACHIEVEMENTS



56 percent of households recorded medium climate-resilience levels, while 37 percent recorded high scores on the Climate Resilient Capacity Score (CRCS). In addition, 28 percent of households achieved a high Climate Adaptation Benefit Score (CABS).



1,304 beneficiaries, 78 percent of whom were women, received awareness sessions on agricultural insurance, risk management and adaptive practices.



76 percent of beneficiary households recorded an acceptable Food Consumption Score (FCS), with female-headed households performing slightly better at 82 percent.



83.3 percent of beneficiary cooperatives allocated their payouts to purchase agricultural inputs, reflecting stable investment priorities compared to previous cycles.



MALI



WITH FINANCIAL SUPPORT FROM



World Bank –
Global Shield
Financing Facility
(GSFF) and United
States of America

DISASTER RISK FINANCING IN MALI

WFP Mali is implementing a Disaster Risk Financing (DRF) Strategy designed to address different severities of drought events. The trigger based contingency fund provides protection against localized dry spells, while ARC Replica and Catastrophe (Cat) Layer macro insurance policies safeguard operations in the event of medium and high-impact droughts. Together, these instruments enable WFP to deliver cash-based early response to droughts, aligned with the national social protection system, as well as food and nutrition assistance for affected populations.

2025 PROGRESS

In early 2025, due to a localized dry spell during the 2024 rainy season, WFP Mali received US\$138,547 of payout from the trigger-based drought contingency fund. These resources allowed WFP to provide unconditional cash-based transfers to approximately 8,992 people in the Tombouctou region, with US\$106,275 transferred directly to beneficiaries. The assistance was delivered in alignment with the modalities and transfer values of the Government's national social safety net programme. These households were identified through the Government's Unified Social Registry in the communes of Nianfunke and Gourma Rharous. WFP Mali has been increasingly strengthening the linkage between DRF and social protection by leveraging the Government's Unified Social Registry as well as the targeting and implementation modalities of the national social safety net programme. Building on the government's existing programme architecture, WFP provides complementary support in areas where national capacities are limited or overstretched. Municipalities already covered by social protection schemes were prioritized for the distribution of the contingency fund payout, enabling full implementation within a maximum timeframe of 45 days. The Unified Social Registry served as the primary tool for identifying vulnerable individuals, allowing for a horizontal expansion of assistance within these municipalities. To enhance efficiency, effectiveness and beneficiary access, WFP deployed cash-based transfer modalities, including the use of e-vouchers (electronic coupons).

Post-payout surveys from the contingency fund indicated strong food security outcomes among assisted households. 82 percent reported acceptable Food Consumption Scores, showing that the payout helped families sustain adequate diets during ongoing shocks. Moreover, 61 percent relied only on minimal consumption based coping strategies, and 64 percent were able to avoid harmful livelihood based strategies—such as selling productive assets—demonstrating how timely support can significantly reduce negative coping during weather-related crises.

MALI

MACRO-LEVEL RISK FINANCING



480,168 people covered with macro insurance



US\$1,466,010 of insurance premium



US\$13,890,832 of sum insured



US\$106,275 of payouts distributed, benefiting 8,922 people

The survey results also showed a very high level of satisfaction among beneficiary households regarding the speed of WFP's assistance following the drought. On average, 99 percent of respondents reported being satisfied. Similarly, participants were also satisfied regarding the amount of assistance received from WFP following the dry spell event.

In addition, under the Africa Integrated Climate Risk Management (AICRM) programme, WFP Mali initiated microinsurance activities by conducting an inception phase assessment to evaluate the feasibility of introducing microinsurance in the country. This analysis offered a detailed picture of the operational environment, institutional arrangements and market dynamics on both the supply and demand sides.

CHALLENGES AND LESSONS LEARNED

A range of operational challenges partially hindered the implementation of activities according to the initial schedule. Insecurity and armed conflict limited access to several villages and distribution sites, complicating the rollout of the contingency fund distribution. In addition, some targeted villages lacked telecommunications coverage from both Orange and Malitel, which further constrained coordination. Logistical difficulties also emerged in the Gourma Rharous area, where demand for rental vehicles at peak periods exceeded availability, disrupting planning and delaying certain activities. Despite these constraints, all interventions were successfully completed within 40 days.

OUTLOOK FOR 2026

Looking ahead to 2026, WFP Mali will deepen its engagement in the design and piloting of new pre-arranged financing instruments, marking a significant step toward diversifying and strengthening the existing suite of macro-level DRF mechanisms in the country. A clear risk layering strategy underpins the design of all these instruments, ensuring they work together to expand and strengthen national financial protection. This will be supported by the development of a comprehensive Operational Plan, ensuring clear operational pathways and alignment with national priorities. In parallel, a government peer-to-peer learning mission is planned to reinforce institutional understanding of DRF strategies and enhance national capacity to design and manage a robust, forward-looking DRF framework.

MALI

COUNTRY CONTEXT

Mali remains highly exposed to weather-related shocks, facing rising temperatures and increasingly frequent extreme weather events. Although no major new shock was recorded in 2025, humanitarian needs stayed severe. An estimated 5.9 million people required assistance—slightly fewer than in 2024—driven by armed conflict, intercommunal violence, the lingering effects of past weather-related events and political instability. According to the November 2025 Cadre Harmonisé, 1.6 million people are projected to face acute food insecurity during the lean season, including 1.5 million in IPC Phase 3 and 56,000 in Phase 4. While IPC Phase 4 caseloads fell by 40 percent, overall food insecurity rose by 6 percent. Humanitarian access remained constrained in some areas, limiting the scale up of assistance. Despite these challenges, WFP reached over one million people—yet Mali continues to rank among the world's most severe hunger and malnutrition hotspots.

Building on the inception phase assessment conducted under the AICRIM programme, WFP Mali will also advance its microinsurance portfolio in 2026. WFP Mali plans to transition from feasibility analysis to more concrete implementation efforts. These steps will position the microinsurance initiative to evolve into a practical, scalable risk management tool that complements existing macro insurance mechanisms and supports vulnerable households more effectively.

2025 KEY ACHIEVEMENTS



WFP Mali implemented a drought response through an activation of the index-based contingency fund, finalizing the intervention within 40 days, supported through linkages and integration with social protection systems.



WFP Mali launched its microinsurance interventions by conducting a comprehensive inception assessment, laying the groundwork for a robust product design and ensuring strong complementarity with the existing macro insurance activities.



Beneficiaries receiving support from the contingency fund payout.
WFP/Mahamadou Abdourhamane

MAURITANIA



WITH FINANCIAL SUPPORT FROM



Global Affairs
Canada (GAC),
International Fund
for Agricultural
Development
(IFAD)

DISASTER RISK FINANCING IN MAURITANIA

Disaster Risk Financing is an innovative approach introduced in Mauritania through the partnership between WFP and the Government, aimed at ensuring the timely availability of funds to enable early response in the event of a severe drought. This approach enables WFP to provide early assistance through social safety nets. The Government has participated in the ARC programme since 2012 and WFP joined the initiative in 2019 by purchasing an ARC Replica policy, expanding annual coverage to one million Mauritians who are protected against severe drought and its impacts on food security. The DRF approach now also incorporates a trigger-based contingency fund that provides financing for more localized droughts that may not trigger national-level insurance policies. Additionally, since 2024, with the support of WFP and IFAD, and as part of the Africa Integrated Climate Risk Management (AICRM) Programme in the Sahel region, Mauritania has benefitted from a new inclusive insurance programme. Through AICRM, WFP is focusing on building resilience through its expertise in food security and disaster risk financing, leading the microinsurance component.

2025 PROGRESS

In 2025, the Mauritanian Government and WFP jointly participated in a workshop to tailor the macro-level insurance programme to the national context. The year also marked the second year of implementation of the ARC Replica operational plan, which will continue until April 2026. This plan continues to align with the priorities of the new WFP Mauritania Country Strategic Plan (CSP) 2024–2028, as well as the Government’s operational plan updated in 2025. The ARC programme continued to strengthen through close collaboration between the Government, WFP, and ARC Ltd. This strong collaboration has facilitated dialogue and joint decision-making among stakeholders on key parameters, including the distribution of premiums between agricultural and pastoral drought coverage to ensure adequate coverage against drought through the macro-level insurance mechanism for the populations served. The close collaboration between the Government and WFP around the macro insurance mechanism has resulted in the establishment of a working group that meets before, during and at the end of the season to ensure continuous monitoring of the joint programme. In 2025, four meetings were organized to jointly analyze satellite-based seasonal monitoring and national rainfall data. Thanks to WFP’s advocacy, the Government purchased an agricultural drought insurance policy covering the northern and southern parts of the agropastoral zone. WFP complemented this by purchasing a pastoral

MAURITANIA

MACRO-LEVEL RISK FINANCING



38,814 people covered with macro insurance



US\$500,000 of insurance premium



US\$2,328,860 of sum insured

drought policy, expanding overall coverage and strengthening the system's ability to trigger support in the event of drought. This marks the sixth consecutive year that a Replica policy has been signed in Mauritania since 2019. WFP Mauritania aligns its insurance activities with the Government's national social protection policy. To this end, under the leadership of the Government, and with support from partners including WFP, a national social protection strategy has been developed. All humanitarian response interventions are integrated into this strategy and are supported by the National Social Registry (RSU), the sole geographic information system upon which all beneficiary targeting activities for national-level response interventions are based. In 2025, WFP also supported the update of this registry in certain regions of the country. WFP Mauritania conducted a climate and gender gap analysis to strengthen the gender responsiveness of its macro-level risk financing programme. The exercise combined a desk review with Focus Group Discussions and Key Informant Interviews at both regional and national levels. The study explored how men and women experience disaster risks, their capacities to respond, their access to disaster risk financing instruments and their roles in disaster risk management. The findings will inform the development of a targeted action plan to guide more inclusive macro-level DRF interventions.

CHALLENGES AND LESSONS LEARNED

At the end of 2024, the Microinsurance Center at Milliman was contracted to conduct a detailed inception assessment to inform the design of the AICRM structure for the next four years and to analyse demand, existing insurance products and the regulatory environment in the country. An initial round of data collection and analysis was completed in early 2025. Progress then slowed to allow for constructive dialogue and alignment with the IFAD host project. In the second half of the year, additional data collection was carried out to expand the sample size and geographic coverage, ensuring a more inclusive and representative assessment across diverse livelihood groups. The initial findings of the inception assessment also highlighted several challenges to be considered during implementation. Some relate to broader constraints within the agriculture sector, including limited financial, human and technical resources to cultivate available land, as well as weakly structured value chains. The product design phase will therefore explore complementary financial mechanisms and technical support, in coordination with host projects and government extension services, to encourage land expansion and strengthen farmer organization models. Other challenges are specific to the insurance context. Not all risks are insurable, and some require sustainable technical solutions

MAURITANIA

COUNTRY CONTEXT

Mauritania faces significant environmental challenges and weather-related shocks, including floods, droughts, rising saline water, and degradation of coastal and marine biodiversity. The country also experiences increasing water scarcity, limited fodder resources and a gradual shrinking of the agropastoral zone. More frequent sandstorms are contributing to the silting of fertile land, temporary ponds, oases and key infrastructure. The risks and frequency of droughts are expected to rise, which will have major impacts on transhumance routes, food security and the intensity of conflicts between farmers and pastoralists due to growing competition over scarce pastures and water.

in production and post-harvest practices. In addition, historical yield data are often unreliable, and climate variability is high, with alternating favourable and poor seasons. As a result, insurance costs may be prohibitive or provide only limited coverage. More comprehensive data analysis will be needed to better understand local risk exposure and assess the cost effectiveness of potential insurance products.

OUTLOOK FOR 2026

In 2026, WFP will continue advancing its disaster risk financing portfolio in Mauritania, with a strong focus on macro-level insurance and the microinsurance component under AICRM. Building on the findings of the inception assessment, WFP will work to design a relevant and valuable insurance product for farmers, tailored to local production systems and climate risks. Efforts will also prioritize strengthening the capacities of national institutions and other local stakeholders to ensure effective implementation, ownership and long term sustainability of the insurance programme. In 2026, WFP will build on the findings of the climate and gender gap analysis by consolidating its recommendations and translating them into a targeted action plan. This will mark the start of efforts to make the macro-level risk financing programme more gender-responsive, ensuring that future interventions better reflect the needs, priorities and capacities of women, men and youth across vulnerable communities.

2025 KEY ACHIEVEMENTS



National pastoral risk profile model updated with WFP support.



National launch of the AICRM initiative in partnership with the host project.



WFP Mauritania conducted a climate and gender gap analysis to improve the gender-responsiveness of the macro risk financing programme.



Delivered a national advocacy event that strengthened national commitment to inclusive risk insurance.

NIGER



WITH FINANCIAL SUPPORT FROM



Global Shield Financing Facility (GSFF)

DISASTER RISK FINANCING IN NIGER

Under the national disaster risk financing (DRF) approach, WFP is a key partner of the Government of Niger, supporting DRF initiatives such as the African Risk Capacity (ARC) programmes and other agricultural microinsurance initiatives. To effectively address different levels of risk, WFP adopts a risk-layering approach, combining different risk financing tools according to the frequency and severity of shocks. As a result, the DRF approach consists of Agricultural Index Insurance, ARC Replica Insurance and the ARC Catastrophe Layer (Cat Layer), alongside Anticipatory Actions.

Under the GCF-funded Africa Integrated Climate Risk Management (AICRM) programme, WFP is collaborating with the National Committee for Index-Based Agricultural Insurance (CNAI) to increase access to inclusive financial services, such as microinsurance, under its Inclusive Risk Financing (IRF) approach.

2025 PROGRESS

WFP Niger organized an ARC Replica workshop from 24 to 26 June 2025 to strengthen the capacity of relevant stakeholders on DRF mechanisms. This workshop enabled participants to share experiences from the implementation of ARC Replica in several countries, enhance their knowledge of the coverage offered by ARC Replica and identify areas for improvement of the ARC mechanism, including its role in a broader DRF for the coming years. The event brought together members of the ARC Technical Working Group (ARC TWG), WFP staff and other institutional partners.

In 2025, WFP Niger advanced the development of its Cat Layer insurance by finalizing key design elements and updating the Cat Layer Operational Plan (OP), strengthening the country's preparedness for severe climate shocks. These efforts helped align the insurance mechanism with national disaster risk management and social protection systems, ensuring that payouts can leverage established government structures when triggered. The updated operational framework enabled macro-level insurance coverage for over 200,000 people, reinforcing Niger's capacity to respond to high-impact, low-frequency shocks.

WFP strengthened Niger's social protection system by supporting the Ministry of Population, Social Action and National Solidarity, the Ministry of the Civil Service, Labor and Employment (MFPT) and the National Mechanism of Prevention and Management of Food Crisis to develop a shared national vision and roadmap, review the national social protection policy and strengthen coordination mechanisms.



A farmer displays produce from a communal agricultural field in Zinder region of Niger.

WFP/Emanuel Foukou

NIGER

MACRO-LEVEL RISK FINANCING



212,500 people covered with macro insurance



US\$466,010 of insurance premium



US\$8,500,000 of sum insured

In 2025, a ministerial decree formalized these efforts through the establishment of a Steering Committee and a Technical Committee.

With support from WFP's Changing Lives Transformation Fund, predictable government-led safety nets were expanded to address seasonal food insecurity, poverty and vulnerability. Through South-South cooperation, a study-visit to Pakistan provided lessons to help modernize Niger's social protection framework, operationalize the Unified Social Registry (RSU) and better integrate nutrition and human capital priorities. The macro-level insurance tools build on the foundations of the strengthened RSU, aligning triggers with national social protection systems and reinforcing shock responsive mechanisms within the broader social protection architecture.

CHALLENGES AND LESSONS LEARNED

Niger is regularly affected by chronic shocks that undermine the livelihoods of its population. In this context, strengthening DRF mechanisms is essential to reduce dependence on humanitarian assistance and enhance the resilience of communities to climate-related hazards. The capacity-building workshop enabled stakeholders to share experiences and lessons learned from the implementation of ARC Replica responses in other countries, and improved the integration of cross-cutting themes in the operationalization of ARC Replica, including gender, social protection, anticipatory action and capacity strengthening. The workshop also led to the development of a roadmap for the operationalization of ARC Replica in Niger.

Since ARC Replica coverage will complement the insurance policies already subscribed by the government, the strategic partnership between ARC and WFP in Niger is of critical importance, both technically and financially, according to members of the ARC TWG.

OUTLOOK FOR 2026

In 2026, focus will be on the formalization of the tripartite agreement between the Government, ARC and WFP for the ARC Replica programme and the launch of the first microinsurance coverage for the AICRM programme. A tripartite MoU will be signed for ARC Replica, accompanied by the development of the Replica OP, which will be submitted for government approval by early May 2026. WFP will also support the update of the Government's OP within the same timeframe and prioritize the signing of both the Cat Layer and Replica insurance policies in early June 2026.

NIGER

COUNTRY CONTEXT

In Niger, weather-related shocks have frequently impacted smallholder farmers, particularly women and young people in rural areas. Additionally, the increasing degradation of natural resources has resulted in increased risks of conflict and migration. Inequalities, especially gender inequality, due to unequal access to land, inputs and other productive resources, lead to women having 19 percent lower productivity compared to men (World Bank, 2021; FAO, 2010).

The political context is marked by the military coup of July 26, 2023, which led to the suspension of the constitution and political activities. Many institutions and political frameworks governing the agricultural, forestry and livestock sectors were interrupted, hindering the smooth implementation of development projects in the country.

Under AICRM, insurance coverage will target 3,100 households in 2026. The selection of the microinsurance product—either drought or flood coverage—is planned for early February 2026. In parallel, AICRM will focus on developing and disseminating communication and awareness raising tools on microinsurance. Efforts will also be made to integrate AICRM-supported farmers with complementary programmes implemented by WFP and IFAD, ensuring coherence and maximizing the overall impact of risk management activities.

2025 KEY ACHIEVEMENTS



A capacity building workshop was organized for stakeholders and members of the ARC TWG to develop the ARC Replica policy.



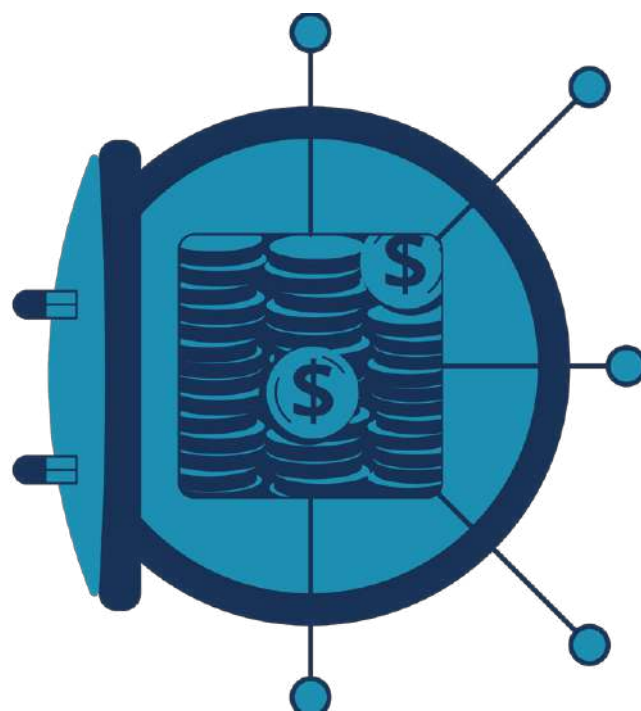
The capacity building workshop led to the development of the roadmap for the deployment of ARC replica in Niger.



By 2025, Cat layer coverage will benefit 212,500 people, thereby strengthening WFP's preparedness and response capacities.



Strengthening disaster risk financing mechanisms through the feasibility study of index-based agricultural microinsurance under AICRM.



SENEGAL



WITH FINANCIAL SUPPORT FROM



Green Climate Fund (GCF) and International Fund for Agricultural Development (IFAD)

INCLUSIVE RISK FINANCING



38,880 people covered with inclusive insurance



4,320 households insured (56,82 percent women)



US\$65,141 of insurance premium



US\$871,943 of sum insured



US\$32,226 of payouts distributed, benefiting 19,719 people

DISASTER RISK FINANCING IN SENEGAL

WFP Senegal implements an integrated risk management strategy encompassing four core components: risk reduction, risk transfer, risk retention and prudent risk-taking. Risk reduction initiatives include Food Assistance for Assets (FFA), market gardening and climate services, all designed to strengthen the resilience of vulnerable rural communities. Risk transfer is facilitated through inclusive agricultural insurance, which helps protect smallholder farmers against weather-related shocks. Risk retention is supported by encouraging savings, while prudent risk-taking is advanced through access to credit. This comprehensive approach seeks to boost the adaptive capacity of food insecure smallholder farmers and their families, promoting greater resilience and mitigating the adverse effects of climate shocks. By protecting farmers from disaster risk, the strategy empowers them to confidently invest in agricultural inputs and pursue diverse income-generating activities. WFP has implemented Inclusive Risk Financing (through the R4 Rural Resilience Initiative) since 2014, with implementation of the Africa Integrated Climate Risk Management (AICRM) programme launched in 2024 and activities initiating in 2025. Through microinsurance and risk reduction measures, the programmes have laid a strong foundation for broader financial inclusion and risk management activities moving forward.

2025 PROGRESS

WFP Senegal focused on conducting the microinsurance feasibility study for the AICRM programme in 2025. This provided a clear understanding of the context, institutional framework, supply and demand dynamics, as well as guidelines for effective and sustainable intervention for the duration of the project. Insurance coverage was provided to farmers in one department (Goudiry) of the Sahel in Response to the Challenges of COVID 19, Conflict and Climate Change (SD3C) project, adding value to their support on risk reduction. A total of 2,208 farmers households received insurance coverage. As part of the Salouma project, 1,951 households were also covered across different regions of the country. In addition, to secure the production of the Salémata community agricultural cooperative, 161 households were provided insurance. In total, 4,320 households were covered in 2025. Out of these, 2,191 households were affected by a drop in yield and received payouts amounting to US\$32,226. Activities were much more closely monitored under the AICRM project, and WFP signed a direct contract with the National Agricultural Insurance Company of Senegal (CNAAS). This enabled stronger collaboration and full implementation of required activities to ensure farmers' access to and understanding of agricultural microinsurance products, including trainings and sensitizations, seasonal monitoring and end of season evaluations.

SENEGAL

COUNTRY CONTEXT

Senegal, largely located in the Sahel region, is characterized by rising temperatures and significant variability in rainfall both spatially and temporally. Its economy relies heavily on agriculture, which contributed 17.4 percent of GDP in 2023 and employed nearly 70 percent of the rural working population. The agricultural sector mainly includes crop production, livestock and fishing, with a predominance of subsistence and cash crops. Despite this strategic role, Senegal's agricultural sector faces significant climate constraints such as rainfall variability, land degradation, droughts and floods. The effects of this vulnerability are felt across the entire socio-economic sector, exacerbating food insecurity, impacting incomes and encouraging rural exodus, putting the country in a vicious cycle of poverty.



The R4 Women's Group of Sinthiou Malème, which continues to grow rice in the lowlands after the end of the R4/GCF project.

WFP/Senegal

For 2026, plans are in place to review and design improved insurance products, develop the monitoring and evaluation plan to measure AICRM impact pathways and expand coverage to a total of 8,000 households.

CHALLENGES AND LESSONS LEARNED

Delays were experienced in reaching certain targets set for the AICRM programme. In seeking complementarity across the various components of the project, the implementation of the insurance component was delayed, allowing targeting and risk reduction activities from the host projects to be identified and implemented first. Moreover, the ongoing transition of objective and targets within the host projects will better align them with the integrated risk management approach of AICRM, creating more favourable conditions for integrating with the insurance component.

In addition, the targets of the host projects remain lower than the objectives set for the Insurance component. However, these should be revised and adjusted in the coming years.

OUTLOOK FOR 2026

In 2026, the focus will be on revision of the hybrid index and the development of a livestock index. The aim is to expand insurance coverage to 8,000 households while gradually expanding to other vulnerable areas including eastern Senegal, the peanut basin, the sylvo-pastoral zone and Casamance. Efforts will also include the development and dissemination of communication and awareness-raising tools on insurance to strengthen farmers' understanding and uptake. In parallel, farmers' capacity-building activities will integrate complementary skills such as savings and market access. Work will also continue to strengthen distribution channels through farmer organizations to facilitate wider and more efficient access to insurance products. Finally, work will focus on developing the monitoring and evaluation framework to assess AICRM's impact pathways and strengthen evidence on the value of insurance in building resilient value chains and promoting food security.

2025 KEY ACHIEVEMENTS



WFP and CNAAS trained 354 smallholder farmers (118 women) to support their peers and enhance their understanding of the insurance products and systems.



The total number of households owning an insurance policy was 4,320, of which 2,455 were women headed households.



A total of US\$32,226 in payouts was distributed, benefiting 19,719 people.

THE GAMBIA



WITH FINANCIAL SUPPORT FROM



Adaptation Fund (AF), Green Climate Fund (GCF), Global Shield Financing Facility (GSFF)

DISASTER RISK FINANCING IN THE GAMBIA

The Gambian government's disaster risk financing (DRF) approach focuses on strengthening financial resilience to disasters through a combination of parametric insurance at both macro and micro levels, strategic international partnerships and national policy frameworks. Central to this approach is the use of pre-arranged financing instruments that enable rapid response to shocks such as floods and droughts. DRF efforts are aligned with the National Development Plan, which integrates disaster risk reduction into broader recovery and resilience objectives. Five priority intervention areas have been identified, including the development of a comprehensive Climate and Disaster Risk Finance and Insurance (CDRFI) strategy and its linkage to adaptive social protection systems. This work builds on existing diagnostics assessing risk data and financing gaps, supported by partners such as the World Bank and the African Development Bank, to strengthen the country's overall disaster risk management architecture.

2025 INCLUSIVE RISK FINANCING PROGRESS

In 2025, building on the Rural Integrated Climate Adaptation and Resilience Building (RICAR) Project—which expands smallholder farmers' access to microinsurance—WFP The Gambia, in partnership with the Government and other stakeholders, launched the Africa Integrated Climate Risk Management (AICRM) project. This multi-year initiative spans seven Sahelian countries: Burkina Faso, Chad, Mauritania, Mali, Senegal and The Gambia. The programme integrates three strategic pillars—early warning systems, preparedness and risk transfer—to strengthen long-term resilience and support vulnerable rural communities in adapting to weather-related shocks. As the technical lead for the insurance component, WFP conducted extensive stakeholder engagement and capacity building activities to increase insurance literacy among local actors and smallholder farmers. These efforts included sensitization workshops and microinsurance training sessions delivered in collaboration with ARC Ltd. (the insurer) and CASAI (the technical service provider). Through this partnership, more than 350 extension workers and anchor farmers were trained across all five regions of the country: Upper, Lower and Central River Regions, as well as North Bank and West Coast Regions. The Central Bank of The Gambia (CBG) also participated actively in these activities.

To guide implementation, WFP commissioned an international consultant under the AICRM initiative to conduct a microinsurance feasibility study. In September, the consultant conducted in-country data collection, including key informant interviews with the Ministry of Agriculture (MoA), the CBG, the Insurance Association of The Gambia (IAG) and other stakeholders. Focus group discussions were also held with beneficiary farmers from both the RICAR and the Resilience of

THE GAMBIA



A farmer manually irrigates crops, symbolizing the vulnerability of small-scale agriculture to weather-related shocks and the need for DRF to provide broader financial protection.

WFP/The Gambia

Organizations for Transformative Smallholder Agriculture (ROOTS) projects. During the season, 3,655 farmers from the ROOTS and RICAR projects were selected and registered for enrollment in the microinsurance scheme. These farmers were intended to receive weather index insurance against drought as part of the pilot phase. However, due to delays in the finalization of the index model, coverage could not be activated, with plans to insure farmers for the 2026 season.

Challenges and Lessons Learned

During implementation, several operational challenges and lessons emerged. Limited internal capacity initially slowed progress on microinsurance activities, prompting WFP to recruit an insurance expert to provide dedicated technical support and strengthen this component. Early planning and timely contracting also proved essential; engaging insurance firms and technical service providers well ahead of the season is critical to ensure that index modelling is completed on time and that coverage begins at the start of the agricultural cycle. Strengthening partnerships across the insurance value chain remains equally important to improve coordination, enhance product delivery and ensure alignment among stakeholders.

Capacity building continues to be a key need, particularly for the regulator (CBG) and the local insurance market, to enable greater national participation in microinsurance delivery and support long term sustainability. Strengthening and formalizing coordination mechanisms with the host project under AICRM—specifically the Ministry of Agriculture’s ROOTS project—will be a key priority moving forward. Enhanced coordination will help ensure that the microinsurance component is fully integrated into the programme cycle and that risk transfer interventions effectively complement the preparedness and risk reduction measures already supported through the ROOTS project.

Outlook for 2026

In 2026, WFP The Gambia will ensure that farmers receive insurance coverage for the agricultural season. Under the RICAR and AICRM projects, the WFP plans to target over 800 smallholder farmers across the Upper River Region (URR), Central River Region (CRR), Lower River Region (LRR), North Bank Region (NBR), and West Coast Region (WCR). A key priority this season will also be the establishment of effective distribution channels to support the delivery and uptake of microinsurance. WFP will also continue training local insurance companies to strengthen national capacity, enabling local insurers to progressively assume a greater role in delivering microinsurance services.

THE GAMBIA

MACRO-LEVEL RISK FINANCING



42,288 people covered with macro insurance



US\$400,000 of insurance premium



US\$1,931,239 of sum insured

2025 Key Achievements Inclusive Risk Financing



Over 300 extension staff and farmers trained on agricultural insurance across all five regions in the country.



Feasibility study successfully completed, providing a solid analytical foundation for the design and implementation of microinsurance interventions.



A “dry run” of the drought index was monitored during the 2025 agricultural season to assess effectiveness and prepare for coverage in 2026.



Strong collaboration with the RICAR project and the CBG on implementation and farmer training.

2025 MACRO-LEVEL RISK FINANCING PROGRESS

During the 2025 season, WFP, in partnership with the Government of The Gambia, secured an ARC Replica policy, ensuring access to pre-arranged financing in the event of a severe drought. Although the policy did not trigger—owing to normal to above average rainfall—WFP remains committed to participating in the ARC Replica DRF mechanism, which promotes a more proactive approach to disaster preparedness and response. To strengthen national ownership and technical capacity, WFP supported ongoing capacity building efforts for the national Technical Working Group (TWG) on ARC sovereign insurance. This included facilitating and participating in two TWG workshops coordinated by the National Disaster Management Agency (NDMA). WFP also took part in the drought model customization workshop held from 5–6 May 2025, where minor but important adjustments were made to enhance the responsiveness of the index, particularly regarding the vulnerability profile and planting criteria. WFP also reviewed and updated the ARC Replica Operational Plan (OP), which undergoes revision every two years to remain aligned with national priorities and WFP programming. The 2025 update placed stronger emphasis on integrating social protection (SP) into DRF efforts, including the incorporation of the national Social Registry to enhance targeting and enable delivery through existing social protection systems. The revised OP was shared with and fully endorsed by the Government, reinforcing joint commitment to strengthening national preparedness and response systems. As one of the Global Shield priority countries, The Gambia aims to advance deeper integration between DRF and shock-responsive social protection (SRSP). In May 2025, WFP conducted a scoping mission with advisors from both WFP’s SP and DRF teams. The mission identified concrete entry points to operationalize DRF–SP linkages, including the use of the Social Registry for climate-related targeting

THE GAMBIA

COUNTRY CONTEXT

In 2025, The Gambia faces a mixed outlook shaped by economic, weather-related and political dynamics. Economic growth is expected to remain modest, driven largely by agriculture and services, though the country continues to grapple with high debt vulnerabilities, inflationary pressures and dependence on remittances and concessional financing. Weather-related risks remain acute: recurrent flooding, droughts and coastal erosion threaten food security, tourism and rural livelihoods, particularly given the country's reliance on rain fed agriculture. While adaptation policies and disaster risk financing initiatives are advancing, significant resilience gaps persist.

and testing ARC Replica payouts through the Nafa safety net. The mission positioned WFP as a key partner in shaping a government-led, risk-layered financing approach under the Global Shield.

Challenges and Lessons Learned

There have been persistent challenges with the product design. The Government has received only one payout—just over US\$300,000 shared between the Government and WFP—since the government first subscribed to an ARC sovereign insurance policy in 2015 (with WFP joining in 2018). Limited payouts, even in drought years, have led to a gradual reduction in the Government's financial contribution to ARC macro insurance. During the 2026 customization, the model will adopt parameters that better reflect the expectations of both the Government and WFP. On product coverage, the current index covers only drought, despite pluvial and fluvial flooding posing major risks with severe impacts on vulnerable communities. WFP will continue engaging with the Government and ARC Agency on the development of a flood insurance product and will participate in the Global Shield initiative to establish a national flood modelling framework. However, as with drought modelling—though even more complex—the availability of reliable historical data remains a major constraint. During implementation, limited staffing resulted in WFP being able to facilitate and participate in only two TWG meetings in 2025. To strengthen delivery, WFP engaged a climate risk insurance consultant in December 2025 to lead implementation across this portfolio.

Outlook for 2026

WFP The Gambia will continue to implement DRF mechanisms such as ARC Replica, which provide timely, pre-arranged resources to support early emergency response. WFP will also actively engage with the Global Shield and World Bank to advance work on a national flood modelling framework. To further strengthen the integration of DRF and SRSP, WFP has prioritized the recruitment of a social protection consultant who will work closely with the DRF focal point to advance joint workstreams. Finally, WFP will subscribe to an ARC Replica insurance policy to reinforce Government efforts to secure access to pre-arranged finance for extreme weather events.

2025 Key Achievements Macro Risk Financing



Over 79,000 people protected through macro insurance coverage supported by the Government and WFP.



Operational Plan successfully updated, embedding social protection as a key mechanism for DRF delivery.



STORIES FROM THE FIELD

From Hardship to Hope. How microinsurance and Collective Strength helped Nené rebuild her life

Nené Gema, a 48-year-old farmer, mother of eight and small business owner, lives in the Tambacounda region of Senegal—an area where recurring heatwaves, erratic rainfall and flooding have made farming increasingly uncertain. Like many households across Senegal, Nené’s family has long felt the strain of these challenges. Failed harvests often meant going without food, taking on debts or relying on neighbors for support.

“Every year, I experience one disaster or another,” she says. “Either the sun is too harsh and dries my crops, or too much rain destroys them. That is why you see me putting more energy into my business.

BUILDING A SAFETY NET THROUGH MICROINSURANCE

To help farmers manage these shocks, the Government of Senegal together with WFP introduced a microinsurance scheme that protects vulnerable households when harvests fail. Nené became one of the early participants—and over the years, insurance payouts have provided a lifeline during difficult seasons.

Whenever a payout arrived, Nené used it carefully: buying food for her family, paying school fees, purchasing medicine for her husband when he fell ill and reinvesting a portion into her farming and business activities.

“The insurance payout has been a lifesaver for me,” she says. “Whenever I receive money, I always set some aside for my business. I hope to own a very big restaurant someday.”



“THE INSURANCE PAYOUT HAS BEEN A LIFESAVER FOR ME. WHENEVER I RECEIVE MONEY FROM THE INSURANCE COMPANY, I ALWAYS SET ASIDE SOME FOR MY BUSINESS. I HOPE TO OWN A VERY BIG RESTAURANT SOMEDAY.”

Nené Gema

WFP beneficiary from Senegal.

GROWING FINANCIAL INDEPENDENCE THROUGH SAVINGS GROUPS

Alongside insurance, WFP supports Village Savings and Loans Associations (VSLAs), offering a safe space for women and men to save, borrow and learn how to manage finances. Nené joined one of these women-led savings groups and took part in financial literacy training—an experience she credits as the turning point in her economic journey.

“The training I got from WFP on how to manage money and grow my small business is what makes my business stand out today,” she explains. “Some days I can make a profit of 5,000 XOF (US\$9)—something I never thought possible.”

With small loans from her group, she opened a breakfast restaurant in front of her home. She now serves breakfast, spaghetti, tea and local delicacies, earning up to US\$12 on good days. Little by little, these earnings have strengthened her household and created new opportunities for her children.

A COMMUNITY THAT STANDS TOGETHER

Beyond savings and loans, Nené’s group has become a critical source of solidarity. When her husband passed away, the members stood by her side, contributing to funeral costs and offering emotional support.

“The women group is one of the best things that has ever happened to me. When I lost my husband, these women were there for me. I even received money for the funeral.”

These savings groups are part of a wider effort in Senegal that brings together women’s cooperatives, community organizations and financial service providers to strengthen resilience at scale. As a result, households using their own funds to pay for insurance have grown from roughly 1,500 to nearly 28,000 in just four years—demonstrating rising trust and long-term sustainability.

LOOKING TOWARD THE FUTURE WITH NEWFOUND CONFIDENCE

Despite ongoing worries about worsening seasonal changes, Nené is more hopeful today than ever before. She continues to provide for her community, proving how financial tools and community support can transform lives.

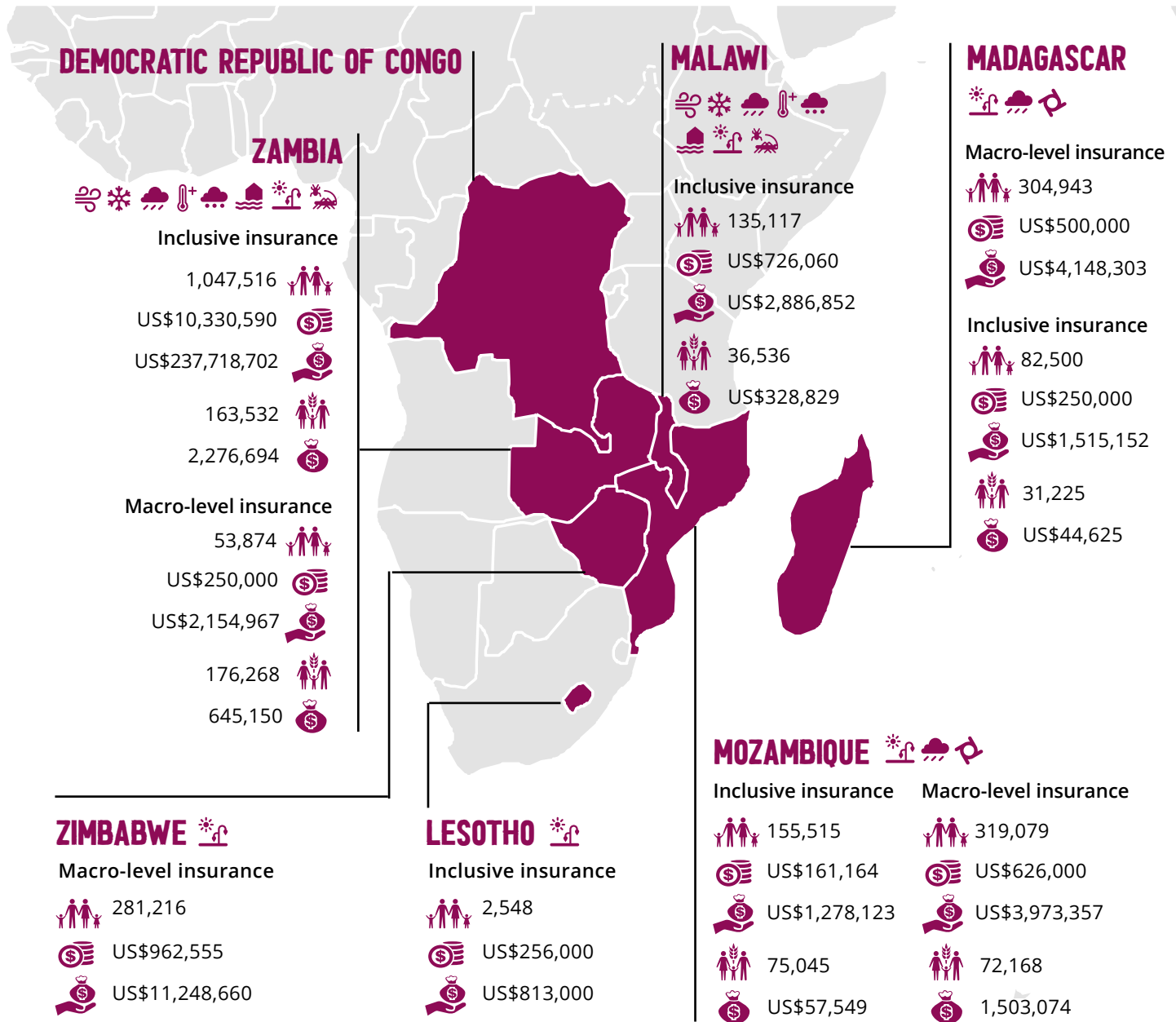
“My biggest fear is waking up one day in bad health and not being able to work for my family,” she says. “But with my business and the support I have gained, I feel more secure than before.”

Her journey reflects what is possible when protection, financial inclusion and community resilience come together. Through microinsurance, savings groups and targeted training, WFP and the Government of Senegal are helping thousands of women like Nené withstand weather-related shocks, stabilize their income and build a more secure future.



“THE INSURANCE PAYOUT ALSO HELPED ME PAY SCHOOL FEES FOR MY CHILDREN, BUY FOOD FOR THE HOUSE, AND THE MOST IMPORTANT FOR ME IS THAT I COULD ALSO BUY MEDICATION FOR MY HUSBAND WHEN HE WAS SICK BEFORE PASSING.”

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 disbursed/transfers made in 2025
- Current countries
- Expansion countries
- Pests and diseases
- Cyclone
- Violent wind
- Frost
- Excess rainfall
- Flood
- Hail
- Cold spell
- Heatwave
- Drought

DEMOCRATIC REPUBLIC OF THE CONGO



WITH FINANCIAL
SUPPORT FROM



World Bank

DISASTER RISK FINANCING IN DEMOCRATIC REPUBLIC OF THE CONGO

In 2023, the World Bank appointed WFP to support both the Bank and the Government of the Democratic Republic of the Congo (DRC) in implementing the National Agricultural Development Programme (PNDA), focusing on the design and launch of an inclusive insurance product. WFP strengthened national disaster risk financing (DRF) systems, with a particular emphasis on advancing agricultural insurance and risk transfer mechanisms within the PNDA framework. This foundational work supports the Government's ambition to progressively scale risk transfer solutions across 16 provinces, in close collaboration with the World Bank.

2025 PROGRESS

In 2025, WFP continued to support the DRC Government in strengthening DRF systems, with a particular focus on the operationalization of agricultural insurance under the PNDA. Throughout the year, WFP's technical assistance centred on the refinement of an index-based agricultural insurance product, drawing on the compilation and analysis of historical agro-climatic data from Kasai, Kasai Central and Kwilu.

A key milestone was achieved on 23 January 2025, when the insurance product was officially launched in Kinshasa and the first policy was signed with the national insurance consortium, providing coverage for the short agricultural season. This represented an important step in expanding climate risk protection for smallholder farmers under the PNDA.

However, no payout was triggered during the year. Analysis of data showed that in all monitored sectors, actual values remained below the trigger thresholds, indicating favourable or near normal moisture conditions with no extreme drought stress or flooding recorded, and thus no payout under the index terms.

Throughout the year, WFP continued to provide sustained technical support to national partners. This included strengthening systems for agro-climatic data collection, management and monitoring, as well as enhancing understanding of agricultural risk management among farmers and extension services. WFP also facilitated technical exchanges with the World Bank to ensure alignment with the PNDA roadmap for developing a national agricultural risk transfer solution. Collectively, these efforts contributed to establishing the operational and institutional foundations required to scale agricultural insurance across the country.

DEMOCRATIC REPUBLIC OF CONGO

COUNTRY CONTEXT

The Democratic Republic of the Congo faces one of the world's most protracted and complex food security crises, driven by deep structural poverty, chronic conflict and recurrent displacement. Decades of instability have weakened institutions, disrupted markets and eroded community resilience. Climate shocks further strain fragile rural livelihoods and undermine agricultural production, which is the backbone of the economy. With 13 million smallholder farmers cultivating on average 1.6 hectares, the country's food systems rely heavily on rain-fed agriculture, making households highly vulnerable to seasonal and long-term climate variability. Repeated extreme weather events in recent years have resulted in below-average harvests, reduced access to fishing and livestock activities, and diminished household income.

As production falls, communities increasingly depend on markets that are affected by supply disruptions, rising fuel costs and persistent inflation, accelerating negative coping strategies such as reducing meals or selling essential assets.

(continue...)

CHALLENGES AND LESSONS LEARNED

The implementation of DRF and resilience-building activities in the Democratic Republic of the Congo continues to face several operational and structural challenges. Limited availability and reliability of agro-climatic data, combined with the need for stronger institutional capacities, remain key constraints for the effective scaling of agricultural insurance mechanisms.

At the community level, experience from resilience programmes shows that greater efforts are required to strengthen trust and understanding around financial tools. For example, in Kasai and Kasai Central, the uptake of savings and loan mechanisms varied significantly, with some communities demonstrating resistance to engaging in financial activities. This highlights the importance of integrating functional literacy and financial education from the outset, alongside sustained dialogue and trust-building measures.

Weather-related shocks and increasing variability further demonstrate that climate adaptation must be central to programme design. In Kasai provinces, severe losses of up to 80 percent in certain production zones during the dry season underscored the urgent need to prioritize early warning systems, drought-resistant practices and improved water management solutions.

Operational challenges also persist at field level, including recurrent risks such as livestock intrusion damaging agricultural sites, leading to partial or total crop losses for affected households. Moving forward, resilience programming must incorporate community-managed mitigation measures, such as fencing, live hedging or local protection committees.

Overall, lessons learned emphasize the importance of sustained capacity building, locally adapted approaches, strong coordination with government services and partners, and systematic monitoring to ensure that DRF instruments effectively protect vulnerable households and contribute to long-term resilience.

OUTLOOK FOR 2026

In 2026, WFP will continue supporting the DRC Government in strengthening DRF systems, with the objective of consolidating and scaling agricultural insurance mechanisms under the National Agricultural Development Programme (PNDA). Efforts will focus on expanding coverage to additional provinces, reinforcing technical capacities for climate and agro-meteorological data management, and strengthening institutional coordination for sustainable risk transfer solutions.

DEMOCRATIC REPUBLIC OF CONGO

COUNTRY CONTEXT

(...continue)

According to the October 2025 IPC analysis, 24 million people—one quarter of the population—were facing crisis-level food insecurity or worse (IPC Phase 3+), with projections rising to 26.6 million in 2026.

This convergence of conflict, economic fragility and climate stress underscores the urgent need for integrated resilience, social protection and risk financing solutions to safeguard livelihoods at scale.



Assiya works with peers in the community field as her son Dieudonné plays nearby. Kasai.

WFP/DRC

At the community level, resilience programmes will further promote inclusive financial approaches by deepening the integration of savings and loan schemes, livelihood diversification and financial literacy. Building on experiences from Ubangi and Kasai provinces, greater emphasis will be placed on strengthening community ownership, improving trust in financial mechanisms, and ensuring that vulnerable groups, particularly women, youth and displaced populations, are effectively reached.

Climate adaptation will remain a central priority, with plans to scale up proven practices such as improved irrigation systems, locally adapted agricultural calendars and sustainable natural resource management to mitigate the impact of increasingly frequent weather-related shocks.

Overall, 2026 will serve as a key year to reinforce linkages between insurance solutions, community-based resilience programming and broader social protection systems, ensuring that DRF contributes to long-term food security and sustainable livelihoods in the DRC. Fundraising efforts will also be pursued to expand and sustain the initiative's scope.

2025 KEY ACHIEVEMENTS



Launch of the index-based agricultural insurance product held on 23 January 2025 in Kinshasa to promote climate resilient farming.



Targeted technical support to the DRC Government to strengthen and advance agricultural insurance mechanisms within the national PNDA framework.



Promotion of gender-responsive approaches within DRF and resilience initiatives to ensure equitable participation, protection and benefits for women and vulnerable groups.



Strengthened national and partner capacities to improve agro-climatic data collection, analysis, and monitoring for enhanced climate risk management.

LESOTHO



WITH FINANCIAL SUPPORT FROM



International Fund for Agricultural Development (IFAD), in collaboration with the Ministry of Agriculture, Food Security and Nutrition, World Bank and Japan International Cooperation Agency (JICA)

INCLUSIVE RISK FINANCING



2,548 people covered with inclusive insurance



673 households insured (47 percent women)



US\$256,000 of insurance premium



US\$813,000 of sum insured

DISASTER RISK FINANCING IN LESOTHO

Lesotho has advanced its disaster risk financing (DRF) agenda through active participation in the African Risk Capacity (ARC), marking a shift from reactive disaster response toward proactive planning and early action. By ratifying the ARC Treaty, the country affirmed its commitment to regional climate resilience, risk pooling and more predictable financing for weather-related shocks. The Government of Lesotho has subscribed to ARC's sovereign drought insurance, which provides timely payouts to support vulnerable households during weather-related shocks. In 2025, the Government received nearly US\$2.8 million to fund emergency food assistance, cash transfers and local purchase following a severe drought. This approach integrates financial preparedness into national disaster management, ensuring that resources are available quickly to protect livelihoods and reduce the long-term impacts of climate hazards. This risk financing approach complements WFP Lesotho's country programmes, particularly activity six, which supports smallholder farmers and value chain actors to build resilience against shocks and economic downturns. By linking ARC payouts with WFP's resilience-building initiatives, Lesotho strengthens both immediate response capacity and long-term food security, ensuring that vulnerable farming communities are better protected and able to recover more sustainably from weather-related shocks.

2025 PROGRESS

In 2025, WFP supported the Government of Lesotho through the Ministry of Agriculture, Food Security and Nutrition to introduce a drought weather index microinsurance for maize and beans through a smart-subsidy pilot project. The project was funded by the International Fund for Agricultural Development (IFAD) through the Smallholder Agriculture Development (SADP) II Project which is under the Ministry of Agriculture, Food Security and Nutrition. The project is bundling subsidised agriculture inputs with microinsurance. Through the support, WFP engaged agro-dealers to supply the subsidised agriculture inputs in the three districts of Mafeteng, Mohale's Hoek and Mafeteng. Furthermore, WFP engaged Lesotho National Insurance Group, trading as LNIG Holland, an insurance company that collaborated with the Africa Risk Capacity to design the crop insurance product and deliver drought weather index insurance services for beans and maize. In total, WFP supported the premium payment of US\$256,000 to LNIG Holland Insurance company to cover 673 households, (47 percent women), benefitting 2,548 people in three districts of Mafeteng, Mohale's Hoek and Quthing. The insurance under the scheme had a total sum insured of US\$810,000 in financial protection, providing compensation for the agricultural inputs in the case of an extreme drought to protect farmers' livelihoods. In addition, as part of the macro-level risk financing activities, WFP supported the Government of Lesotho—through the Disaster Management Authority—by contributing to the Technical Working Group on macro insurance, which focuses on drought coverage for maize.

LESOTHO

COUNTRY CONTEXT

Lesotho is a lower-middle-income country with a population size of about 2 million. Lesotho remains one of the most unequal countries in the world. Persistent poverty is widespread, especially in rural areas. Almost half of the population of Lesotho are under the poverty line and almost a quarter (24 percent) suffer from extreme poverty, living below the food poverty line (less than US\$2.15 per day). Food insecurity remains a chronic challenge, hindering the country's development and progress towards zero hunger. Over 20 percent of the population faces high levels of acute food insecurity and requires humanitarian action to reduce food gaps, protect and restore livelihoods, and prevent acute malnutrition.

CHALLENGES AND LESSONS LEARNED

Lesotho continues to experience prolonged dry spells that affect crop production, making both micro- and macro insurance cover timely, relevant and strategic to enhance financial protection against weather-related shocks. Farmers have been sensitised on crop insurance and have indicated interest to pay for insurance cover to be compensated for the loss in the agriculture investment due to drought and other weather-related shocks in the future.

Despite farmer's interest in microinsurance, WFP has not secured the financial resources to continue supporting the project, which will develop a contextualised crop insurance product for drought. In addition, some farmers expressed interest for livestock insurance cover and other products for snow, hailstorms and floods, however, WFP cannot support with developing these other products.

In addition, there is an opportunity for WFP to support the implementation of macro insurance through ARC Replica. However, at present, WFP Lesotho is not part of the countries included in the ARC Replica window, due to the limited availability of funding.

OUTLOOK FOR 2026

Lesotho is expected to continue facing significant weather-related hazards—including prolonged dry spells, drought, floods, hailstorms and snow—that undermine crop production and productivity. These recurring shocks heighten the risk of long term food insecurity and malnutrition. Strengthening DRF mechanisms is therefore essential to enable early action, improve preparedness and response, and protect livelihoods while supporting more resilient food systems.

WFP Lesotho will continue working with the Government to mobilize resources for both microinsurance and macro insurance through ARC Replica, with the aim of supporting the effective establishment and scale up of crop insurance and macro-level risk financing solutions in the country.

2025 KEY ACHIEVEMENTS



WFP, in collaboration with the ARC and the Hollard Group, has introduced microinsurance in Lesotho to support the Government to enhance disaster risk financing efforts.



WFP participated in the Technical Working Group for macro insurance with technical support from the African Risk Capacity (ARC), therefore strengthening collaboration between WFP, ARC and the government of Lesotho.

MADAGASCAR



WITH FINANCIAL SUPPORT FROM



Global Affairs
Canada (GAC),
Kreditanstalt fuer
Wiederaufbau
(KfW), Norway,
Government
(FSRP)

DISASTER RISK FINANCING IN MADAGASCAR

In Madagascar, WFP applies a layered risk finance approach that combines macro-insurance through ARC Replica, trigger-based contingency funds and Inclusive Risk Financing (IRF) initiatives. Macro-insurance provides national coverage against droughts and cyclones, ensuring rapid payouts to support emergency response when thresholds are met. The IRF schemes, which encompass micro- and meso-level financial instruments, are integrated into the Smallholder Agricultural Market Support (SAMS) programme to protect farmers against climate risks and strengthen their investment capacity, particularly those supplying food to the Home-Grown School Feeding (HGSF) programme. These instruments are closely connected to WFP's broader interventions, including emergency response, school feeding, nutrition and social protection, with cash-based transfers (CBT) serving as a key modality for delivering assistance. By reinforcing technical working groups and fostering government engagement, WFP Madagascar promotes national ownership and resilience, enabling faster and more inclusive responses to climatic and economic shocks.

2025 INCLUSIVE RISK FINANCING PROGRESS

In 2025, WFP Madagascar expanded its inclusive insurance portfolio by extending meso insurance coverage to vulnerable households and smallholder farmers supplying food to the Home-Grown School Feeding (HGSF) programme in drought- and cyclone-prone regions. The programme integrated climate risk insurance with community-based resilience initiatives, providing an additional layer of protection against frequent, lower-intensity shocks while strengthening farmers' productive capacity and livelihoods. Operational partnerships with financial service providers and local cooperatives strengthened delivery systems, while awareness campaigns improved rural communities' understanding of insurance products. These efforts reinforced the credibility of inclusive insurance as a resilience tool and positioned WFP as a leader in linking microinsurance with broader disaster risk financing (DRF) frameworks.

Challenges and Lessons Learned

Key challenges included limited access to formal financial services in remote areas, which limited VSLA groups' ability to scale up. Loan repayment cycles were sometimes disrupted by climatic shocks, highlighting the need to better integrate insurance with savings and credit mechanisms. In addition, limitations in beneficiary tracking and data integration highlighted the need for stronger systems to analyze coverage, overlaps and impact across IRF beneficiaries and those reached through SAMS and HGSF programmes. Lessons from 2025 underscored the importance of continuous capacity strengthening,

MADAGASCAR

INCLUSIVE RISK FINANCING



82,500 people
people covered
with
inclusive insurance



16,500 households
insured
(52 percent
women)



US\$250,000 of
insurance premium



US\$1,515,152 of
sum insured

stronger linkages with cooperating partners, formal financial institutions and digital solutions to improve transparency, efficiency and scalability. Sustaining women's leadership and ensuring inclusivity for the most vulnerable households will be critical for future success. Village Savings and Loan Associations (VSLAs) remained central to WFP's financial inclusion strategy in 2025. New groups were established in vulnerable communities, while existing ones expanded membership and diversified activities. Mobilized savings enabled households to invest in small businesses, agricultural inputs and support education of their children, while access to loans provided critical liquidity during lean seasons. Partnerships with NGOs and local financial institutions supported training in financial literacy, recordkeeping and governance. Women's participation was actively promoted, with many assuming leadership roles in VSLA management. These achievements demonstrated the value of combining savings and loans with insurance, creating a holistic risk financing approach.

Outlook for 2026

Looking ahead, WFP Madagascar will consolidate gains by deepening the integration of inclusive insurance and financial inclusion initiatives. Continued emphasis will be placed on gender mainstreaming, strengthening Village Savings and Loan Associations (VSLAs) and deploying digital solutions to improve enrolment and payout delivery. These efforts will reinforce national resilience against droughts and cyclones, ensuring that any parametric payouts are channeled through approved contingency plans and used to safeguard food security and livelihoods. In partnership with producer organizations and cooperating partners, WFP will also support the development of an operational plan to guide response in the event of significant payouts, embedding resilience and accountability into payout management.

2025 Key Achievements Inclusive Risk Financing



Inclusive risk financing expanded to 9 regions, with insurance and savings mechanisms reaching vulnerable households in drought and cyclone prone areas.



Meso insurance coverage extended to vulnerable households in drought- and cyclone-prone regions with 16,500 households insured (82,500 people).



3,095 VSLA participants mobilized US\$15,866 in savings and US\$11,255 in loans.



US\$250,000 in premium mobilization reinforced sustainability and national ownership; households invested in small businesses, inputs and education.

MADAGASCAR

MACRO-LEVEL RISK FINANCING



304,943 people covered with macro insurance



US\$500,000 of insurance premium



US\$4,148,303 of sum insured

2025 MACRO-LEVEL RISK FINANCING PROGRESS

In 2025, WFP Madagascar advanced ARC Replica in close collaboration with the Government and the Technical Working Group (TWG). Efforts focused on customizing the AfricaRiskView (ARV) model, refining operational planning and strengthening coordination mechanisms to ensure preparedness against droughts and cyclones. Integration of the Unified Social Registry (RSU) as the central targeting mechanism improved targeting of vulnerable households, embedding DRF more firmly within national shock-responsive social protection (SRSP) systems. Five technical workshops provided the opportunity for participants to discuss updated exposure data, integrated gender and social protection considerations, and aligned ARV with national priorities. Operational Plans for drought and cyclone were jointly revised with Cellule de Prévention et d'Appui à la Gestion des Urgences (CPGU) and was extended up to September 2026. The new version includes unconditional food or cash assistance, multipurpose cash transfers, asset creation and nutrition support. Policy signatures for drought and cyclone coverage were finalized, while the Government subscribed to ARC Ltd.'s flood insurance policy, expanding hazard coverage. Risk transfer parameters were reviewed to balance affordability and protection, and monitoring through ARV and the Tropical Cyclone Explorer has improved preparedness.

Challenges and Lessons Learned

Operational planning was jointly revised with CPGU and integrated the RSU for targeting. However, aligning Government and Replica plans required multiple revisions, and expiry dates were not harmonized, creating uncertainty about continuity. Coordination improved through TWG workshops, yet roles under the tripartite MoU remained unclear, slowing decision making. The planned simulation exercise was postponed to January 2026, delaying validation of operational readiness. Monitoring confirmed improved preparedness and stronger integration of social protection systems, but the absence of payouts in 2025 meant that delivery mechanisms were not tested in practice. In 2025, the implementation of ARC Replica in Madagascar faced several challenges that underscored the complexity of embedding DRF into national systems. The customization of the ARV model advanced with updates to drought and cyclone modules, yet data gaps, satellite failures and delays in validation limited full calibration. Discontinuity in capacity building, due to changes in TWG focal points, slowed progress and weakened institutional memory. Gender mainstreaming, initiated in 2024, did not advance in 2025, reducing the ability to disaggregate impacts. In addition, the introduction of a new data certification methodology increased premiums, raising concerns about affordability. Lessons learned emphasize the importance of sustained capacity building, early and consistent data collection, harmonized operational planning and clearer institutional arrangements. Addressing these areas will ensure ARC Replica continues to reinforce government ownership and deliver rapid, inclusive responses to future climatic shocks.

MADAGASCAR

COUNTRY CONTEXT

In 2025, Madagascar faced persistent inflation and fiscal constraints that weakened households' purchasing power and economic resilience and heightened social tensions. The year was marked by political instability with widespread protests in September leading to a transition of leadership. Climatic shocks remained severe: prolonged drought in the South and five tropical storms and cyclones reduced agricultural production, damaged infrastructure and deepened food insecurity. These overlapping crises underscored systemic vulnerabilities and strained national resilience. Within this context, the African Risk Capacity (ARC) Replica mechanism reinforced preparedness and ensured timely support to vulnerable households during emergencies.

Outlook for 2026

In 2026, WFP Madagascar and partners will focus on consolidating progress made under ARC Replica and addressing the challenges identified in 2025. The planned simulation exercise in January will be institutionalized as a regular practice, ensuring that operational readiness and targeting mechanisms are tested before each policy cycle. Risk transfer parameters will be further refined, with closer alignment to fiscal space and government priorities, supported by expanded scenario testing. The integration of the RSU will be strengthened to improve targeting of vulnerable households, while renewed efforts will advance gender mainstreaming in ARV customization to ensure disaggregated impact analysis. Hazard calibration will continue, with additional datasets incorporated to improve accuracy for drought, cyclone and flood coverage. Coordination will be reinforced through a finalized MoU, clearer institutional roles and more frequent TWG sessions. These steps will strengthen government ownership, enhance technical capacity and ensure that ARC Replica evolves as a credible risk financing mechanism. Overall, 2026 will be a pivotal year to embed DRF more firmly within national systems, enabling rapid and equitable responses to climatic shocks. In addition, the engagement of the Global Shield Financing Facility (GSFF) will be oriented towards strengthening shock-responsive social protection (SRSP) systems, particularly through the operational use of the RSU as a targeting and delivery mechanism for disaster risk financing instruments such as Anticipatory Action and ARC Replica. GSFF support will also contribute to capacity strengthening, institutional coordination, and the validation and operationalisation of revised SRSP procedures, aligning WFP's technical assistance with government priorities and forthcoming Global Shield-supported interventions.

2025 Key Achievements Macro-Level Risk Financing



Five technical workshops held with government and UN partners to exchange on updated exposure data, integrated RSU targeting and advanced ARV customization for drought and cyclone coverage.



Operational Plans revised and extended to September 2026, integrating RSU for household targeting and including food, cash, asset creation and nutrition support interventions.



Flood design modelling advanced in flood explorer customization, expanding hazard coverage and strengthening Madagascar's disaster risk financing framework.



Formal policy signatures finalized for drought and cyclone coverage, with first subscription to flood insurance, demonstrating strong government ownership and commitment to ARC Replica.

MALAWI



WITH FINANCIAL SUPPORT FROM



Swiss Agency for Development and Cooperation (SDC), Flanders, German Federal Ministry for Economic Cooperation and Development (BMZ)



A farmer working in a tomato field in Zomba, Malawi.

WFP/Giulio d'Adamo

DISASTER RISK FINANCING IN MALAWI

Expanding access to risk management mechanisms and strengthening safety nets to cope with climate hazards, alongside promoting financial services, enables farmers to invest in and diversify their livelihoods, making them more productive and climate resilient. Since 2014, WFP Malawi, under the current Country Strategic Plan (2024–2028) and in collaboration with the Government, has implemented an integrated resilience programme reaching 118,000 households (531,000 individuals) in eight chronically food-insecure districts. In 2025, WFP supported 35,000 farmers in Chikwawa, Phalombe, Nsanje and Zomba Districts through a comprehensive package that combines food assistance for assets, anticipatory action and integrated risk management—including village savings and loan groups linked to the SheCan initiative, crop insurance and climate services—alongside smallholder agriculture market support. These interventions build household capacities to withstand shocks while leveraging opportunities in the food system for better nutrition and income. Risk financing underpins this approach, ensuring timely resources for early action and linking resilience-building activities such as asset creation and climate-smart agriculture to long-term adaptation.

2025 INCLUSIVE RISK FINANCING PROGRESS

WFP supported the Ministry of Agriculture in mainstreaming microinsurance within national programmes by commissioning a feasibility study on agricultural insurance in Malawi, with the final report submitted to WFP. For the 2024/25 agricultural season, WFP facilitated beneficiary registration, verification, premium collection and validation, successfully enrolling approximately 30,000 farmers for crop insurance. WFP contributed to product design, developed educational materials for beneficiaries and oversaw the distribution of insurance payouts of over US\$328,000 to 8,168 farmers (4,901 women and 3,267 men). These claims are crucial, offering protection against climate-induced losses and helping farmers invest in their households, strengthen food and nutrition security, and purchase essential agricultural inputs.

WFP supported the operations of 700 Village Savings and Loan (VSL) groups to expand rural access to financial services, enabling members to accumulate savings totalling US\$234,735. To strengthen the financial inclusion agenda, WFP supported the Ministry of Gender and Community Services with financial literacy training for 97 extension workers across the four districts as key facilitators in promoting financial inclusion, sustainable savings practices. These groups received training in financial literacy, business management and group dynamics, reaching over 7,052 farmers, with 82.6 percent being women and 2 percent being youths.

MALAWI

INCLUSIVE RISK FINANCING



135,117 people covered with inclusive insurance



30,026 farmers (18,016 women and 12,010 men) households insured (60 percent women)



US\$726,060 of insurance premium



US\$2,896,675 of sum insured



US\$2,886,852 of payouts distributed, benefiting 328,829 people

In 2025, WFP continued implementing the SheCan initiative to promote financial inclusion for women and youth, with women representing 88 percent of participants. The program reached 5,031 (4,456 women, 575 men and 200 youths) beneficiaries organized into 250 Village Savings and Loan Associations (VSLAs). Through partnerships with FIRD Finance for Agriculture Development (FIFAD) and Vision Fund, these groups accessed loans totalling US\$107,137 to strengthen their cash boxes. This initiative enhances access to finance, empowering women and youth to invest in resilient livelihoods.

CHALLENGES AND LESSONS LEARNED

Limited and unpredictable funding affected premium subsidies, outreach and scale-up efforts. This restricted the ability to cover more farmers and sustain operations. Limited funding constrained the scale-up of VSL operations and loan disbursements under SheCan, limiting outreach and sustainability. Even with the premium support that WFP provided, the cost of premiums was not affordable for resource-poor households, especially during lean seasons, creating a barrier for further adoption. This can be partially addressed through linking VSLs, insurance and SheCan to asset creation, climate services and market support activities to increase the impact and sustainability of WFP's disaster risk financing activities in Malawi.

OUTLOOK FOR 2026

In 2026, WFP will focus on deepening financial inclusion and risk management within its integrated resilience programme. Key priorities include:

- Dissemination of insurance feasibility study results: WFP will share the findings with government, private sector and development partners to inform policy and product development for agricultural insurance.
- Scaling-up SheCan Initiative: Building on 2025 successes, SheCan will expand to more areas, increasing the number of VSL groups and strengthening partnerships with microfinance institutions to reach additional women and youth.
- Integration of Insurance with input loans: WFP will work with financial institutions to bundle crop insurance with input credit schemes, ensuring farmers can access seeds and fertilizers while being protected against climate shocks.
- Strengthen interoperability between early warning systems and government social protection: Linking drought and flood triggers to the Malawi Social Registry (MSR) and other national platforms by integrating risk monitoring with social protection delivery. This will enable earlier, more targeted support to vulnerable households, reduce exposure to climate shocks and support scalable, cost-efficient vertical and horizontal expansion of social assistance programmes.

MALAWI

COUNTRY CONTEXT

In 2025, Malawi faced overlapping economic, political and climatic crises. Economic growth stagnated at about two percent, while inflation exceeded 30 percent and foreign reserves fell below one month of import cover. Public debt rose to nearly 88 percent of GDP, and fiscal deficits widened amid suspended IMF support. Politically, tensions escalated ahead of the September elections following the collapse of the governing alliance and leadership gaps, raising fears of unrest. Climatically, an El Niño-induced drought and recurrent cyclones devastated agriculture, leaving nearly six million people food insecure and maize prices 160 percent above average. These shocks deepened poverty and strained governance and resilience.

2025 KEY ACHIEVEMENTS



Expanded access to rural financial services through supporting 700 VSL groups with financial literacy, business management and group dynamics trainings, enabling VSLs to accumulate over US\$234,000 in savings.



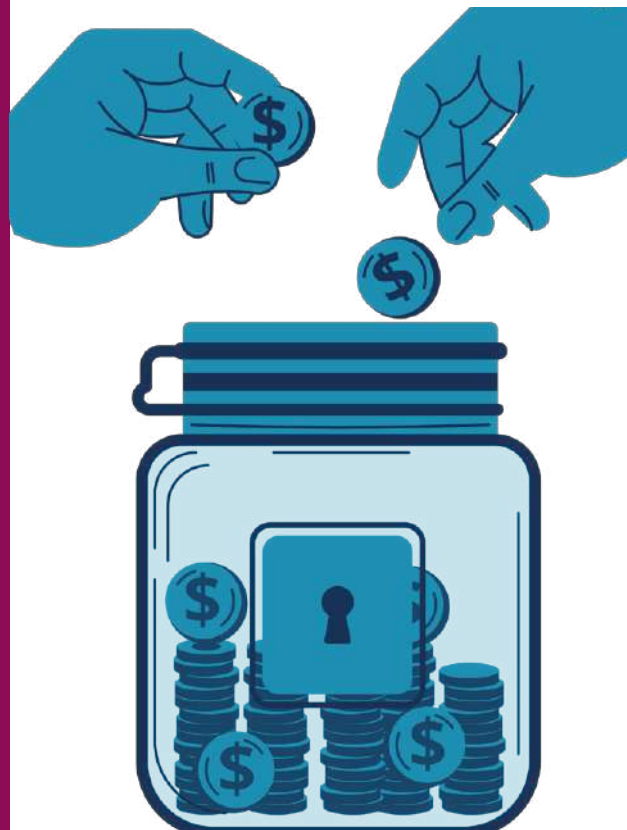
An end-of-year stakeholder meeting was convened to review progress and generate recommendations for improving and expanding crop insurance in the upcoming season.



WFP supported the Ministry of Agriculture in mainstreaming microinsurance within national programs by commissioning a feasibility study on agricultural insurance in Malawi.



Under the SheCan initiative, WFP partnered with microfinance institutions to provide over US\$107,000 in gender-inclusive, productive loans to 5,031 smallholder farmers and micro-entrepreneurs through 250 VSL groups.



MOZAMBIQUE



WITH FINANCIAL SUPPORT FROM



Global Affairs
Canada (GAC) and
Green Climate
Fund (GCF)

DISASTER RISK FINANCING IN MOZAMBIQUE

WFP Mozambique employs a risk-layering approach, combining different risk financing tools to protect the most vulnerable from weather-related shocks of different magnitudes. These tools are integrated into wider WFP programmes for resilience-building and crisis response. Inclusive Risk Financing (IRF) is integrated into resilience building, disaster risk reduction and broader access to markets programmes. Macro insurance is used to assist people in the immediate aftermath of a tropical cyclones or drought disaster, and the payout is integrated into the WFP's emergency response activities. Depending on the specific hazard, government-led anticipatory action is integrated into resilience-building and emergency preparedness and response activities, as well as adaptative social protection for drought, cyclones and floods.

2025 INCLUSIVE RISK FINANCING PROGRESS

Under its inclusive risk financing portfolio, WFP partnered with insurance providers EMOSE, Fidelidade, Hollard and Zep Re to expand access to agricultural microinsurance for vulnerable farming households. During the 2024/2025 agricultural season, more than 30,000 smallholder farmers—43 percent of them women—were insured across the country. By bundling improved seed varieties with microinsurance, farmers not only gained access to higher quality inputs that can boost productivity and yields, but also became more willing to adopt insurance products, which felt more tangible and relevant to their day-to-day realities. This combination strengthened farmers' ability to manage climate risks and recover more quickly after shocks. Overall, the microinsurance intervention played a critical role in helping smallholder farmers withstand increasingly frequent climate events, enabling them to regain financial stability and protect their livelihoods. Under the risk retention pillar, WFP and the Government strengthened financial resilience by establishing 800 Village Savings and Loan Groups (VSLGs), which collectively mobilized over USD\$456,000 in savings and generated US\$622,000 in loans. Through these groups, more than 48,000 participants—57 percent of them women—gained access to financial services and were effectively integrated into the formal financial system, marking a significant step toward inclusive economic empowerment.

To further reinforce community financial management and stability, WFP supported five financial cooperatives, linking them to digital marketplaces to ensure transparent and efficient transactions. These strengthened financial structures, combined with improved market access, enabled participants to invest in their futures—starting small businesses, improving their homes, supporting their children's education and acquiring essential equipment and livestock.

MOZAMBIQUE

INCLUSIVE RISK FINANCING



155,515 people covered with inclusive insurance



31,103 households insured (43 percent women)



US\$161,164 of insurance premium



US\$1,278,123 of sum insured



US\$57,549 of payouts distributed, benefiting 75,045 people

Together, these interventions contributed to a more resilient local economy, where households are better equipped to manage risks, recover from shocks and pursue long term livelihood opportunities. WFP further strengthened integration with complementary programmes, including access to markets and the Youth in Work initiative funded by the Mastercard Foundation, creating linkages that enhanced access to finance and savings mechanisms. These connections helped ensure that young people and smallholder farmers could benefit from a more coherent package of support, reinforcing both economic opportunities and long-term resilience.

Challenges and Lessons Learned

Lessons from 2025 reaffirm that integrated resilience approaches—combining climate-smart practices, market access and financial risk management—are significantly more effective than standalone interventions. While participants reported greater confidence in their ability to cope with weather-related shocks, the major cyclones that struck northern Mozambique in 2025 exposed the limits of household capacity to protect food security during acute crises. This demonstrated the need to complement long-term resilience investments with stronger shock-responsive mechanisms, including faster recovery support that can stabilize food consumption immediately after a disaster. Programme monitoring further showed that post-harvest loss reduction, strengthened market linkages and access to financial services were the most effective components in protecting livelihoods and supporting recovery. According to the Climate Adaptation and Benefit Score (CABS), 56 percent of targeted participants were resilient to climate shocks by May 2025—a 12-percentage-point increase from May 2024—despite multiple cyclones during the season. Building on this evidence, WFP will prioritize scaling post-harvest management, market integration, bundled insurance solutions and access to financial services, as these interventions demonstrated the strongest contribution to resilience outcomes and household stability.

Outlook for 2026

Looking ahead to 2026, WFP will build on these achievements by further integrating inclusive risk financing interventions, expanding access to financial services and strengthening local capacities. Priority will be placed on deepening integration with WFP programmes—particularly market integration and Youth in Work—while scaling bundled insurance solutions and enhancing access to finance and savings mechanisms for young people and vulnerable households. These efforts aim to consolidate resilience gains, enhance community-level preparedness, and ensure households are better equipped to manage and recover from weather-related shocks.

MOZAMBIQUE

MACRO-LEVEL RISK FINANCING



319,079 people covered with macro insurance



US\$626,000 of insurance premium



US\$3,973,357 of sum insured



US\$1,503,074 of payouts distributed, benefiting **72,168** people

2025 MACRO-LEVEL RISK FINANCING PROGRESS

In 2025, Mozambique faced multiple overlapping shocks, including cyclones and drought. WFP Mozambique successfully demonstrated how pre arranged financing tools can be combined to deliver timely, targeted and risk-informed assistance. For the first time, both Anticipatory Action (AA) and ARC Replica payouts were triggered for the same rapid onset event—a tropical cyclone—and later again for drought, underscoring the effectiveness of a layered approach.

Ahead of Cyclone Chido, WFP supported the Government in disseminating early warning messages and facilitating evacuations. Immediately after landfall, the ARC Replica payout enabled WFP to deliver immediate life saving support, including seven-day rations in temporary accommodation centres, 30-day food kits for three consecutive cycles in the hardest hit areas, and specialized nutritious foods in affected health facilities, reaching more than 52,000 people.

A similar sequence unfolded during the 2024/2025 drought. The drought payout supported interventions in Guijá, reaching 3,992 households (19,960 people) under the 2024/25 ARC Replica payout. Monitoring of a 1,312 household survey sample enabled WFP to refine assistance values and food basket composition, responding to evidence of rapid ration depletion and persistent nutrient gaps. Operational planning ensured that the one-off ARC payout was sequenced as a top-up to earlier AA assistance, meeting immediate food needs at a time when 96 percent of surveyed households had experienced shocks—primarily drought (85 percent). AA had been activated before the shock, and once the macro insurance trigger was confirmed, WFP continued assistance in one district of Gaza Province. This ensured continuity of support in areas where drought-affected households had already been identified, effectively building on and complementing the recently concluded AA intervention. Transfer modalities were adapted to local market conditions, with 53 percent of beneficiaries receiving commodity vouchers and 47 percent cash, and 82 percent of distributions starting on schedule.

Post-distribution monitoring (PDM) confirmed that households receiving both ARC and AA support achieved the strongest outcomes, including a lower prevalence of poor Food Consumption Scores (16 percent) compared with households receiving only one intervention (24 percent) and non-beneficiaries (25 percent). Monitoring and evaluation centred on a comprehensive survey assessing food security, livelihoods, nutrition and cross-cutting outcomes. Households receiving both ARC Replica and AA support relied less on negative coping strategies, with 73 percent reporting no livelihood based coping strategies, compared with 69 percent among households receiving only one intervention and 60 percent among non-beneficiaries.

MOZAMBIQUE

COUNTRY CONTEXT

The impacts of increasingly frequent and severe weather underscore Mozambique's exposure to recurrent shocks, including droughts, floods, and storms, further heightening existing vulnerabilities.

Extreme weather events compound existing vulnerabilities and regularly disrupt food systems. 60 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.

In the 2024/2025 season the country was hit by three tropical cyclones between December 2024 and March 2025, as well as prolonged drought conditions affecting several arid and semi arid regions.

Arid and semi-arid areas are the most vulnerable to droughts, combined with soil degradation and marked loss of vegetation. Consequently, low agricultural productivity and food deficits are common among households.

A major achievement for the Technical Working Group—particularly the Government, through the National Institute for Disaster Risk Management and Reduction (INGD) and the National Institute of Social Action (INAS), together with WFP—was the successful integration of ARC Replica payouts with AA interventions. This layered assistance model enabled a rapid and effective response to drought conditions affecting 19,960 people in Guijá, demonstrating that the policy design translated into measurable resilience outcomes. Evidence driven planning, including the use of INAS social protection lists and National Meteorology Institute (INAM) seasonal forecasts, ensured precise targeting of the most drought affected communities, while the transfer value aligned with Minimum Expenditure Basket benchmarks for Gaza Province, ensuring consistency across cash and voucher modalities.

On the technical side, risk transfer parameters were selected based on the seasonal drought forecast issued in September 2024 and validated by observed dry spell impacts in Gaza Province. Close coordination with government institutions and partners ensured alignment with national early warning information and supported consistent targeting and coherence between the ARC payout and earlier AA activities. Government engagement also strengthened community-level communication and oversight, contributing to 98 percent of respondents expressing satisfaction with the process.

Challenges and Lessons Learned

During the policy design stage, a key challenge was ensuring that the Africa RiskView (ARV) model and its parameters accurately reflected the spatial and seasonal characteristics of drought in Gaza Province. Although the model triggered appropriately based on the September 2024 seasonal forecast, PDM results showed that shock exposure was extremely widespread—96 percent of surveyed households reported experiencing shocks, with 85 percent citing drought. This highlighted that even when the model activates correctly, near universal drought conditions leave limited room for geographic differentiation, complicating expectations around the added value of parametric triggers in such contexts.

Close alignment with early warning information from the National Meteorology Institute (INAM) and the use of updated remote sensing data enabled WFP and partners to validate that the trigger corresponded to field realities. Targeting was then refined using vulnerability lists from INAS, ensuring that even when the model triggered at a broad scale, household-level prioritisation remained accurate.

Several lessons emerged from this experience. Strengthening pre-season calibration workshops between WFP, ARC and national hydrometeorological services would help deepen shared understanding of how the model interprets subnational rainfall variability. Developing concise guidance for WFP country offices new to ARC Replica would also support more consistent interpretation of ARV outputs and their operational implications. Finally, investing in pre-season simulation exercises would allow stakeholders to test how model triggers translate into operational footprints, helping to set realistic expectations and improve preparedness for future activations.

Outlook for 2026

In 2026, WFP will continue to strengthen and expand its macro-level risk-financing programmes, building on the operational experience and lessons learned from 2025.

WFP will also work to advance the integration of ARC Replica with Anticipatory Action (AA), building on the successful joint implementation of both interventions in 2025. Strengthening integrated planning and coordinated implementation will help ensure that support reaches vulnerable households faster, in a more cost effective manner and with greater consistency.

Lessons from 2025—particularly around joint targeting, shared early warning analysis and synchronized operational planning—will guide improvements in model calibration, contingency planning and delivery systems. By consolidating these gains, WFP aims to strengthen Mozambique’s broader risk financing architecture and ensure that vulnerable communities continue to receive timely, well sequenced support both ahead of and following weather-related shocks.

2025 Key Achievements Macro-Level Risk Financing



WFP received two ARC Replica payouts in response to multiple weather-related shocks, including US\$3.1 million for Cyclone Chido and over US\$400,000 for early drought assistance.



Successfully layered Anticipatory Action and ARC Replica to deliver faster, more coordinated support to households affected by weather-related shocks.

ZAMBIA



WITH FINANCIAL SUPPORT FROM



Swiss Agency for Development and Cooperation (SDC), Global Affairs Canada (GAC), and Global Shield Financing Facility (GSFF)

DISASTER RISK FINANCING IN ZAMBIA

WFP Zambia implements a layered risk financing approach combining macro insurance, microinsurance, and financial inclusion to strengthen climate resilience and protect livelihoods. At the macro level, WFP complements Government drought risk management through an African Risk Capacity (ARC) Replica policy aligned with the sovereign ARC coverage, enabling predictable and timely financing in severe drought years. At the micro level, WFP provides technical assistance to Government to strengthen national climate risk insurance systems under the Farmer Input Support Programme (FISP), while advancing pilots for crop, livestock and mutual insurance products tailored to smallholder farmers and savings groups. These insurance instruments are integrated with financial inclusion initiatives, including savings, credit and bundled health insurance under the SheCan programme, enabling households to absorb shocks, protect productive assets and invest in climate-resilient livelihoods. Together, these instruments form a coherent risk-layering framework linking preparedness, response and recovery across WFP programmes.

2025 INCLUSIVE RISK FINANCING PROGRESS

In 2025, WFP Zambia continued to provide technical assistance to the Government to strengthen national capacities and systems for inclusive risk financing (IRF) and insurance. This included support to the inter-ministerial National Technical Working Group (TWG) on microinsurance, led by the Ministry of Agriculture, under the FISP, supporting over one million smallholder farmers. Unlike the previous season, which was heavily impacted by El Niño, the 2024/2025 season experienced good conditions, and only a few isolated pockets recorded triggers. These were primarily due to pest and disease outbreaks, which are typically addressed under the area-yield component of the insurance products. Payouts totaling US\$2,276,694 were triggered for 163,532 smallholder farmers, mainly from the Pula Consortium.

WFP Zambia also made progress toward scaling up index-based livestock insurance, to reach over 10,000 livestock farmers, including through the signing of a Memorandum of Understanding with the Government to implement insurance activities under the Enhanced Livestock Investment Programme (ESLIP).

In addition, WFP partnered with Mercy Corps to pilot a mutual insurance model for Savings Groups by leveraging the Savings for Change social fund. Implemented by ACRE Africa, the pilot transforms traditional social funds into an affordable and transparent digital bundled insurance solution. The bundled product provides four

ZAMBIA

INCLUSIVE RISK FINANCING



1,047,516 people covered with inclusive insurance



US\$10,330,590 of insurance premium



US\$237,718,702 of sum insured



US\$2,276,694 of payouts distributed, benefiting 163,532 people

benefits to enhance the resilience of Village Savings and Loan Associations (VSLAs) against health, livelihood and climate-related shocks. This approach reduces reliance on group savings during emergencies and strengthens VSLAs as sustainable community safety nets. Four community facilitators from Mumbwa and Chongwe districts were engaged to onboard beneficiary groups during the pilot, which will be reviewed and refined ahead of planned scale-up in 2026.

WFP also collaborated with an insurance provider to support the uptake of insurance coverage for 3,000 sorghum farmers under the AB-in-BEV collaboration. In parallel, WFP advanced financial inclusion through SheCan, linking 1,083 VSLAs (16,900 beneficiaries, 70 percent women) to access FAST loans from Vision Fund to the value of US\$657,760. In addition, 351 irrigation loans amounting to US\$503,600 were disbursed under the same initiative, enabling farmers to transition to year-round, climate-smart production and improved income stability. To reduce household vulnerability to health shocks, SheCan integrated Hospicash insurance within FAST loans, covering 8,083 beneficiaries for a total sum insured of US\$344,300.

Challenges and Lessons Learned

Challenges in 2025 included delays in contracting an additional financial service provider under SheCan, limiting outreach, and the late start of the ESLIP project, compressing timelines for delivery.

A key lesson learnt is that successful implementation of insurance requires designing products that respond to the diverse needs of beneficiaries, making bundled insurance solutions essential for increasing relevance and uptake among smallholder farmers and women's groups.

Outlook for 2006

In 2025, WFP will be scaling the mutual insurance product for savings groups, expanding livestock insurance under ESLIP, and will continue to support more smallholder farmers and aggregators to access formal finance through the SheCan initiative.

ZAMBIA

MACRO-LEVEL RISK FINANCING



53,874 people covered with macro insurance



US\$250,000 of insurance premium



US\$2,154,967 of sum insured



US\$645,150 of transfers made, benefiting 176,268 people

2025 Key Achievements Inclusive Risk Financing



57,000 individuals, including savings group members, trained in financial and digital literacy



Supported 1,762 savings groups with 56,156 individuals (Female 27,042) participating



16,900 beneficiaries (70 percent women) linked to formal finance, accessing US\$657,760, in FAST Loans and US\$503,600 in irrigation loans.



In addition to the 1,024,434 FISP farmers, 3,000 sorghum farming households (15,000 people) accessed crop insurance under the WFP and AB-in-BEV collaboration. SheCan integrated Hospicash Insurance within FAST loans to reduce household vulnerability to health shocks, covering 8,083 beneficiaries for a sum insured of US\$344,300.

2025 MACRO-LEVEL RISK FINANCING PROGRESS

In 2025, WFP Zambia successfully completed the implementation of ARC Replica payouts, including the preparation of a final report documenting the implementation process and key lessons learned from the After-Action Review (AAR) of the drought response. During the year, the Operational Plans (OPs) for both the Government and the Replica were reviewed and revised, following expiry, incorporating lessons from the completed implementation cycle. Additionally, WFP Zambia, in collaboration with relevant partners who constitute the ARC Technical Working Group (TWG), participated in the Africa Risk View (ARV) model customization. Insights from the implementation and AAR informed revisions to the model parameters during the ARV model customization workshop facilitated by ARC. Throughout the process, strong collaboration with the Government was maintained through the TWG, culminating in the endorsement of the revised Replica OP by the Government. Towards the end of the year, WFP Zambia and relevant partners participated in the Risk Transfer Parameters (RTPs) selection process, following the presentation of Zambia's RTP options by ARC Limited. The 2025/26 RTPs for Zambia reflected higher premiums and reduced coverage compared to previous seasons, largely due to the engagement of a reinsurer. Both WFP and the Government selected RTPs that best optimized their respective premium levels and coverage needs. During the reporting period, WFP Zambia purchased a third ARC Replica policy of USD250,000 with a sum insured of US\$2,154,967 covering 53,874 people to complement the sovereign drought insurance policy purchased by government.

ZAMBIA

COUNTRY CONTEXT

Zambia is a low-income, climate-vulnerable country where approximately 60 percent of the population depends on rain-fed agriculture for livelihoods. Recurrent droughts and climate variability continue to exacerbate food insecurity, poverty and fiscal pressure on national response systems. The 2025 National Human Development Report (NHDR) identifies climate change as a major threat to development gains, with disproportionate impacts on rural and female-headed households. In 2025, Zambia transitioned from the El Niño-induced drought emergency toward recovery and resilience-building interventions. National priorities under the Eighth National Development Plan and the Second National Agricultural Policy emphasize climate-resilient agricultural growth and risk-informed shock response, providing a strong policy foundation for macro and inclusive risk financing instruments.

Additionally, WFP Zambia, with support from HQ-based consultants, conducted a gender analysis under the ARC framework as part of the GAC-funded Gender-Smart ARC Replica Programme (2023–2026). The analysis aims to strengthen Government capacity to understand gender-differentiated impacts of disasters, improve gender-responsive contingency planning, and ensure that response planning and implementation better address the specific needs of women and girls. To reflect on the successes and challenges encountered during the year and plan ahead, WFP facilitated a multi-stakeholder end-of-year review and 2026 planning workshop in Siavonga in December 2025. The workshop provided a critical platform for Government, UN agencies, and NGO partners to jointly review 2025 achievements and to plan collaboratively for 2026, with a focus on strengthening coordination and alignment of planned activities. Going forward, WFP will continue working closely with the Government and stakeholders to build on the gains made under the Replica and macro ARC coverage.

Challenges and Lessons Learned

There were no major challenges encountered during the reporting period, as the focus was primarily on completing the ARC-funded payouts, which progressed smoothly and according to plan. The period provided an opportunity to consolidate learning from the implementation process, particularly as activities transitioned from planning to full execution. One of the key lessons that emerged was that hands-on implementation offers invaluable insights that significantly strengthen the revision of OPs. Practical experience—especially in deploying payouts, coordinating delivery mechanisms and engaging communities—highlighted operational nuances that may not be fully captured during planning. These insights help ensure that future plans are more realistic, context-appropriate and responsive to both opportunities and constraints observed on the ground. Another key lesson learned was that the ARC Replica initiative is most effective when implemented through strong partnerships and coordinated engagement with the Government and other relevant stakeholders. Joint planning of activities is essential to ensure buy-in, ownership and effective implementation across all partners.

2025 Key Achievements Macro-Level Risk Financing



Completion of the ARC funded payouts in eight districts, delivering much-needed food assistance to 176,268 affected people. This was despite the poor terrain and connectivity challenges in the targeted districts.



Revision and endorsement of Replica and Government OPs incorporating lessons from the completed implementation.

ZIMBABWE



WITH FINANCIAL SUPPORT FROM



Foreign, Commonwealth & Development Office (FCDO), Global Affairs Canada (GAC), Green Climate Fund (GCF), Kreditanstalt fuer Wiederaufbau (KfW), Swiss Agency for Development and Cooperation (SDC)

DISASTER RISK FINANCING IN ZIMBABWE

WFP Zimbabwe is implementing a second-generation Country Strategic Plan (CSP) (2022 to 2026), which underscores the role of shock-responsive social protection as well as sustainable and resilient food systems in responding to emergencies and weather extremes. Disaster risk financing (DRF) tools, inclusive risk financing (IRF) and macro-level DRF (ARC Replica and the Catastrophe Insurance Layer) and anticipatory action (AA), are implemented by WFP Zimbabwe in close collaboration with the Government and other stakeholders. AA, ARC Replica and the Catastrophe Insurance Layer are closely linked to other programmes such as social protection, humanitarian assistance, resilience and food systems, which contribute to the development of AA plans and the ARC Replica and Catastrophe Insurance Layer Operational Plans. In the event of a trigger, activities such as cash or in-kind transfers, input distribution, dissemination of early warning messages, and rehabilitation of water sources are implemented in coordination with these programmes.

2025 INCLUSIVE RISK FINANCING PROGRESS

During the reporting period, WFP Zimbabwe transitioned from direct implementation of microinsurance to a strategic focus on strengthening the capacity of government and private sector institutions to lead IRF initiatives. This shift aimed to build sustainable systems and promote local ownership for long-term resilience. To inform this process, WFP conducted a comprehensive capacity needs assessment, which guided the development of tailored training manuals for a core group of trainers. These resources were designed to enhance technical expertise in IRF and ensure consistency in knowledge transfer. A training manual for farmers was also developed to support stakeholders, including agricultural business advisory officers from the ministry responsible for agriculture, microfinance institutions (MFIs), farmer organizations, cooperatives and other aggregator partners.

In addition to developing training materials, WFP engaged a broad spectrum of stakeholders to foster an IRF ecosystem. This included 14 supply-side actors such as insurers, reinsurers, brokers and actuarial firms; seven microfinance institutions; two mobile network operators; one agricultural input provider; and one smallholder farmer organization representing over 300,000 members. 15 universities and agricultural colleges were also brought on board, alongside an insurance professional body and nine key government ministries, departments and agencies, including insurance and banking regulators. To promote ownership and ensure the sustainability of IRF in Zimbabwe, a Task Team was established under the leadership of the ministry responsible for agriculture comprised of representatives from all IRF value chain actors and serves as a coordination platform for policy alignment, stakeholder engagement and implementation oversight. These partnerships are central to WFP's capacity-building initiative, which combines structured

ZIMBABWE

COUNTRY CONTEXT

Zimbabwe is a landlocked, lower-middle-income, food-deficit country with approximately 70 percent of its population dependent on rain-fed farming. Most farmers are smallholders with low productivity.

Economic and climate shocks over the past decade have driven widespread food insecurity and malnutrition, with 49 percent of the population living in extreme poverty.

Drought remains the most significant risk, severely impacting livelihoods and food security. The 2023/2024 agricultural season saw one of the worst El Niño-induced droughts in 40 years, cutting cereal production by 77 percent, killing over 9,000 cattle and resulting in 5.9 million food insecure people at the peak of the lean season (January-March 2025), while pests such as fall armyworm worsened crop losses.

Water shortages also strained agriculture, power generation and water supply systems.

(continue...)

training, hands-on mentorship in insurance and the development of a digital platform to streamline processes. Through these efforts, WFP has laid the foundation for a robust, multi-stakeholder approach to IRF that not only strengthens institutional capacity but also promotes innovation and collaboration, ensuring that vulnerable communities can access timely and effective IRF solutions.

In 2025, WFP also made notable progress in promoting financial inclusion by digitising savings group data through the My Savings Companion platform, starting with training-of-trainers sessions and onboarding pilot savings groups, successfully integrating all savings and credit cooperatives across two districts. Village Savings and Loan Associations (VSLAs) and Savings and Credit Cooperatives (SACCOs) strengthened collective purchasing power through group input procurement initiatives. A sustainability plan was developed with government stakeholders to ensure continuity of VSLA activities, and VSLAs showcased strong participation in Share Fairs, purchasing inputs and mechanization equipment while winning top prizes for bulk purchases. Capacity-building efforts included refresher trainings on financial literacy; VSLA management; selection, planning and management of income-generating activities; and standardized group monitoring, complemented by education dialogues and webinars with financial service providers that fostered knowledge exchange and linkages to formal financial services.

Challenges and Lessons Learned

The engagement of private sector actors and government institutions in the IRF capacity-building project initially faced delays in receiving responses to requests for participation and information, largely due to competing priorities and lengthy approval processes, particularly for government institutions. Addressing this required early engagements, consistent follow-ups through multiple channels and leveraging existing networks to secure timely responses. Coordination across multiple institutions also proved complex, as aligning schedules and expectations required developing an engagement calendar, prioritizing critical stakeholders and adopting flexible scheduling approaches. Another notable challenge was the limited access to diverse formal financial products and the need for improved digital literacy among savings group members. Investing in market-driven, viable group income-generating projects accelerates fund growth, surpassing returns from traditional savings models, reinforcing the importance of linking financial inclusion efforts to sustainable economic opportunities.

Outlook for 2026

In 2026, WFP will drive measurable progress in building capacity and strengthening the IRF ecosystem. A core group of trainers, drawn from academia, key government ministries and insurance industry players, will be trained to lead knowledge sharing. Additionally, aggregator and enabling institutions, including MFIs, input providers, mobile network/

ZIMBABWE

COUNTRY CONTEXT

(...continue)

The agricultural 2024/2025 season was generally productive, only 15 percent of rural households (approximately 1.5 million people) expected to face cereal shortages during the January to March 2026 hunger period, compared with 57 percent in 2025. Mid-season dry spells, cash shortages and crop pests remain major challenges, according to the Zimbabwe Livelihoods Assessment Committee (ZimLAC) rural assessment report of 2025.

money operators and farmer organizations, will be trained on IRF to ensure wider outreach and operational readiness. Government engagement will include the training of stakeholders from the ministry responsible for Agriculture across six provinces and 26 districts, improving institutional capacity for IRF integration. At the grassroots level, Agricultural Business Advisory Officers (ABAOs) in Masvingo and Rushinga districts will be trained to deliver farmer-focused interventions, targeting 10,000 smallholder farmers. This will result in improved farmer awareness and adoption of IRF solutions. Regulatory capacity will be strengthened through specialized training for Insurance and Pension Commission (IPEC) staff and technical support to finalize index insurance regulations, creating an enabling environment for IRF. Supply-side players will receive hands-on mentorship, leading to the development and rollout of innovative IRF solutions tailored to smallholders. To support scalability and efficiency, WFP will develop toolkits and a digital platform to streamline processes, improve transparency and facilitate real-time access for stakeholders.

In 2026, WFP will advance financial inclusion through a multi-pronged approach that addresses technological and structural gaps. Key priorities include promoting a user-friendly digital platform tailored to rural contexts and accessible to all savings groups, ensuring inclusivity and ease of use. To strengthen sustainability and profitability, value chain analyses will guide investment decisions, helping savings groups identify viable opportunities and minimize risks. Policy support will be provided to promote rural financial inclusion and create an enabling environment for savings groups. Engagement with financial service providers will be enhanced through targeted dialogues and interactive webinars to improve access to formal financial services and link informal and formal systems. Innovative approaches will also be explored to integrate insurance products within savings groups, offering a safety net against shocks and enhancing resilience. These actions aim to build a more inclusive, sustainable and resilient financial ecosystem for rural communities.

2025 Key Achievements Inclusive Risk Financing



Established partnerships with 49 government and private sector institutions to implement a CRI capacity-building initiative; A Task Team, led by the ministry responsible for agriculture, was established to implement CRI activities in the country.



4,344 people (3,776F; 568M) participated in VSL groups, saving a total of US\$269,330 and accessing up to US\$373,584 in loans.



Developed two climate risk insurance training manuals for trainers and farmers, based on a capacity needs assessment; Co-developed ICRM Exit and Sustainability Strategy with government stakeholders and local leadership.

ZIMBABWE

MACRO-LEVEL RISK FINANCING



281,216 people covered with macro insurance



US\$962,555 of insurance premium



US\$11,248,660 of sum insured

2025 MACRO-LEVEL RISK FINANCING PROGRESS

During the reporting period, WFP, in collaboration with the Government, ARC Agency and Start Network, conducted mid-season and end-of-season reviews and produced joint analytical reports. These reports confirmed strong alignment between Africa RiskView (ARV) model outputs and actual conditions on the ground, reinforcing confidence in the model's reliability and its role in evidence-based decision-making for drought risk management. WFP also collaborated with ARC Agency, the African Development Bank, the World Bank and Start Network to finalize Zimbabwe's DRF Strategy, which was subsequently approved by the Government. This marked a significant milestone in establishing a comprehensive framework for financing disaster response and resilience-building initiatives. With support from the ARC Technical Working Group (TWG) and ARC Agency, WFP reviewed and updated its Operational Plan, which was approved by the Government and will remain valid until 2027. The Country Office also contributed to the review of Operational Plans for the Government and Start Network, ensuring alignment and coherence.

Furthermore, WFP, together with ARC Agency and Start Network, supported the Government in validating and finalizing the National Disaster Risk Management Monitoring and Evaluation Framework. A key achievement was the incorporation of DRF indicators, including macro insurance and anticipatory action, strengthening accountability and enabling systematic tracking of early action and disaster response efforts.

As an active member of the ARC TWG, WFP participated in customizing the ARV model for the 2025/2026 season, introducing technical improvements such as updated rainfall datasets (transitioning from CHIRP V2 to CHIRP V3, with TAMSAT as backup), integration of a new evapotranspiration dataset (NOAA dynamic from FAO), updated population figures, and replacement of outdated agroecological zone maps from 1960 with the 2020 version. These enhancements ensure greater accuracy and relevance of drought risk modelling for Zimbabwe. Following the Government's adoption of the 2025/2026 customization and the shift to a 1-in-5 return period (from 1-in-4 in previous seasons), WFP selected risk transfer parameters (RTPs) for its two priority clusters, Cluster 3 (Zone 4) and Cluster 4 (Zone 5), and purchased policies covering these clusters for the 2025/2026 season.

Another significant achievement was the introduction of a new non-sovereign macroinsurance instrument to complement the ARC Replica Programme. Known as the catastrophe (CAT) layer insurance, this instrument provides coverage with a higher return period of 1 in 25 years, enhancing financial protection against severe drought events. It targets the same clusters as ARC Replica but uses a different index methodology, the Standardized Precipitation Index (SPI). The OP for the Cat layer was developed and internally approved, paving the way for implementation in the 2025/2026 season.

To promote learning and continuous improvement, WFP collaborated with the Government, ARC Agency and Start Network to conduct a joint After-Action Review (AAR) workshop assessing the implementation of the 2024 ARC payouts following the El Niño-induced drought. The workshop provided a platform for stakeholders to reflect on successes, challenges, lessons learned and to identify strategies for improving future implementation. One key recommendation was to build the capacity of provincial and district drought relief committees on ARC to ensure better understanding and smoother implementation of payouts. As a follow-up, WFP, the Government and Start Network conducted the first training on the ARC Programme for provincial and district drought relief committees, targeting 14 districts across Matabeleland North and Matabeleland South. Districts from the remaining six provinces are earmarked for training in 2026. This initiative represents a critical step toward decentralized capacity building, ensuring that local structures are equipped to manage ARC payouts and other drought response interventions effectively.

Challenges and Lessons Learned

One of the main challenges was the prolonged approval process for WFP's OP, the tripartite Memorandum of Understanding (MoU) and the customization report, due to competing priorities within government and peak workload periods. While these steps were critical for ensuring alignment with national policies and securing government ownership, they extended timelines for activity implementation, including purchasing the policy. To avoid similar delays in the future, it is important to establish clear timelines for submission and approval of documents and ensure the implications of delays on the overall schedule are understood by partners.

Collaboration among WFP, the Government, ARC Agency, Start Network and the World Bank was instrumental in achieving major milestones such as the approval of Zimbabwe's DRF Strategy and the finalization of the National Disaster Risk Management Monitoring and Evaluation Framework. This experience underscores that strong multi-stakeholder partnerships are essential for developing coherent and robust risk financing systems. The successful customization of the ARV model and introduction of technical improvements demonstrated the value of continuous innovation and technical refinement to maintain accuracy and relevance in risk modelling. Similarly, the introduction of the Cat layer insurance alongside ARC Replica coverage highlighted the importance of diversifying risk financing instruments to strengthen resilience against severe climate shocks.

Finally, the AAR and subsequent training sessions revealed that provincial and district structures needed to be sensitized on the ARC Programme and payouts. Decentralized capacity building at provincial

and district levels is critical for ensuring the effectiveness of DRF mechanisms, guaranteeing local structures are ready to manage payouts and drought response interventions efficiently.

Outlook for 2026

In 2026, WFP will be strengthening DRF systems and stakeholder engagement at all levels. A key priority will be the training of critical provincial and district drought relief committees across six rural provinces and 46 districts. These trainings will cover DRF concepts to ensure local structures can effectively manage payouts and coordinate drought response. WFP will also support the Government in sensitizing key stakeholders on the DRF Strategy, including relevant members of Parliament and the Senate. These sessions will build understanding of the strategy's objectives and the role of DRF in strengthening national resilience, fostering informed policy dialogue and legislative support. In addition, WFP will monitor seasonal conditions using ARV and CAT Layer reports, providing timely and evidence-based insights to guide decision-making and ensure that interventions remain responsive to evolving conditions. Further efforts will include supporting the Government in strengthening social protection systems, integrating DRF into broader resilience and safety net programmes. WFP will also maintain active participation in the ARC and CAT Layer Programmes (purchasing policies and selecting RTPs), reinforcing Zimbabwe's DRF architecture and providing financial protection against climate shocks. To ensure inclusivity and equity, WFP will conduct a gender and DRF analysis to identify gaps and opportunities for integrating gender considerations into DRF strategies and implementation. This analysis will inform future interventions and strengthen the responsiveness of DRF mechanisms to the needs of women and other vulnerable groups.

2025 Key Achievements Macro-Level Risk Financing



WFP Collaborated with the Government, Start Network and ARC and co-financed key DRF workshops, including ARV customization, seasonal reviews, the 2024 ARC After-Action Review, capacity building and contingency planning.



WFP supported the Government, in collaboration with Start Network, World Bank, AfDB and ARC, to finalize the national DRF Strategy and to validate and finalize the Disaster Risk Management Monitoring and Evaluation (M&E) Framework.



45 provincial and district drought relief committee members from Matabeleland and South Provinces were trained on ARC processes and the ARV model; 10 workshops were convened on DRF, including seasonal review, ARV customization and contingency planning.



STORIES FROM THE FIELD

From daily struggle to a future of possibility. Building hope through financial inclusion

Loveness Kwakwala, 33, is a mother of four children—the eldest is 15 years old, and the youngest is just one year and seven months. For years, Loveness struggled financially, often unable to provide enough food for her family. Life was a constant battle for survival.

In 2020, everything began to change for Loveness. That year, she joined WFP's Food Assistance for Assets (FFA) and integrated risk management activities and became a member of the Mgwirizano Village Savings and Loans Association (VSLA). This single decision marked the start of a remarkable transformation—for her life, her livelihood and her entire household.

Through savings and access to loans, Loveness gradually improved her living conditions. Today, she proudly owns a decent house, a backyard garden that provides fresh vegetables and a proper toilet—basic necessities that once seemed out of reach. Her household assets have grown significantly. She now has a bicycle for easy mobility, two pigs, three goats and eighteen chickens. These achievements reflect not just financial progress but a profound change in her family's wellbeing and dignity. Loveness is no longer trapped in the cycle of poverty—she is building a future of hope and stability for her children.



“I NOW HAVE A BICYCLE FOR EASY MOBILITY, TWO PIGS, THREE GOATS AND EIGHTEEN CHICKENS.”

Loveness Kwakwala

member of Mgwirizano Village Savings and Loans Associations (VSLA).

Her experience is echoed in the story of another member of the Mgwirizano VSLA—Agness Mwatiwa, 37—whose path to stability began under similar circumstances.

Agness is one of the founding members of the Mgwirizano VSLA, which she joined in 2020 following the introduction of FFA activities. At that time, her household was struggling to survive. Their home was weak and vulnerable—heavy rains could easily wash away the walls, leaving the family exposed and anxious.

Everything began to change when Agness joined the VSLA. She learned the value of saving and gained access to loans that allowed her to start a small business buying and selling vegetables such as tomatoes and leafy greens, along with other agricultural produce. These opportunities gave her financial stability and the confidence to plan for the future.

Belonging to the VSLA not only provided Agness with financial support during difficult times but also helped her build resilience against shocks and invest in income generating activities. Today, her household is transformed. She now lives in a strong, secure home with plastered walls, a cemented floor and an iron-sheet roof—features that once seemed impossible. Her family's assets have grown too. They now own four goats, two pigs and twenty chickens, resources that provide food and income security.

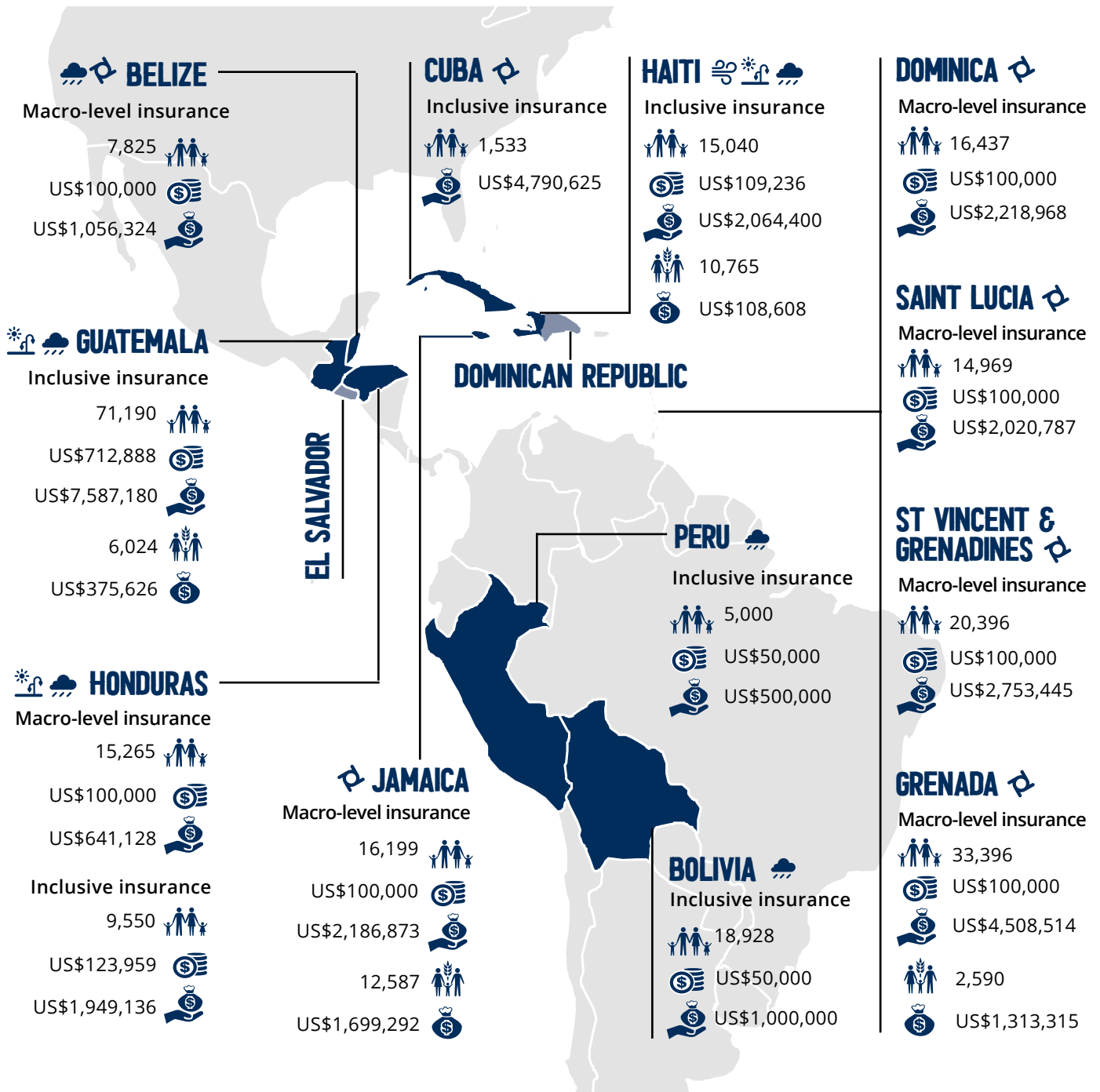
Loveness and Agness' stories demonstrate the transformative power of access to financial services—showing how savings and loans can turn vulnerability into strength, and uncertainty into lasting hope.



“THESE OPPORTUNITIES GAVE ME FINANCIAL STABILITY AND THE CONFIDENCE TO PLAN FOR THE FUTURE.”

Agness Mwatiwa at her improved house with funds from VSLA dividends.

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 disbursed/transfers made in 2025
- Current countries
- Expansion countries
- Pests and diseases
- Cyclone
- Violent wind
- Frost
- Excess rainfall
- Flood
- Hail
- Cold spell
- Heatwave
- Drought

BOLIVIA



WITH FINANCIAL SUPPORT FROM



Flexible funding

INCLUSIVE RISK FINANCING

Regional Meso Insurance for Amazon Cities



18,928 people covered with meso insurance



US\$50,000 of insurance premium



US\$1,000,000 of sum insured

DISASTER RISK FINANCING IN BOLIVIA

Within the Country Strategic Plan (CSP) framework, WFP's disaster risk financing (DRF) work in Bolivia complements ongoing efforts to strengthen government capacities in emergency preparedness, food security and resilient livelihoods. In addition to direct assistance, WFP is supporting municipalities and national counterparts to adopt risk layered financial mechanisms, including piloting parametric meso insurance products, which provide rapid liquidity after extreme rainfall events and help protect the livelihoods of vulnerable smallholders and indigenous communities. By integrating DRF into broader resilience efforts together with Anticipatory Action (AA) and financial inclusion, WFP is helping the Government link smallholders to climate adaptation and social protection initiatives, reinforce evidence based decision-making and reduce the financial impact of recurrent shocks. This includes strengthening data systems, targeting and local preparedness, while ensuring that gender equality remains central, particularly given the disproportionate climate vulnerability faced by rural and indigenous women. Through this combined approach, WFP aims to position the Government of Bolivia as a regional leader in DRF, while empowering communities to become agents of their own development.

2025 PROGRESS

In 2025, Bolivia initiated a pilot project for meso-level parametric insurance in the municipalities of Riberalta and Cobija, marking an important step toward strengthening local DRF capacities in the Amazon region. Following the inception of the policy, WFP carried out sensitization and engagement sessions with both municipal governments, ensuring that local authorities understood the scope of the coverage, the operational steps in case of a trigger, and the role of municipal preparedness in maximizing the benefits of the instrument.

This pilot builds on earlier analytical work conducted jointly with the United Nations Office for Disaster Risk Reduction (UNDRR) and the United Nations Environment Programme (UNEP), including a comprehensive assessment of the resilience of local food systems in both municipalities. The findings helped identify structural vulnerabilities, inform the design of the insurance product and align risk financing mechanisms with municipal response needs. Together, these efforts are helping Bolivia operationalize a risk layered approach that links parametric insurance with local preparedness, early action and strengthened food system resilience.



WFP/Municipality of Cobija

BOLIVIA

COUNTRY CONTEXT

Bolivia is among the most climate vulnerable countries in Latin America, facing recurrent extreme events such as intense flooding and prolonged droughts driven by rising temperatures, glacial melt and increasingly unpredictable rainfall. These climatic pressures undermine water availability, agriculture and food security across highland and lowland regions. Environmental degradation further magnifies these impacts. High deforestation rates, weak natural resource management and land use pressures have reduced ecosystem resilience, contributing to soil erosion and loss of biodiversity. In 2019, Bolivia experienced the worst forest fires in its history, with 5.3 million hectares burned, including productive grasslands. Indigenous communities and rural women are disproportionately affected, as their livelihoods depend heavily on natural resources while they face structural barriers such as limited access to income, land and services. Despite these constraints, rural women remain key actors in climate adaptation through diversified livelihood strategies. Bolivia's landlocked geography, dependence on imported staples and complex logistics for food transport further increase exposure to shocks. As a result, climate hazards regularly disrupt food systems and erode household resilience, underscoring the need for strengthened risk financing tools such as climate and agricultural insurance.

CHALLENGES AND LESSONS LEARNED

In 2025, WFP Bolivia advanced the integration of parametric insurance within a broader disaster risk management framework, strengthening preparedness and financial protection for vulnerable communities in Cobija and Riberalta. The pilot engaged the municipalities through technical workshops and policy dialogues, resulting in the design of an excess rainfall parametric index in collaboration with Blue Marble. These efforts were accompanied by the development of operational protocols and contingency plans tailored to municipal governance structures. Parallel to the insurance work, WFP supported financial inclusion initiatives, expanding access to loans and financial education for at risk households.

A key challenge during implementation was the limited understanding of insurance concepts among local stakeholders, particularly regarding how parametric instruments differ from traditional indemnity insurance. Significant capacity building was required to explain index based triggers, payout mechanisms and the role of predefined thresholds in activating fund distribution.

OUTLOOK FOR 2026

In 2026, WFP Bolivia will continue closely monitoring the pilot of the meso insurance product for Amazon municipalities, maintaining strong collaboration with technical providers and local authorities. The plan is to gradually scale the product to additional municipalities and regions through advocacy on the value of such instruments. Creating an enabling environment will be critical to allow municipalities in the future to contract policies and implement payouts directly in the event of triggered shocks.

2025 KEY ACHIEVEMENTS



Together with UNDRR and UNEP, WFP conducted a rapid participatory assessment of the resilience of local and urban food systems and intervention needs with municipalities and key stakeholders.



WFP facilitated technical workshops and policy dialogues with pilot municipalities on DRF and parametric insurance, as well as on identifying key actions for the development of disbursement plans.



Together with participating municipalities, WFP—acting as the insured policyholder—has been implementing the regional meso insurance pilot to create an enabling environment in which municipalities can progressively assume full ownership of the insurance policies and associated response plans.

THE CARIBBEAN

- BELIZE
- DOMINICA
- ST LUCIA
- GRENADA
- JAMAICA
- ST VINCENT & GRENADINES



WITH FINANCIAL SUPPORT FROM



European Civil Protection and Humanitarian Aid (ECHO), Global Shield Financing Facility (GSFF) and Global Affairs Canada (GAC)

DISASTER RISK FINANCING IN THE CARIBBEAN

WFP's Caribbean Risk Financing Strategy involves working with governments, regional and international financial institutions to identify suitable disaster risk financing options and strengthening the connection between social protection systems and finance instruments. WFP Caribbean is well positioned to partner with governments to advance these efforts and enable social protection systems to be activated more rapidly during emergencies. In 2025, the WFP Caribbean Multi-Country Office (MCO) continued its support to DRF in Belize, Dominica, Grenada, Jamaica, Saint Lucia and St. Vincent and the Grenadines. The Caribbean's macro-level risk financing approach operates through a premium top-up model, where WFP supports governments by providing additional funding to top-up insurance policies purchased from the Caribbean Catastrophe Risk Insurance Facility (CCRIF SPC).

If a catastrophic event covered by a CCRIF SPC policy occurs—either a tropical cyclone affecting Belize, Dominica, Grenada, Jamaica, Saint Lucia and St. Vincent and the Grenadines, or an extreme rainfall event in Belize—a pre-agreed payout amount based on the percentage of WFP's premium contribution is provided as cash assistance to people affected by disasters through social protection programmes. Once the CCRIF SPC policy is triggered, governments are expected to receive the payout within 14 days of the event, with the funds being transferred to the Ministry of Finance, in accordance with the agreements between CCRIF SPC and the governments. In return for WFP's premium support, governments will commit to further strengthening their social protection programmes and systems. This WFP-CCRIF top-up model, first implemented in Dominica in 2021, has since been adopted by eight nations across the Caribbean and Central America. WFP continues to support these countries by financially contributing to sovereign insurance premium top-ups.

2025 PROGRESS

In 2025, WFP maintained its partnerships with the Governments of Belize, Dominica, Grenada, Jamaica, Saint Lucia and Saint Vincent and the Grenadines to top up at least one CCRIF SPC policy (Tropical Cyclone and/or Excess Rainfall) for the 2025 policy period. This initiative provided top-ups on the CCRIF SPC Tropical Cyclone and Excess Rainfall policies that provided a total of US\$14.7 million of financial protection across all countries, covering up to 109,222 people. WFP also provided technical support to develop comprehensive disbursement plans for disaster payouts in all six countries which outline the activities required and responsible ministries/agencies needed to support the delivery of cash assistance to vulnerable impacted populations.

THE CARIBBEAN

MACRO-LEVEL RISK FINANCING

Belize



7,825 people covered with macro insurance



US\$100,000 of insurance premium



US\$1,056,324 of sum insured

Dominica



16,437 people covered with macro insurance



US\$100,000 of insurance premium



US\$2,218,968 of sum insured

St Lucia



14,969 people covered with macro insurance



US\$100,000 of insurance premium



US\$2,020,787 of sum insured

WFP MCO and WFP's Regional Office in Latin America and the Caribbean partnered with CCRIF SPC to convene a meeting entitled: "Strengthening Resilience: Bridging Disaster Risk Financing and Shock Responsive Social Protection in the Caribbean". The event marked a significant milestone in promoting integrated approaches to disaster preparedness and response, drawing participation from government representatives across Caribbean nations and key international partners. The aim of the event was to strengthen collaboration between Ministries of Finance and Ministries of Social Protection, enhance understanding of CCRIF's sovereign parametric insurance products, and explore opportunities to integrate these tools into national social protection strategies. There was participation by government representatives from 18 countries, the donor community, CCRIF SPC and WFP Haiti and the Dominican Republic Country Offices.

Belize

Since 2022, WFP has partnered with the Government of Belize to integrate climate risk insurance through CCRIF SPC into social protection programmes, ensuring cash assistance reaches vulnerable populations affected by disasters. In 2025, WFP provided US\$100,000 of premium support to enhance its Tropical Cyclone and Excess Rainfall Policies. For the 2026/27 season, WFP will provide US\$100,000 to top-up the Tropical Cyclone policy, ensuring continued financial protection.

Dominica

Since 2021, WFP has partnered with the Government of the Commonwealth of Dominica to link climate risk insurance through CCRIF SPC to the country's social protection system. WFP contributed US\$100,000 towards the premium for the CCRIF SPC Tropical Cyclone policy for the 2021/22 policy year, US\$200,000 to support the existing policy for the 2022/23, 2023/24 and 2024/25 policy periods, and US\$100,000 for the 2025/26 policy period for a total of US\$800,000 over a five-year period. For the 2026/27 season, WFP will provide US\$100,000 to top-up the Tropical Cyclone policy, ensuring continuity of expanded financial protection.

Saint Lucia

In 2023, WFP partnered with the Government of Saint Lucia to link CCRIF SPC macro-level insurance with social protection programmes, enabling timely cash assistance to shock-affected populations. Under a two-year agreement, WFP has committed US\$100,000 per year to top-up the Tropical Cyclone policy for the 2023, 2024 and 2025 Atlantic Hurricane Seasons. This support will continue in 2026, further reinforcing the country's disaster response capabilities.

THE CARIBBEAN

MACRO-LEVEL RISK FINANCING

Grenada



33,396 people covered with macro insurance



US\$100,000 of insurance premium



US\$4,508,514 of sum insured



US\$1,313,315 of transfers made, benefiting **2,590** people

Jamaica



16,199 people covered with macro insurance



US\$100,000 of insurance premium



US\$2,186,873 of sum insured



US\$1,699,292 of transfers made, benefiting **12,587** people

Grenada

In 2024, with support from Global Affairs Canada, WFP partnered with the Government of Grenada to ensure that part of the 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 allocated to social protection efforts through the Beryl Recovery Income Support Programme (BRISP). BRISP was designed to provide unconditional income support to households whose livelihoods were affected by Hurricane Beryl in Carriacou, Petite Martinique and the northern parishes of Grenada—including Saint Patrick, Saint Mark, Saint John and parts of Saint Andrew. The programme provided cash assistance in the amount of approximately US\$1.3 million to approximately 2,600 people over a six-month period.

The Government is presently working with WFP to co-create future activities using the remaining unspent funds, which will be directed towards strengthening national social protection systems. The Government also intends to use BRISP as the main social protection programme for responding to shocks.

Jamaica

In 2025, WFP partnered with the Government of Jamaica to link CCRIF SPC macro-level insurance with social protection programmes, enabling the timely delivery of cash assistance to shock-affected populations. Between 2024 and 2025, Jamaica was struck by two major hurricanes—Beryl and Melissa—events consistent with a 1-in-10-year return period, underscoring the country's extreme vulnerability to climate shocks. In October 2025, Hurricane Melissa, a Category 5 storm, triggered payouts from Jamaica's CCRIF SPC policies amounting to approximately US\$91 million, of which US\$1.69 million is being allocated to support vulnerable households through cash transfers.

St. Vincent & Grenadines

In 2025, WFP continued its partnership with the Government of St. Vincent and the Grenadines to integrate macro-level insurance through CCRIF SPC into social protection programmes, ensuring cash assistance reaches vulnerable populations affected by disasters. WFP provided US\$100,000 of premium support to top-up its Tropical Cyclone policy. For the 2026/27 season, WFP will provide US\$100,000 to top-up the Tropical Cyclone policy, ensuring continued financial preparedness.

THE CARIBBEAN

MACRO-LEVEL RISK FINANCING

St Vincent & the Grenadines



20,396 people covered with macro insurance



US\$100,000 of insurance premium



US\$2,753,445 of sum insured

SOCIAL PROTECTION

WFP Caribbean integrates macro insurance via CCRIF SPC with national social protection systems to enable rapid, predictable cash assistance after disasters. Through the WFP-CCRIF Top-Up Model, WFP helps governments to increase their insurance coverage so that, when a payout is triggered, funds can be immediately channelled as cash transfers to impacted populations through national social protection systems. At the same time, WFP supports governments in the strengthening of national systems including registries, targeting, delivery mechanisms and information management so that once financing becomes available, assistance can be delivered in an efficient and timely manner. This work is supported by multi-country analysis that guides governments in institutionalizing the relationship between disaster risk finance and social protection, positioning parametric insurance within a broader risk layered approach.

CHALLENGES AND LESSONS LEARNED

The Governments continue to be the owners and as such, WFP is reliant on governments' support to advance these initiatives. For example, any documents which are prepared (e.g., disbursement plans and agreements) for approval by the government should be shared at least six weeks in advance to provide the government with ample time to review and provide feedback as necessary.

Although improved, WFP needs to develop a more structured approach for its engagement with CCRIF SPC, which can clearly define the goals of the partnership for both parties. This will facilitate a better understanding of the type of policy options which are being presented to the Government by CCRIF and to continue to ensure WFP can contribute to the premium top-up of the policies.

CCRIF SPC payouts traditionally do not carry any stipulation on how governments should use the funds. In this context, buy-in from the ministries of finance are critical to ensuring successful partnerships and guaranteeing that the promise of cash assistance to affected persons following a disaster is honoured. This has been a challenge that has required significant advocacy, including strategic partnership with the World Bank to advocate to the Ministry of Finance about the strategic importance of this investment. In addition, it's important to convene frequent meetings between government stakeholders, particularly with the ministries for social protection and finance to ensure that a cross-sectoral approach is adopted.

THE CARIBBEAN

COUNTRY CONTEXT

Small Island Developing States (SIDS) in the Caribbean are highly vulnerable to weather-related events such as hurricanes, floods and rising sea levels, which threaten their infrastructure, livelihoods and ecosystems. The devastating impacts of Hurricane Beryl in 2024 and Hurricane Melissa in 2025 illustrate how quickly these nations can suffer major setbacks, with widespread damage to housing, agriculture and coastal ecosystems. These countries often face compounded challenges of poverty, limited resources and fragile economies, making recovery from disasters extremely difficult. Their exposure to natural hazards, combined with economic constraints, leaves them particularly susceptible to long-term setbacks. The recent experiences with Beryl and Melissa highlight the urgent need for sustainable risk management and resilience-building strategies to protect communities and strengthen future preparedness.

Some recommendations from the review of the implementation of BRISP in response to the impacts of Hurricane Beryl in Grenada include:

- Develop and implement a structured communication strategy to ensure consistent outreach and updates to participants, leveraging both community networks and official channels.
- Standardize the application and verification process across all regions, supported by training for field staff and local focal points.
- Establish clear points of contact and feedback channels for participants, such as a hotline or community liaison, to foster transparency and trust.
- Improve the timeliness of assistance delivery, with contingency planning for common bottlenecks such as bank delays.
- Introduce regular feedback mechanisms (e.g., post-distribution monitoring, SMS surveys, community focus groups) to continuously learn from participants' experiences.
- Enhance preparedness activities and awareness campaigns ahead of future hurricane seasons, using community-driven approaches to strengthen resilience.
- Create opportunities for voluntary visits or household follow-ups, enabling recipients to show how they've used the funds, fostering mutual accountability and positive relationships between the programme and the community.

OUTLOOK FOR 2026

For 2026, WFP MCO aims to continue supporting the Governments of Belize, Dominica, Grenada, Jamaica, Saint Lucia and St. Vincent and the Grenadines to top up at least one CCRIF SPC policy (Tropical Cyclone and/or Excess Rainfall) for the 2026/27 policy period. WFP MCO will engage with the governments to review and validate the disbursement plans prior to the start of the 2026 Atlantic Hurricane Season.

In Q2 2026, WFP MCO will convene a two-day regional workshop to explore how DRF mechanisms can be leveraged to strengthen and scale shock-responsive social protection systems throughout the region. This event will bring together government officials from ministries of finance and social protection, DRF experts, regional and international financial institutions, donor agencies, and social protection practitioners.

2025 KEY ACHIEVEMENTS



In 2025, WFP provided premium top-ups to at least one CCRIF SPC policy (Tropical Cyclone and/or Excess Rainfall) for the Governments of Belize, Dominica, Grenada, Jamaica, Saint Lucia and Saint Vincent and the Grenadines. This initiative provided financial protection totalling US\$14.7 million across all countries, covering 109,222 people.



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



WFP MCO and WFP's Regional Office in Latin America and the Caribbean, in partnership with CCRIF SPC, convened the event "Strengthening Resilience: Bridging Disaster Risk Financing and Shock Responsive Social Protection in the Caribbean," bringing together government representatives from 18 Caribbean countries, donors and WFP Haiti and Dominican Republic. The meeting aimed to enhance collaboration between Ministries of Finance and Social Protection, improve understanding of CCRIF's parametric insurance products and explore their integration into national social protection systems.



Clearing of debris in the centre of Black River, one week after catastrophic Category 5 Hurricane Melissa made landfall, Jamaica.

WFP/Alexis-Masciarelli

CUBA



WITH FINANCIAL SUPPORT FROM



Korean International Cooperation Agency (KOICA), Latter-day Saints and Russian Federation

DISASTER RISK FINANCING IN CUBA

WFP Cuba is in the final stages of developing a comprehensive disaster risk financing (DRF) strategy that will strengthen the link between food system resilience efforts and the financial management of residual risks. As part of this work, WFP supported the design of an innovative insurance product (+ *Resiliente*), whose premium is directly linked to farmers' participation in activities that reduce their vulnerability to shocks such as hurricanes, droughts and heavy rains. This approach not only incentivizes the adoption of risk reduction practices, but it also broadens the reach of the national insurer, ESEN, among small scale producers by shifting premium payments directly to farmers themselves. By linking coverage to proactive resilience measures, the model strengthens both individual preparedness and the overall sustainability of the insurance system.

In parallel, WFP has been assisting ESEN in rolling out a tailored implementation strategy for the product. This includes participatory workshops to raise awareness among small producers and identify gaps in insurance outreach, as well as training women as insurance agents within cooperatives participating in local supply projects for social protection systems. This model enables cooperatives to manage their own insurance portfolios while creating new economic opportunities for women through formal employment as certified insurance agents.

WFP also continued to strengthen the capacities of national institutions to enable future access to macro insurance, designed to complement microinsurance and reinforce a comprehensive, multi layered approach to DRF.

2025 PROGRESS

In 2025, WFP continued advancing an integrated DRF approach that connects inclusive microinsurance with Cuba's social protection, food systems and Disaster Risk Reduction (DRR). Microinsurance is becoming increasingly widespread as part of WFP's model linking smallholder farmers to social safety nets, helping protect food supplies for schools, kindergartens, maternity homes and community kitchens. The +*Resiliente* insurance product piloted with ESEN expanded to 1,533 farmers in 2025, protecting approximately 6,132 people. The model encourages cooperatives to adopt risk reduction measures by adjusting premiums according to a vulnerability index, creating a direct financial incentive for producers to strengthen their resilience to climate shocks

On the macro-level risk financing side, WFP continued to build the institutional foundations required for the country to access macro insurance, ensuring it can effectively complement microinsurance and support a fully integrated, multi tiered DRF framework.

CUBA

INCLUSIVE RISK FINANCING



6,132 people covered with inclusive insurance



1,533 households insured (38 percent women)



US\$263,484 of insurance premium



US\$4,790,625 of sum insured



US\$1,096,875 of payouts distributed, benefiting 3,120 people

A national technical team was established to advance macro insurance, positioning Cuba to adopt a layered financial protection strategy complementing microinsurance. WFP also strengthened partnerships for capacity building, including training women as insurance agents and supporting ESEN's marketing and product development capacities.

CHALLENGES AND LESSONS LEARNED

Cuba faces persistent challenges to food security, including limited access to agricultural inputs and technology, the growing impact of climate change and hydrometeorological events, restricted availability of diverse and nutritious foods, and gaps in monitoring systems. In response, WFP and partners have developed an integrated model that connects local producers with safety nets, improving access to nutritious food while strengthening farmers' market opportunities and resilience. A key lesson learned is that combining inclusive food system approaches with innovative tools—such as the *+Resiliente* insurance product—can both safeguard vulnerable populations and reinforce economic stability for producers, ensuring more sustainable outcomes.

Challenges persist, including low insurance penetration, limited awareness and the growing impact of climate related shocks that continue to threaten food production. Despite this, DRF was formally included in Cuba's proposal to the Fund for Responding to Loss and Damage (FRLD), with the potential to make significant progress towards achieving long term resilience.

A critical remaining challenge is creating a viable pathway for Cuba to engage with the international insurance and reinsurance market—an essential step for developing macro insurance and scaling up national financial protection. While WFP and national institutions have made significant progress, such as forming a national team to advance macro insurance design and strengthening technical capacities, Cuba still faces barriers that limit access to global risk markets. As a result, Cuba remains reliant on domestic insurance mechanisms, which are insufficient to cover the magnitude of climate induced losses. Overcoming these barriers is essential to enable Cuba to transfer part of its sovereign risk internationally, reduce the burden on public finances after disasters and establish a fully layered risk financing strategy that complements microinsurance and strengthens national resilience.

CUBA

COUNTRY CONTEXT

In 2025, food insecurity remained a major challenge in Cuba, driven by a prolonged economic downturn characterized by high inflation, reduced public resources and persistent fuel shortages. Tightened embargo-related restrictions further constrained access to essential goods, including food, while domestic food production continued to decline due to limited availability of critical agricultural inputs, services and continual low levels of investment in the sector. Amid this deteriorating context, WFP expanded its food and nutrition assistance, prioritizing crisis affected households, economically vulnerable populations and nutritionally-at-risk groups. Humanitarian needs intensified throughout 2025, following multiple disasters at the end of 2024 that required sustained recovery efforts, and compounded by Hurricane Melissa, which struck in late 2025 and further increased existing vulnerabilities.

OUTLOOK FOR 2026

Looking ahead to 2026, WFP will focus on deepening and scaling Cuba's DRF architecture through two key priorities. First, WFP will support ESEN in adapting the traditional agricultural insurance product into a parametric or hybrid model, allowing for expanded coverage and faster, more predictable payouts to farmers following extreme events. This shift aims to strengthen resilience at the cooperative level by ensuring that small producers can recover quickly and sustainably after climate shocks. In 2026, WFP aims to expand and increase coverage for farmers supported through the +*Resiliente* insurance programme and ensure that every supported cooperative has an assigned insurance agent. At the same time, WFP will invest in strengthening ESEN's actuarial capabilities, enabling the national insurance company to design, price and manage innovative risk financing products with greater technical rigor and sustainability. Second, WFP will work with national institutions to design and place Cuba's first macro insurance product, enabling the country to transfer part of its national risk to the international reinsurance market. This effort will be accompanied by targeted capacity strengthening of national expertise in macro and parametric insurance, laying the foundation for a comprehensive, layered risk financing strategy.

2025 KEY ACHIEVEMENTS



WFP Cuba held a national workshop on macro-level insurance and Anticipatory Action to strengthen the understanding of the Insurance Supervisory Authority, the Ministry of Finance, and Civil Defense on macro-level insurance, Anticipatory Action and the risk layering approach, creating an Institutional Macro Insurance Committee / Working Group to lead the design of Cuba's first macro insurance solution and build the national capacity needed to engage with regional and international DRF mechanisms.



WFP—together with the Insurance Supervisory Authority and representatives from Cuba's insurance industry—participated in the International Conference on Inclusive Insurance in Quito. The delegation engaged with global practitioners, regulators and insurers to learn about best practices in inclusive insurance, share Cuba's own experience in expanding insurance for smallholder farmers and explore emerging models for macro-level disaster risk insurance.



WFP facilitated four training workshops on agricultural and climate risk insurance for smallholder farmers, reaching 216 participants, with a focus on strengthening their understanding of insurance benefits, vulnerability assessment, premium structures and claims processes.

GUATEMALA



WITH FINANCIAL SUPPORT FROM



Korea International Cooperation Agency (KOICA), Canada, European Commission Directorate-General for International Partnerships (INTPA), Finland, Norway



Indigenous women in Chahal, Alta Verapaz, Guatemala.

WFP/Nelson Pacheco

DISASTER RISK FINANCING IN GUATEMALA

WFP Guatemala's risk financing approach is embedded under Strategic Outcome 3 (focus area: Resilience building) of the Country Strategic Plan (2021–2026), positioning it within the country's broader resilience-building agenda. The approach provides an integrated package that helps smallholder producers and local institutions better anticipate, absorb and reduce the impacts of extreme weather events. The strategy combines disaster risk insurance, anticipatory actions (AA) and last-mile climate information services, forming a package of climate-smart investments that has proven scalable, sustainable and effective. Additionally, WFP promotes the establishment of a national Climate Services Data Network and builds government capacity to scale and systematize Disaster Risk Finance (DRF) initiatives across the country. Additionally, WFP Guatemala also leverages its own Savings and Loans Groups for Women's Empowerment (GACEM by its Spanish acronym) methodology across all resilient food systems programmes, using it to strengthen financial inclusion and expand economic opportunities for women.

WFP Guatemala integrates DRF and GACEM wherever feasible across its resilience programmes, complementing them with interventions such as smallholder market linkages, school feeding, nutrition-focused Social Behaviour Change and social protection. Together, these components create strong synergies that reinforce resilience and reduce vulnerabilities among the most at-risk households.

2025 PROGRESS

In 2025, WFP consolidated its work with rural communities across six departments (Chiquimula, Zacapa, El Progreso, Izabal, Alta Verapaz and Quiché) to strengthen trust in parametric insurance and promote financial inclusion as a driver of community resilience. Through awareness sessions and context-specific materials, communities learned how the insurance product functions and its role in protecting livelihoods against droughts and excessive rainfall. Active participation by national and municipal authorities facilitated subscription and premium payment processes, reinforcing ownership.

Community organization through GACEMs have been pivotal in driving both the adoption of the insurance product and the reinvestment of payouts into productive activities. By contributing a portion of the premium and jointly managing the product, women have strengthened their economic autonomy and decision-making power. A notable achievement is that, after payouts, part of the compensation is systematically set aside to cover the next cycle's

GUATEMALA

INCLUSIVE RISK FINANCING



71,190 people covered with inclusive insurance



14,795 households insured (90 percent women)



US\$712,888 of insurance premium



US\$7,587,180 of sum insured



US\$375,626 of payouts distributed, benefiting 6,024 people

premium—ensuring continuity of coverage and reinforcing a culture of savings—while the remaining funds are reinvested in local production, further boosting household and community resilience.

This mechanism has transformed a financial product—once inaccessible to vulnerable communities—into a strategic tool for protecting livelihoods, consolidating community organization and strengthening the social fabric. By linking economic autonomy with food security and nutrition, financial inclusion has become a catalyst for collective well-being and a pillar for more resilient food systems.

CHALLENGES AND LESSONS LEARNED

Implementing parametric insurance has underscored two persistent challenges and needs: clear, continuous communication and strong beneficiary data systems. Clear explanations of how the product functions, why triggers may or may not activate, and how it differs from traditional insurance remain essential to building trust. Another key lesson has been the importance of accurate and updated personal data to avoid delays in disbursements. Corrective mechanisms and verification procedures have streamlined payment processes, reduced costs for beneficiaries, and ensured faster and more secure access to funds.

At the community level, the main challenge continues to be strengthening trust in innovative financial products and ensuring that groups maintain solid internal structures for governance, savings and productive investments. Continuous training and technical support—especially for women—have proven critical to understanding the value of insurance and collective savings. Integrating parametric insurance into existing local financial dynamics has demonstrated its effectiveness in reinforcing resilience, reducing vulnerability to climatic and economic shocks, and making risk financing more inclusive and sustainable.

OUTLOOK FOR 2026

WFP's priority for the coming years is to maintain an insurance portfolio of approximately 15,000 people, ensuring that vulnerable households remain protected against climate related shocks. The programme will continue encouraging greater municipal participation in premium co-financing, aiming to exceed the 20 percent contribution achieved in the previous cycle while keeping financial inclusion at the centre of the approach. Increasing the share of premiums paid by policyholders, while reinforcing a strong culture of collective savings, will remain central to strengthening ownership of the insurance product and ensuring the long-term sustainability of the scheme.

GUATEMALA

COUNTRY CONTEXT

Guatemala ranks 19th on the [2025 Global Climate Risk Index](#) and 128th out of 187 countries on the [Notre Dame Global Adaptation Index \(2023\)](#), underscoring extreme vulnerability to climate shocks. Recurrent droughts in the Dry Corridor—already marked by poverty and inequality—erode agriculture, livelihoods and food security, while limited adaptive capacity magnifies impacts and exposes millions to repeated crises. The 2025 IPC reported 3.4 million people (19 percent of the population) acutely food insecure during the lean season, including over 330,000 in Emergency (IPC Phase 4). These households required lifesaving food assistance to prevent further deterioration amid escalating climate and socio-economic challenges.

In 2026, WFP Guatemala plans to dedicate significant efforts to strengthening the Ministry of Agriculture's (MAGA) capacities, with a focus on financial education and the accurate targeting of vulnerable populations. These efforts are essential to enable the full transfer of the insurance beneficiary portfolio to MAGA, a step that is critical for the long-term sustainability and institutionalization of the risk-financing model

A persistent challenge, however, is securing adequate resources to cover premiums during the transition period. Maintaining an insured caseload of vulnerable households while MAGA assumes full responsibility will require sustained resource mobilization and close coordination with partners. Ensuring that coverage remains uninterrupted throughout this handover is key to preserving trust in the scheme and protecting communities from climate related shocks.

2025 KEY ACHIEVEMENTS



In the 2025/2026 cycle, 15 municipalities actively supported insurance outreach and enrollment, and three of them contributed 20 percent of the total premium cost, amounting to US\$10,800 in municipal contributions.



By organising more than 400 savings groups, 66 percent of policyholders were able to co-finance 20 percent of their premium cost.



The 2025 evidence survey across five departments showed improvement in food security, with the percentage of food-secure households increasing from 48 percent at baseline to 65 percent post-intervention, following microinsurance payouts.



A total of 13,312 women trained in financial education, risk management and investment in productive activities across six departments of the country.

HAITI



WITH FINANCIAL SUPPORT FROM



Flexible
Funding

DISASTER RISK FINANCING IN HAITI

WFP Haiti has been implementing an integrated risk management approach since 2022 to address both climatic and non-climatic drivers of vulnerability, combining financial services with climate-adaptive practices. A core principle of effective risk financing is the diversification of tools to match hazards of different intensities and frequencies. In Haiti, this translates into expanding access to microinsurance, while also supporting income-generating activities, community governance, financial literacy and inclusion, behaviour-change communication and shock-responsive social protection systems. Together, these instruments form a layered risk financing strategy that strengthens climate risk management at the micro (household) level, ensuring that vulnerable communities are better protected and more capable of withstanding future shocks.

2025 PROGRESS

In 2025, WFP Haiti continued to strengthen its partnership with Alternative Insurance Company (AIC), the technical provider Weather Risk Management Services (WRMS) and international reinsurer SCOR to advance the implementation of index-based microinsurance coverage. Building on the achievements of 2024—when coverage was extended to more than 10,000 smallholder farmers, including 2,100 households benefiting from social protection—the insurance programme remained a cornerstone of resilience-building efforts across four geographic departments. Women represented 51 percent of the insured caseload, with nearly 70 percent of beneficiaries being smallholder farmers, and the remainder engaged in asset creation, rehabilitation and social protection activities. Despite these successes, funding constraints in 2025 posed significant challenges, resulting in a reduced insured caseload compared to the previous year. While resources were insufficient to maintain the same level of social protection coverage, the programme prioritized sustaining insurance for farmers' productive activities. This strategic focus ensured continuity of risk protection, even as coverage levels had to be adjusted.

The product itself demonstrated strong performance. After Hurricane Melissa, the insurance mechanism reached a 99 percent claims ratio, underscoring its effectiveness in protecting vulnerable households against extreme weather. Over the past two years, the product design has been refined, with additional payout thresholds introduced to increase frequency and responsiveness. This has allowed payouts to be triggered more consistently, thereby enhancing household resilience, safeguarding productive investments, and supporting market access.

HAITI

INCLUSIVE RISK FINANCING



15,040 people covered with inclusive insurance



3,008 households insured (51 percent women)



US\$109,236 of insurance premium



US\$2,064,400 of sum insured



US\$108,608 of payouts distributed, benefiting 10,765 people

CHALLENGES AND LESSONS LEARNED

The experience gained in 2025 highlights several important lessons for strengthening index-based microinsurance in Haiti, particularly regarding the value of field level loss data and yield information from smallholder farmers. The strong performance of the product, illustrated by a 99 percent claims ratio following Hurricane Melissa, demonstrates that the index is broadly aligned with actual losses. However, it also underscores the need for more systematic and granular data collection and availability to further refine product design and reduce basis risk.

Regular access to quantifiable losses from the field would enable WRMS to calibrate indices with greater precision and help improve actuarial modelling and pricing. Similarly, consistent yield data from smallholder farmers could also play a pivotal role for adjusting payout thresholds, understanding crop-specific vulnerabilities, and ensuring that the product remains both responsive and financially sustainable. These data streams would also support more accurate risk modelling, especially in a context where funding constraints have required adjustments to the insured caseload.

The programme's strong representation of women—51 percent of the insured population—highlights the importance of collecting sex-disaggregated loss and yield data to better tailor insurance solutions to the needs of women farmers. Finally, improved data flows between WFP, WRMS, SCOR and Alternative Insurance Company (AIC) would enhance coordination, strengthen index validation and reinforce the credibility of the insurance mechanism among communities.

Together, these lessons point to a clear priority for the coming year: investing in structured, reliable community-anchored data systems through market access interventions as well as digital channels, such as Farm2Go, that can support continuous product improvement and long-term resilience for smallholder farmers.

WFP's macro-level risk financing programme in Haiti has faced setbacks, as efforts over the past two years to finalise an agreement with the Haitian government have not been successful. The main challenge has been an apparent disconnect between the technical work carried out with ministry staff and the absence of high-level leadership on these issues. This gap has repeatedly delayed discussions and ultimately made it difficult to sign the agreement with the Ministry of Finance and the Ministry of Social Affairs, and to process the premium payment with CCRIF SPC through a top-up.

HAITI

COUNTRY CONTEXT

According to the most recent IPC analysis for March–June 2026, food insecurity in Haiti has further deteriorated, with more than 5.9 million people—over half of the population—facing acute levels of food insecurity (IPC Phase 3 or above). Of these, approximately two million people (20 percent) are classified in IPC Phase 4 (Emergency). Haiti ranks among the five most food insecure countries globally, with one of the highest proportions of its population in IPC3+ conditions. The situation continues to be aggravated by recurrent climate shocks, including droughts, excessive rainfall and hurricanes, which repeatedly disrupt agricultural production and undermine the stability of food value chains. Indeed, early monitoring in the areas affected by Hurricane Melissa showed the percentage of households with poor food consumption scores doubled after impact. These climatic pressures, combined with insecurity and economic decline, contribute to prolonged and widespread food insecurity.

OUTLOOK FOR 2026

2026 presents an opportunity to consolidate the programme's technical foundations while strengthening its long-term sustainability. The introduction of the Standardized Precipitation–Evapotranspiration Index (SPEI), for example, marks a significant step forward in improving the accuracy and responsiveness of the insurance product for certain crops and areas, particularly important in a context where the insured caseload will be reduced due to funding constraints. Maintaining strong product performance will be essential to preserving reinsurer engagement and ensuring continued access to risk transfer capacity.

With a smaller caseload of 2,900 households, the programme can adopt a more targeted and strategic approach to selecting locations and beneficiaries. Integration with the Smallholder Agricultural Market Support (SAMS) will play a central role in this shift. SAMS data will enable more rigorous profiling of farmers, allowing the programme to prioritize households with clear productive potential, reliable revenue streams and stronger market linkages. This refined targeting will not only improve the quality of the risk pool but also support the programme's exit strategy, by focusing on farmers who are more likely to sustain premium payments over time.

Geographic selection will also prioritize communes with stronger agricultural value chains, better market access and more reliable data availability, ensuring that the insurance mechanism remains relevant and actuarially sound. Concentrating efforts in areas where field-level loss data and yield information can be collected consistently will further strengthen index calibration and reinforce the credibility of the product among both farmers and technical partners.

Overall, the programme is positioned to transition from a phase of expansion to one of strategic consolidation, focusing on product quality, data integration and sustainability. By combining improved technical indices, better beneficiary targeting and stronger data systems, the initiative can continue to deliver meaningful protection to vulnerable farmers while laying the groundwork for a gradual reduction in subsidy dependence.

Additionally, 2026 will begin with the first national workshop on inclusive insurance, aimed at informing the Haitian government about existing insurance tools at micro and macro levels. The event will conclude with the design of a roadmap for inclusive insurance, being signed between WFP Haiti and its government counterparts.

2025 KEY ACHIEVEMENTS



A total of 3,900 people received financial education training, equipping them with the knowledge and skills to make informed and productive investment decisions. Of these, 30 percent are social protection beneficiaries who are also active members of Village Savings and Loan Associations (VSLAs).



2,100 members of local farmer groups received training on insurance indices and payout thresholds from the existing insurance product, while 600 insured farmers are now better equipped to interpret local weather patterns and understand how these influence crop production. The sessions used the Participatory Integrated Climate Services for Agriculture (PICSA) approach and tools to strengthen climate informed decision making.



Insurance beneficiaries in Grand Anse participating in an awareness raising session held during the payout distribution workshop.

Alternative Insurance Company (AIC)

HONDURAS



WITH FINANCIAL SUPPORT FROM



WFP Honduras (Multilateral Funds), WFP USA and Global Shield Financing Facility (GSFF)



Delivery of a microinsurance certificate to a farmer in the municipality of Santa Ana, La Paz.

Héctor Valerio,
Aseguradora Rural
Honduras

DISASTER RISK FINANCING IN HONDURAS

In Honduras, WFP supports the Government and vulnerable populations through an integrated and layered set of disaster risk financing (DRF) interventions aimed at strengthening preparedness, enabling timely response and building resilience to weather-related shocks, particularly droughts and excess rainfall events. Key actions include: (i) the design and implementation of parametric agricultural microinsurance against excess rainfall and drought for smallholder producers of basic grains, contributing to the protection of livelihoods, income stabilization and food and nutrition security; (ii) the provision of technical assistance to the Secretariat of Finance (SEFIN) to strengthen national financial management capacities for disaster risk, combined with financial support to complement a sovereign insurance policy against excess rainfall contracted through the Caribbean Catastrophe Risk Insurance Facility – Segregated Portfolio Company (CCRIF SPC), thereby enhancing the Government’s access to rapid and predictable financing in the event of disaster-related emergencies; and (iii) the facilitation of access to inclusive financial services, through revolving credits funds for smallholder farmers, supporting income diversification, early recovery following shocks and reduced reliance on negative coping strategies. Together, these interventions contribute to a coherent and scalable DRF approach that links household- and community-level protection mechanisms with national risk management and financing systems. The combination of household-level microinsurance, community-level credit mechanisms and national macro-level insurance (CCRIF SPC) constitutes an integrated, multi-scale disaster risk management system, aligned with WFP’s principles of timely response, resilience and fiscal sustainability, and designed to reduce the humanitarian and socio-economic impacts of recurrent weather-related shocks in the country.

2025 INCLUSIVE RISK FINANCING PROGRESS

In 2025, WFP advanced inclusive risk financing (IRF) in Honduras by strengthening financial resilience at the community level and expanding protection for weather-related shocks for smallholder farmers. In partnership with the Foundation for Rural Development (FUNDER), WFP strengthened 23 community based organizations comprising 352 smallholder producers and entrepreneurs (61 percent women) through the establishment of a Revolving Credit Fund. This mechanism facilitated the disbursement of over US\$200,000 in rural credit, tailored to local contexts and supporting a range of productive activities, including small scale trade, coffee, staple grains, diversified agriculture, livestock and aquaculture, as well as emerging value chains such as honey and cashew.

HONDURAS

INCLUSIVE RISK FINANCING



9,550 people covered with inclusive insurance



1,910 households insured (39 percent women)



US\$123,959 of insurance premium



US\$1,949,136 of sum insured



US\$13,758 of payouts distributed, benefiting 1,380 people

A key milestone in disaster risk management was the implementation of AGROSEGURO, the first parametric agricultural microinsurance product approved in Honduras, officially authorized in January 2025. Implemented in partnership with Aseguradora Rural, Microrisk, and the Secretariat of Agriculture and Livestock (SAG), AGROSEGURO provided coverage against excess rainfall and drought to 1,910 smallholder basic grain producers (39 percent women) across seven departments. All insured producers received training on disaster risk management and supported with financial inclusion through the opening of savings accounts. During its first year of implementation, AGROSEGURO generated US\$13,758 in insurance payouts to 276 producers, benefitting 1,380 people, and strengthening early recovery capacities and supporting informed planning for subsequent agricultural cycles.

Challenges and Lessons Learned

The implementation of IRF mechanisms in Honduras faced several challenges. Limited financial literacy and awareness of DRF instruments, and low familiarity with insurance products among smallholder farmers, initially constrained uptake and required sustained sensitization, capacity strengthening and trust building efforts. Institutional coordination across multiple stakeholders including government entities, private insurers, financial service providers and producer organizations proved complex and time intensive, particularly during the design, regulatory approval and operationalization of innovative instruments such as parametric microinsurance. Infrastructure and access constraints in rural areas, including limited connectivity and uneven access to financial services, affected timely enrolment, premium payments and claims processing. Strong partnerships and early government engagement from the outset are critical to ensure regulatory clearance, institutional ownership and long term sustainability. User-centered, simple, transparent product design and clear communication are essential to build confidence and manage expectations among beneficiaries. Lastly, piloting and phased implementation approaches allow for adaptive learning, enabling adjustments to product design, targeting and delivery mechanisms before scaling, thereby improving effectiveness, efficiency and value for money.

Outlook for 2026

In 2026, WFP plans to scale up IRF tools with support from the Governments of Japan and Canada as well as from the Adaptation Fund, expanding AGROSEGURO coverage, strengthening community-based revolving credit funds and promoting adaptive practices. These actions will reinforce resilient food systems and consolidate WFP's contribution to national priorities on adaptation to weather-related

HONDURAS

MACRO-LEVEL RISK FINANCING



15,265 people covered with macro insurance



US\$100,000 of insurance premium



US\$641,128 of sum insured

risks, food security and sustainable rural development, in alignment with Honduras' Nationally Determined Contributions (NDCs) and the National Food and Nutrition Security Plan. By the end of 2026, coverage is projected to reach 8,000 farmers across 13 departments, ensuring broader protection against weather-related shocks and advancing financial inclusion for vulnerable rural households.

2025 Key Achievements Inclusive Risk Financing



Official authorization of **AGROSEGURO**, the first parametric microinsurance product in Honduras, in January 2025—marking a milestone in disaster risk management.



23 community organizations supported through a revolving credit fund, benefiting 352 small producers and entrepreneurs (61 percent women) and enabling the disbursement of more than **US\$200,000** in rural credit for diversified agriculture, livestock, aquaculture and emerging value chains.



1,910 farmers insured (39 percent women) against excess rainfall and drought, with **US\$13,758** in payouts to 276 farming households during its first year.

2025 MACRO-LEVEL RISK FINANCING PROGRESS

In coordination with the Secretariat of Finance (SEFIN), WFP supported an increase of US\$100,000 for the excess rainfall insurance policy purchased by the Government of Honduras through CCRIF SPC, strengthening sovereign risk transfer and enabling rapid access to liquidity following extreme weather-related events. In the event of activation, additional resources will be channeled to the Secretary in the National Risk and Contingency Management System (COPECO) to implement emergency response actions, including food assistance for vulnerable populations. This achievement marks a significant step forward strengthening Honduras' layered DRF system and ensuring timely and predictable financing into public financial management systems.

Additionally, WFP provided technical assistance and capacity strengthening support to SEFIN, delivering US\$40,000 in value assets to enhance technical capabilities for financial risk reduction activities. This investment improved institutional preparedness and supported the integration of DRF into public financial management systems.

HONDURAS

COUNTRY CONTEXT

Honduras, a lower-middle-income country with a population of approximately 10.2 million and a GDP per capita of US\$3,231.7 (2023), has experienced sustained economic growth over the past two decades. However, high poverty rates, deep income inequality, crime and climate variability continue to undermine development gains and drive migration. In 2025, the country faced moderate economic growth (around 3–3.5 percent) supported by remittances and public investment, but structural challenges such as informality and underemployment persisted. Frequent changes in authorities complicated institutional coordination, while Honduras remained among the world's most vulnerable countries to weather shocks—ranked third globally by Germanwatch—experiencing recurrent shocks including hurricanes, floods, droughts and energy shortages. These risks severely impacted agriculture, food security and public finances, threatening peace and humanitarian efforts and hindering mid- to long-term initiatives. WFP's primary objective in this context is to address the root causes of food insecurity, malnutrition and poverty, contributing to resilient, prosperous and safer communities.

Challenges and Lessons Learned

Frequent changes in government authorities and decision-makers slowed negotiations and the finalization of agreements, requiring additional time for induction and alignment with the priorities of new leadership. At the same time, the alignment of technical requirements between SEFIN and COPECO required sustained engagement and technical dialogue to ensure coherence and implementation readiness. Early engagement and continuous communication during leadership transitions proved essential to maintain momentum and avoid delays in agreements. Strengthening institutional capacity through technical assistance and the provision of tools significantly improved readiness to manage financial risk instruments. In addition, pre-agreed procedures for fund allocation and response actions (e.g., channeling resources to the COPECO) enhance efficiency and predictability during emergencies.

Outlook for 2026

In 2026, WFP will continue supporting the Government of Honduras in strengthening sovereign risk financing through the payment of the CCRIF SPC excess rainfall insurance premium for the 2026/2027 policy year. WFP will also maintain its technical support to the Secretariat of Finance (SEFIN), including the development of a Methodology for the Management of Contingent Liabilities related to Natural Hazards affecting public assets in Honduras. In addition, WFP will facilitate a participatory simulation exercise for the activation of the CCRIF excess rain policy, ensuring institutional preparedness and clear operational protocols for rapid response. These actions will reinforce Honduras' layered DRF system, improve fiscal resilience and strengthen the country's capacity to respond predictably and efficiently to extreme weather-related events.

2025 Key Achievements Macro-Level Risk Financing



WFP supported the Government of Honduras in increasing the CCRIF SPC excess rainfall insurance policy by US\$100,000, enhancing fiscal protection and enabling rapid access to liquidity for disaster response.



WFP provided support to strengthen SEFIN's technical capabilities for financial risk management, including resources and tools to improve institutional readiness and integrate disaster risk financing into public financial management systems.

PERU



WITH FINANCIAL SUPPORT FROM



Swiss Agency for Development and Cooperation (SDC) and Changing Lives Trust Fund (CLTF)

DISASTER RISK FINANCING IN PERU

WFP's disaster risk financing (DRF) activities in Peru aligns with national efforts to strengthen systems for emergency preparedness, food security and resilient livelihoods. Peru is part of the Global Shield initiative in Latin America and the Caribbean, along with Costa Rica. In 2025, WFP Peru worked closely with the Government and local key partners to advance DRF instruments and activities. As a key participant in the Global Shield, Peru has been supported in the in country process and related requests, strengthening national capacity to respond to climate shocks and build resilience. At the macro level, WFP supported the Ministry of Agriculture in strengthening the Catastrophic Agricultural Insurance (SAC) programme, a traditional insurance product established in Peru in 2009, designed to protect smallholder farmers and fully subsidized by the Government. At the meso level, Peru—together with Bolivia—is one of the two Country Offices in the region participating in the regional pilot for meso parametric insurance for Amazonian cities.

2025 PROGRESS

Together with Bolivia, WFP Peru participated in the 2025 regional pilot for meso-level parametric insurance tailored to Amazonian cities. This initiative is aimed at covering selected municipalities to support early response to extreme events, with the first year focusing on excess rainfall. This project is based on a collaboration between the United Nations Environment Programme (UNEP), the United Nations Office for Disaster Risk Reduction (UNDRR) and WFP. Recognizing the synergies and complementarities in their respective mandates, the three agencies agreed to promote joint activities in the Amazon region to address the complex challenges posed by climate change through a systemic approach. The project aims to contribute significantly to the sustainable development and resilience of Amazonian communities by fostering collaboration, promoting innovation and developing capacities for risk management and food security. This meso-level insurance pilot focuses on strengthening municipal preparedness and ensuring faster, more predictable support when disasters strike.

The pilot engaged four municipalities through a series of technical workshops and policy dialogues, culminating in the design of a rainfall-based parametric index in collaboration with Blue Marble. These efforts were complemented by the development of operational protocols, early warning mechanisms and contingency plans aligned with local governance structures. WFP also strengthened linkages with social protection systems, ensuring that insurance payouts could be channeled through existing registries and delivery mechanisms.

PERU

INCLUSIVE RISK FINANCING

Regional Meso Insurance for Amazon Cities



5,000 people covered with meso insurance



US\$50,000 of insurance premium



US\$500,000 of sum insured

In parallel, WFP promoted financial inclusion through the delivery of prepaid cards and cash-based transfers (CBT) linked to national social protection programmes, in coordination with the Ministry of Development and Social Inclusion (MIDIS). These initiatives included the Qali Warma school feeding programme, Pan TBC nutrition support and the Food Complementation Programme, ensuring timely assistance to vulnerable households. By integrating risk financing tools with social protection and nutrition programmes, WFP Peru has enhanced resilience and enabled rapid response to climatic shocks, while fostering access to financial services for populations traditionally excluded from formal systems.

CHALLENGES AND LESSONS LEARNED

One of the main challenges encountered during the pilot was the limited understanding of insurance concepts among local stakeholders, particularly regarding parametric insurance. Extensive capacity-building efforts were required to explain how index-based triggers function and how payouts are linked to predefined thresholds rather than traditional loss assessments. While the National Service of Meteorology and Hydrology of Peru provided historical rainfall records that served as a critical input for Blue Marble in designing the parametric model, the scarcity of meteorological stations in La Convención—despite its vast geographic area—posed significant constraints. This limitation affected the granularity and accuracy of the index calibration, increasing the likelihood of basis risk and reducing confidence in the product. These gaps highlighted the need for early investment in climate data infrastructure and continuous technical training to strengthen local ownership. A key lesson learned is that embedding insurance within social protection systems can help overcome trust barriers and ensure rapid, equitable assistance. However, future scale up will require improving data coverage and fostering greater awareness among municipal authorities and communities to build confidence in the parametric solution.



PERU

COUNTRY CONTEXT

Peru faced a complex mix of challenges in 2025. Macroeconomic pressures persisted amid slow GDP growth and inflationary trends linked to global commodity volatility. Political instability continued with frequent cabinet changes and social unrest over resource governance. Climatically, the country experienced intense rainfall and landslides in the Andean and high jungle regions, disrupting connectivity and agricultural production, particularly coffee and cocoa. These shocks compounded vulnerabilities in rural areas, where limited financial protection mechanisms and fragile infrastructure heightened risks to food security and livelihoods during the November–December rainy season.

OUTLOOK FOR 2026

WFP Peru plans to maintain close oversight of the meso-level parametric insurance pilot for Amazonian municipalities in 2026, working in continued collaboration with technical partners and local authorities. The intention is to expand the product gradually to additional municipalities and regions, supported by sustained advocacy on the value of risk layered financial instruments for climate response. Creating the institutional and regulatory conditions for subnational governments to eventually contract policies and manage payouts directly when shocks are triggered will be essential for long-term ownership and operational sustainability. In parallel, WFP Peru is working closely with the Government and key partners to advance the Global Shield process, including a comprehensive gap analysis that will inform and lead to the country's formal request for support.

2025 KEY ACHIEVEMENTS



WFP organized technical workshops and policy dialogues with the municipalities participating in the pilot, focusing on disaster risk financing and parametric insurance. These sessions also supported the identification of priority actions needed for developing effective disbursement plans.



WFP, working jointly with municipal authorities, has been implementing the regional meso insurance pilot while serving as the insured policyholder. The objective is to build the institutional conditions that will eventually enable municipalities to take full ownership of the insurance policies and the associated response plans, ensuring they can manage coverage and payouts directly as their capacities grow.



STORIES FROM THE FIELD

Reducing risk, protecting harvests. Microinsurance in action in Cuba

The rise of extreme weather events represents one of the greatest challenges to agricultural production and food security in Cuba. In this context, agricultural microinsurance is becoming an effective tool to reduce losses, protect rural livelihoods and accelerate productive recovery after climate-related disasters.

Since 2019, WFP Cuba has incorporated traditional agricultural insurance into its programmes as part of broader disaster risk management and climate adaptation strategies, particularly in projects aimed

at strengthening the resilience of smallholder farmers and local food systems.

This preventative approach is grounded in a vulnerability index developed jointly with the Ministry of Agriculture. The index assesses cooperatives and municipalities through four variables and 28 indicators. Using this tool, the national insurer adjusted premiums for area yield insurance in pilot provinces, rewarding farmers who adopt risk reduction practices. As a result, insurance functions not only as compensation after losses but also as an incentive for stronger resilience and better agricultural practices.

This vision has materialized through initiatives that combine awareness raising, capacity strengthening and institutional coordination, as demonstrated by the experience that followed the impact of Hurricane Melissa in October 2025.



Aftermath of Hurricane Melissa in Santiago de Cuba.

In the early hours of 29 October 2025, Hurricane Melissa made landfall near Guantánamo, in eastern Cuba, severely impacting the Niceto Pérez Grain Agro-industrial Enterprise. “Banana crops were the most affected, with 200 hectares practically demolished,” explains Osmani Frometa, the enterprise’s technical production director and municipal coordinator of the “Actúa Diferente” project, implemented through WFP support and funding from the Korean International Cooperation Agency (KOICA).

Thanks to the prior awareness raising efforts by WFP, the enterprise had insured its plantations, where yields were estimated at 10 tonnes per hectare. The insured value reached **17.4 million Cuban pesos (approximately US\$725,000)**, enabling a rapid response after the climatic event.

In November 2025, the National Insurance Company issued a payout of **5.2 million CUP (about US\$217,000)** — compensation that proved crucial for productive recovery. “That financial compensation allowed us to recover more quickly and replant our crops,” Frometa notes.

Beyond the immediate economic impact, the experience left a lasting lesson. “The learning has been so clear that we are now extending insurance coverage to other plantations,” he adds, underscoring the value of agricultural insurance as a tool for protection and planning.

This case illustrates how insurance, when strategically integrated into climate resilience projects, can make the difference between prolonged loss and timely recovery. For WFP Cuba, promoting these financial mechanisms is part of its long term commitment to more resilient agrifood systems — systems capable of anticipating risks, protecting production and safeguarding the food security of the most vulnerable communities in the face of the climate crisis.

WFP and partners are currently working with national institutions to gradually evolve this product into a **hybrid or fully parametric model**, which would enable even faster and more transparent payouts.



Insurance agents explaining the insurance programme to cooperative members.



Saray Villafane, one of the people affected by Hurricane Melissa.



FGD conducted with community members in Bhola Bangladesh.



Delivery of microinsurance certificates to small-scale farmers in the municipality of Gracias, Lempira.

Monitoring, Evaluation and Learning

Over the years, WFP has built a robust monitoring, evaluation and learning (MEL) framework designed to generate insights, assess performance, support adaptive programming and measure the impact and effectiveness of its DRF initiatives.

This internal MEL system is complemented by a range of externally led analyses, reviews, studies and evaluations of WFP-supported DRF programmes. Generating evidence remains essential for WFP, not only to strengthen programme design and implementation over time, but also to refine its broader strategy for managing weather-related risks through an appropriate combination and layering of risk financing instruments.

The following section presents key findings from a series of evidence generation activities from WFP's DRF programmes conducted in 2025.

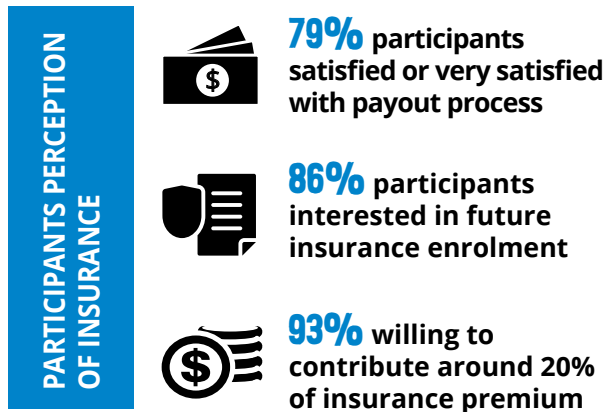
Evidence from WFP-supported Inclusive Risk Financing programmes

PROTECTING LIVELIHOODS, PROMOTING PRODUCTIVE INVESTMENTS AND EXPANDING ACCESS TO FINANCIAL SERVICES

In **Iraq**, findings from a post-payout survey show that farmers primarily used insurance payments to support recovery of productive livelihoods. Of the total payout value, 67 percent was invested in agricultural activities, while 20 percent was allocated to essential household needs such as food, rent and utilities. Out of 400 enrolled farmers, 305 received payouts following drought triggers, with an average payout of US\$91 per beneficiary.

FIGURE 3

Participants' perception of insurance in Iraq

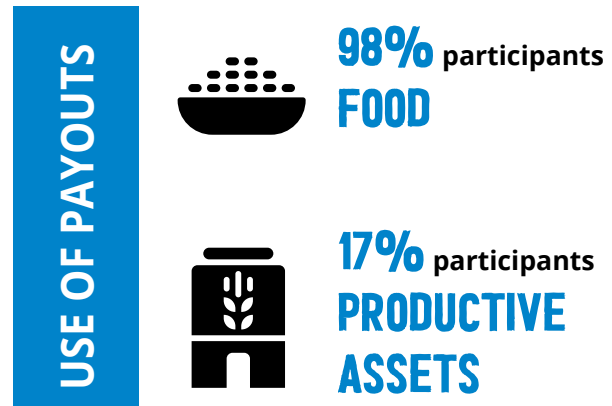


By the endline, six percent of households reported having savings—averaging US\$46—marking progress from a baseline where no households reported savings or access to loans. Although modest, these shifts suggest a gradual improvement in financial behaviour and indicate that access to insurance may also help open pathways to other financial services. At endline, four participants reported holding productive loans, with an average household loan value of US\$159, compared to zero at baseline. Overall operational satisfaction was high, with 79 percent of farmers reporting that they were satisfied or very satisfied with the payout process. Interest in future enrolment reached 86 percent, and 93 percent of those expressed willingness to contribute around 20 percent of the insurance premium, demonstrating trust in the product and potential for long term sustainability.

In **Côte d'Ivoire**, post-payout surveys from the 2024/2025 season show that insurance payouts were largely invested in productive activities. 83 percent of beneficiary cooperatives used their payouts to purchase agricultural inputs, highlighting how payouts help protect livelihoods and enable reinvestment. With 80 percent of payouts delivered in cash, households could flexibly support both productive and social needs, including education and collective initiatives such as establishing a seed multiplication field. Overall,

FIGURE 4

Use of payout in Guatemala



the payouts strengthened agricultural capacities and contributed to improved household well being and resilience.

PROTECTING FOOD SECURITY AND STRENGTHENING HOUSEHOLDS' CAPACITY TO MANAGE WEATHER-RELATED SHOCKS

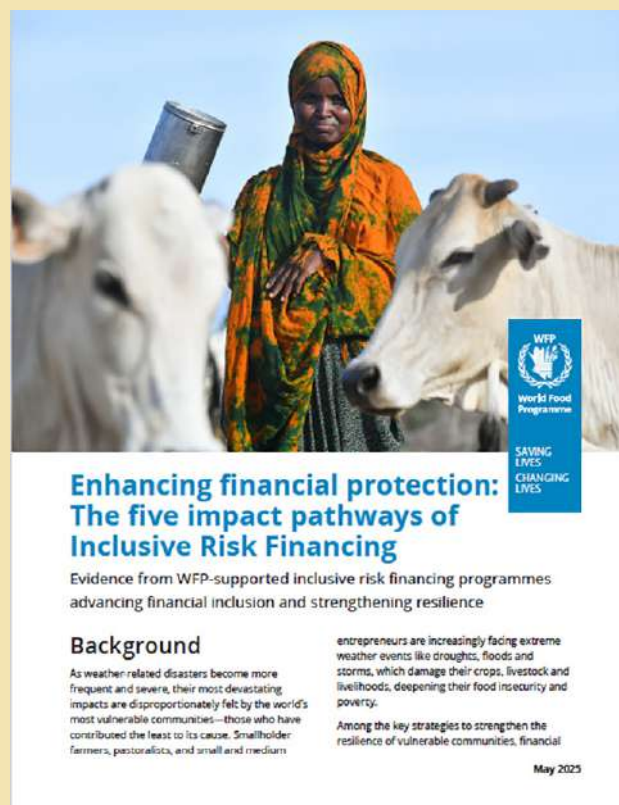
In **Guatemala**, findings from a post-distribution monitoring survey showed significant improvements in food security and household resilience. The proportion of households with an acceptable Food Consumption Score⁵ (FCS) increased from 59 percent at baseline to 96 percent after the payout, while those with poor FCS dropped from 13 to zero percent, underscoring the critical role of the payout in safeguarding food security. Severe food consumption coping strategies also declined, dropping from three percent at baseline to none at endline. At the same time, the share of households that did not resort to livelihood based coping strategies—such as selling household assets—increased from 15 percent to 32 percent, indicating a reduced reliance on negative coping mechanisms.

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

WANT TO EXPLORE MORE EVIDENCE ON INCLUSIVE RISK FINANCING?

Access this:

[Enhancing financial protection: The five impact pathways of Inclusive Risk Financing](#)



According to the Consolidated Approach for Reporting Indicators of Food Security (CARI)⁶, the percentage of food-secure households increased from eight percent at baseline to 32 percent at endline. In addition, the climate capacity score rose sharply from two percent to 46 percent, demonstrating that households receiving the payout significantly strengthened their ability to manage weather related shocks.

Spending patterns further underscore the importance of the payout in protecting households' food security, livelihoods and productive assets. Nearly all beneficiary households (98 percent) used part of the payout to purchase food. In addition, 17 percent of surveyed households used the microinsurance payout to create or restore productive assets.

6. CARI is a methodology used by WFP to classify and report household food security status. It combines several key indicators—such as the Food Consumption Score (FCS), livelihood coping strategies and economic vulnerability—into a single Food Security Index.

INTEGRATING INSURANCE WITH OTHER FINANCIAL SERVICES IS CRUCIAL FOR ENSURING SCALABILITY AND LONG-TERM VIABILITY

In **Malawi**, findings from a programme evaluation demonstrated that bundling insurance with complementary services—such as input support, savings groups and public works—enhances both the value and acceptance of coverage. Farmers were more likely to engage with insurance when it was linked to other productive or protective interventions and leveraging existing delivery platforms improved efficiency and reduced outreach costs. Publicity around the crop insurance component also generated interest among non targeted farmers and encouraged line ministries to begin discussing agricultural insurance regulations and products at the national level. Qualitative evidence further indicated that the insurance component created important learning for WFP and increased awareness and appetite for insurance among farmers. While

there were challenges with the insurance product, the insurance programme laid a strong foundation for future development. Remaining constraints relate mainly to product design and sustainability, as well as the need to strengthen insurance expertise at country office level and continue improving farmer understanding of how insurance works. These insights provide a constructive pathway for refining and expanding insurance solutions moving forward.

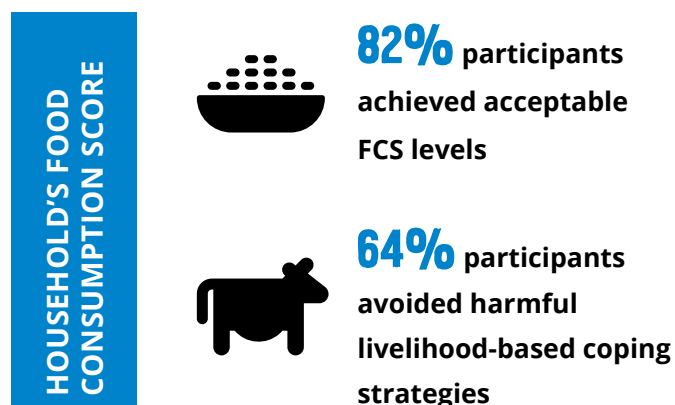
Similarly, in **Ethiopia**, an evaluation of the R4 Initiative found that it achieved several intended outcomes, including increased access to microinsurance, improved agricultural practices and enhanced household savings. The evaluation also reported positive shifts in resilience capacities, such as more diversified livelihoods, stronger coping strategies and improved social cohesion. Overall, the R4 Initiative was identified as a promising model for climate resilient and risk-informed programming. The evaluation further noted that WFP is well positioned to support the long term sustainability of crop insurance at the national level. To do so effectively, it will be important to identify and document lessons and evidence from insurance programmes to inform the development of appropriate policies and strategies.

Evidence from WFP-supported Macro-level Risk Financing programmes

SAFEGUARDING FOOD SECURITY THROUGH INSURANCE PAYOUT-FUNDED ASSISTANCE

In **Mali**, surveys conducted following payouts from the index based contingency fund showed strong food security outcomes. 82 percent of assisted households achieved acceptable FCS levels, demonstrating the effectiveness of the

FIGURE 5
Food Security and Coping Strategies indicators in Mali



payout in helping families maintain food security during ongoing shocks. Additionally, 61 percent of households relied only on minimal consumption based coping strategies, and 64 percent avoided harmful livelihood based strategies, such as the sale of productive assets, highlighting how timely support can reduce negative coping during weather-related shocks.

In **Mozambique**, after Cyclone Chido, WFP used an ARC replica payout to provide immediate assistance, including 7-day rations in temporary accommodation centres, 30-day food kits for three cycles in the most affected areas and specialized nutritious foods in impacted health centres. Post-distribution monitoring showed that 65.8 percent of beneficiaries had an acceptable FCS, surpassing the target of 59.4 percent. Coping indicators also performed well: the Consumption-Based Coping Strategies Index (rCSI)⁷ averaged 2.3, better than the target of 4.3, and only 8.2 percent of households resorted to emergency livelihood strategies, below the 9.55 percent target. Meanwhile, 73 percent of households reported not using any livelihood-based coping strategies, exceeding the target of 59.8 percent.

7. The rCSI is used to assess the level of stress faced by a household due to food shortages. In simple terms, a higher rCSI score means a household is using more frequent or more severe negative coping strategies.

ENHANCING WFP PAYOUT-FUNDED ASSISTANCE THROUGH LEARNING, BEST PRACTICES AND IDENTIFYING AREAS FOR IMPROVEMENT

As part of its learning agenda, WFP conducted two After Action Reviews (AARs) in Zambia and Zimbabwe following the 2023/2024 El Niño related drought. AARs serve as a platform to capture lessons learned, identify areas for improvement and document best practices, ultimately informing actionable plans to enhance future responses. They examine key components of macro-level risk financing interventions, including the technical performance of the model or index used, preparedness activities prior to a shock and the implementation of payout funded assistance.

In **Zambia**, WFP conducted an internal AAR in December 2024, followed by a joint planning and learning exercise with government representatives in 2025. Following the catastrophic drought conditions, WFP received an ARC Replica payout of US\$3.3 million to support early assistance in eight districts of Western Province, while the Government received an ARC payout of US\$9.9 million and implemented the response across 14 districts.

Several important lessons emerged across preparedness, coordination and delivery. First, earlier and more standardized targeting is essential, with a clear need to initiate beneficiary identification sooner and harmonize targeting guidelines across interventions. Flexibility in delivery mechanisms also proved critical, including the use of mobile money in areas with functioning markets and the adoption of a mix of delivery modalities tailored to local conditions. The AARs further highlighted the importance of pre-positioning key partners and services—such as financial service providers, vendors and transporters—to ensure rapid activation when a shock occurs. Strengthening district-level coordination and improving real time data sharing were also identified as priorities for more efficient and coherent response planning. In addition, pre-positioning essential commodities can significantly reduce response lead times. Establishing Long-Term

Agreements with key vendors and suppliers was recognized as a way to secure reliable response capacity, while conducting local capacity assessments ahead of time helps ensure that partners and systems are adequately prepared for implementation.

Similarly, in Zimbabwe, WFP conducted an internal and joint AAR following the payout distribution process. Following the catastrophic drought conditions, WFP Zimbabwe received an ARC Replica payout of US\$6.09 million, while the Government of Zimbabwe and the Start Network received insurance payouts of US\$16.8 million and US\$8.9 million, respectively. An early minimum guaranteed payout confirmation by ARC Ltd. allowed WFP to internally borrow funds and procure in-kind commodities weeks ahead of receiving the payout, enabling distributions to start in early September. This proactive approach allowed WFP to provide two months of food assistance to 272,000 people across three districts.

The AARs highlighted key factors that shaped the effectiveness of the drought response. Early and coordinated planning among the Government, ARC, WFP and the Start Network strengthened operational readiness, while strong district-level leadership ensured smooth implementation. Challenges with outdated beneficiary data underscored the need for regular updating, digitisation and verification. Delays in payout disbursement and shifts in response modalities affected timelines, reinforcing the importance of timely financial flows and early decisions on delivery approaches. WFP's ability to mobilise contingency resources ahead of payouts disbursement allowed earlier procurement and smoother operational continuity. Strengthening local market linkages and grain reserves also could further reduce delays and minimise the risk of shortages. Infrastructure constraints, particularly during the rainy season, remained a major bottleneck, highlighting the need to act within the early response window. Improved coordination with other sectors and the use of innovative delivery mechanisms, such as commodity vouchers, enhanced both impact and transparency.



Binta, a 45-year-old farmer, business owner, and former beneficiary of microinsurance, prepares natural juice for sale in her home in Tambaconda region of Senegal.

Disaster Risk Financing as a vehicle for women's empowerment

Across the countries where WFP works, women play a significant role in sustaining households and local food systems—farming, trading, caregiving, household resource management and more. Women's responsibilities make them central to resilience, yet they often are more limited in accessing resources and information and have less influence within decision-making spaces as well as preparedness and response systems. As a result, they continue to face the greatest challenges when weather-related disasters such as droughts, floods and hurricanes strike. As these crises intensify, the barriers deepen, affecting not only their ability to cope but also deepening vulnerabilities and undermining the food security of their families and wider communities.

To respond to these challenges, WFP is strengthening the integration of women's perspectives and needs across its DRF initiatives. Guided by [WFP's Gender Policy 2022-2026](#), programmes are increasingly designed to reflect the realities of those most affected by shocks—ensuring

that their experiences, risks and needs inform preparedness, targeting and implementation efforts. Since women and girls are often disproportionately affected by shocks, DRF initiatives place a strong emphasis on expanding their access to financial protection, strengthening their participation in decision-making processes, and reducing the practical barriers that limit their ability to withstand and recover from disasters. Through this approach, WFP aims to not only reduce vulnerability but to create the conditions for women to play a more influential role in their communities shaping resilient food and livelihood systems.

For over 15 years, WFP has been supporting the implementation of DRF mechanisms as an important piece of the strategy for building women's economic empowerment and resilience for all, women, girls, boys and men. These approaches help ensure that women—who often face greater barriers to financial services, information and decision making—have tools that support them before, during and after shocks.



“The difficulties in agriculture lie in water. We depend on water: it is God who gives the rain. When it rains where we need to sow, we can sow. But if it doesn’t rain where we need to sow, we can’t. Now we’re involved in a project that will help the whole household and all the women farmers. Because insurance supports you even if your crops don’t do well.”

Aminata, a farmer and mother of eight children, is a newly insured participant of WFP’s Inclusive Risk Financing programme in Senegal.

In 2025, WFP was awarded a Technical Advisory Facility (TAF) from the Centre of Excellence on Gender-smart Solutions for the second time. Building on earlier collaboration on gender-smart monitoring and evaluation of WFP’s DRF programmes in 2022-23, this support focused on further strengthening the integration of women’s priorities across micro-, meso- and macro-level

DRF instruments. TAF provided tailored guidance to refine WFP Somalia’s ARC Replica preparedness and response planning based on the findings of the climate and gender gap analysis conducted in the country in 2024; reviewed the terms of reference guiding the climate and gender gap analysis studies conducted in The Gambia, Zambia and Mauritania; and reviewed the core tools and feasibility assessments of the seven Sahelian countries where WFP is supporting the Africa Integrated Climate Risk Management (AICRM) initiative to target smallholder farmers and reach 50 percent women with Inclusive Risk Financing. In addition, TAF also reviewed the Farmer Organization Readiness and Maturity Assessment (FORMA) tool as well as the SheCan Gender Mainstreaming Tool to ensure that they better reflect barriers affecting women’s access to financial protection.

Following Somalia and Mozambique in 2024, three additional in-depth analyses were conducted this year in The Gambia, Mauritania and Zambia under the macro-level DRF portfolio. These studies examined how men and women experience disaster risks differently, their capacities to respond and the extent of their participation in disaster risk management. These efforts have provided valuable insights into the unique challenges faced by women in these countries and will now inform the development of action plans for targeted macro-level DRF interventions.

Looking ahead to 2026, WFP will expand climate and gender analyses to additional ARC Replica countries, further strengthening the evidence base needed to shape more inclusive preparedness and response. As the DRF portfolio grows, the organisation remains committed to ensuring that women—who play a pivotal role in food security and community resilience—are equipped with financial protection, reliable information and decision-making opportunities. Through this work, families and communities are better protected, and women are increasingly recognised as key drivers of long-term resilience for their households and communities.



“All of us work in agriculture and depend on the production of our land for our livelihood. WFP provided us with US\$300, in addition to a food basket. I used part of the cash to repay some debts, bought basic food items and kept US\$100 to purchase seeds for the upcoming planting season, hoping it would be a better one.”

Haifa, a drought impacted farmer who received a cash transfer from a drought macro insurance payout in Aleppo, Syria.



“In 2025, members of the cooperative were insured (1 hectare each), and the cooperative farm was also insured under the members of the cooperative. If the yields are affected by climate shocks, they feel comforted knowing that they will receive financial compensation from the insurance company, Yelene. WFP covers 50 percent of the cost incurred by farmers, while the government covers the remaining 50 percent as a social service to provide financial protection for vulnerable communities.”

Newly insured members of Mougou women’s cooperative in their shared farm in Guiriko region in Burkina Faso.



Grenada. Ruby Stanislaus, who received a food kit from WFP, standing in front of her house, whose roof was destroyed by Hurricane Beryl.

Macro-level Risk Financing and Adaptive Social Protection

The DRF4ASP Programmatic Window of the Global Shield against Climate Risks

In 2025, WFP began a new collaboration with the World Bank, with support from the [Global Shield Financing Facility \(GSFF\)](#), to support the pathfinder countries of the Global Shield against Climate Risks through a new programmatic window on disaster risk finance for adaptive social protection (DRF4ASP).⁸ Introduced at COP29 in Baku, Azerbaijan, DRF4ASP will ensure that countries engaged in the In-Country Process will integrate social protection actors and priorities. This aims to optimize resources through enhancing the scalability and shock-responsiveness of national social protection systems, through promoting DRF strategies that are people-centred and help the most vulnerable people cope with the impacts of disasters.

8. The [Global Shield against Climate Risks](#) is a joint initiative launched by the G7 and the Vulnerable Twenty (V20) group of countries at COP27 in November 2022. Its primary goal is to strengthen the financial protection and resilience of countries and communities most vulnerable to climate change-induced disasters such as floods, droughts and storms.

Supporting the In-Country Process under the Global Shield

Throughout 2025, WFP country offices played a central role in supporting governments during the Global Shield In-Country Processes, ensuring that social protection systems were systematically embedded into diagnostic work, stocktake exercises and gap analyses that informed the official Requests for Support (Rfs). This upstream engagement helped governments identify how their national safety net and delivery systems could act as predictable, scalable “money-out” channels for pre-arranged DRF.

For example, in **Somalia**, WFP presented findings from the *Assessment of Country Capacities for Shock-Responsive Social Protection* to guide discussions on using the Baxnaano National Social Protection programme as the primary delivery mechanism for climate-related payouts. In Bangladesh, WFP supported the stocktake exercise and contributed to multi-stakeholder consultations on risk-informed social protection and early-action systems.

WFP also undertook two dedicated technical missions to Global Shield pathfinder countries, deploying joint teams of social protection and disaster risk financing advisors to deepen government engagement and accelerate the operationalisation of DRF and social protection linkages. In **The Gambia**, a joint WFP scoping mission in May 2025 identified concrete entry points to operationalise these linkages, including the use of the Social Registry for climate-related targeting and the testing of ARC Replica payouts through the Nafa safety net, positioning WFP as a key partner in shaping a government-led, risk-layered financing approach under the Global Shield. In addition, a late-2025 joint technical mission to **Madagascar** enabled WFP to collaborate with government counterparts to validate whether the Unified Social Registry (RSU) is suitable for its use as the primary delivery channel for pre-arranged crisis financing, as well as to align government and partners around integrating ARC Replica, anticipatory action and shock-responsive social protection protocols. The mission highlighted operational gaps such as delays in DRF disbursement and limited social assistance coverage as well as identified opportunities to harmonize triggers, strengthen fund-flow management and expand RSU coverage.



FGDs in Bangladesh.

By year-end, all five Global Shield pathfinder governments supported by WFP (Pakistan, The Gambia, Malawi, Madagascar and Fiji) had submitted a RfS with explicit social protection components. These RfS reflect strong government demand and WFP's sustained advocacy for leveraging national social protection systems as the operational interface between risk financing and people at risk.

WFP Support to Date: Linking DRF with National Social Protection Systems

Across continents, WFP advanced the integration of DRF with ASP systems in 2025.

In **Pakistan**, alongside its longstanding partnerships with Benazir Income Support Programme (BISP) and the Benazir Nashonuma Programme, WFP supported the government in designing scalable, risk-informed delivery chains and aligning early warning triggers with social assistance protocols. Technical support contributed to the articulation of Pakistan's RfS, particularly around anticipatory financing and conditional cash-transfer scale-ups.

In **The Gambia**, WFP worked with government counterparts on the ARC Replica Operational Plan review, helping integrate DRF considerations (including payout modelling, beneficiary-selection methods and fund-flow arrangements) into national systems. Progress was made in positioning the Social Registry as the central mechanism for targeted, rapid disbursement of macro insurance payouts.

In **Malawi**, WFP supported the government with analytical work linking climate vulnerability data, registry strengthening and digital payments to scalable mechanisms for expanding social assistance through DRF payouts. WFP's role feeding into the RfS and Global Shield diagnostics also contributed

to the articulation of a pathway linking parametric insurance and the national safety net system.

WFP's technical support in **Madagascar** extends well beyond developing Standard Operating Procedures. Through multi-year engagement under the Shock-Responsive Social Protection (SRSP)/ASP operational guidance rollout, WFP has supported advances across preparedness diagnostics, drafting operational protocols, trigger harmonisation and fund-flow mapping. The RSU was strengthened as a central targeting tool for delivering assistance from ARC Replica and the index-based contingency fund payouts; WFP's country capacity assessments helped identify fiscal, institutional and geographic gaps limiting shock-responsive reach. Moreover, the collaboration with the Ministry of Population and the Prime Minister's Office (CPGU) contributed to establishing integrated pathways where social protection, DRM and DRF operate within a unified national response architecture.

Finally, in the **Pacific**, WFP has advanced the operational integration of ASP and DRF by partnering with the Pacific Catastrophe Risk Insurance Company (PCRIC) to strengthen government capacity to translate parametric insurance payouts into rapid, people-centred assistance, including through a regional macro insurance disbursement workshop and national planning exercises in Fiji, Tonga, Vanuatu, Solomon Islands and Samoa. Social Protection Scoping Studies have been completed across all PCRIC member countries where WFP provides macro insurance premium support. This has been complemented by WFP-led research such as disability-inclusive SRSP analysis in Tonga and a comprehensive DRF/SRSP feasibility study in the Marshall Islands. It is important to highlight that Fiji's PCRIC disbursement plan includes the national social protection system as an optional delivery route, while Tonga is exploring similar options through its ongoing payout-planning process.



Beneficiaries receiving support through the contingency fund payout, in Mali.



Members of Iskashata VSLA group, Kenya.

Advancing Inclusive Finance at WFP. From crisis to resilience

Why Inclusive Finance matters for WFP?

The world continues to face an unprecedented food and nutrition crisis. In 2025, an estimated 318 million⁹ people across 68 countries experienced acute food insecurity, driven by the compounding effects of conflict, economic shocks, weather related disasters and persistently high inflation.

These pressures hit food insecure households hardest: people with limited financial and digital literacy, and without access to reliable financial services, are more risk averse and invest less. Women and other groups facing economic and social vulnerability are disproportionately affected, as they are more likely to lose their livelihoods, be displaced or have their education disrupted during times of crisis.

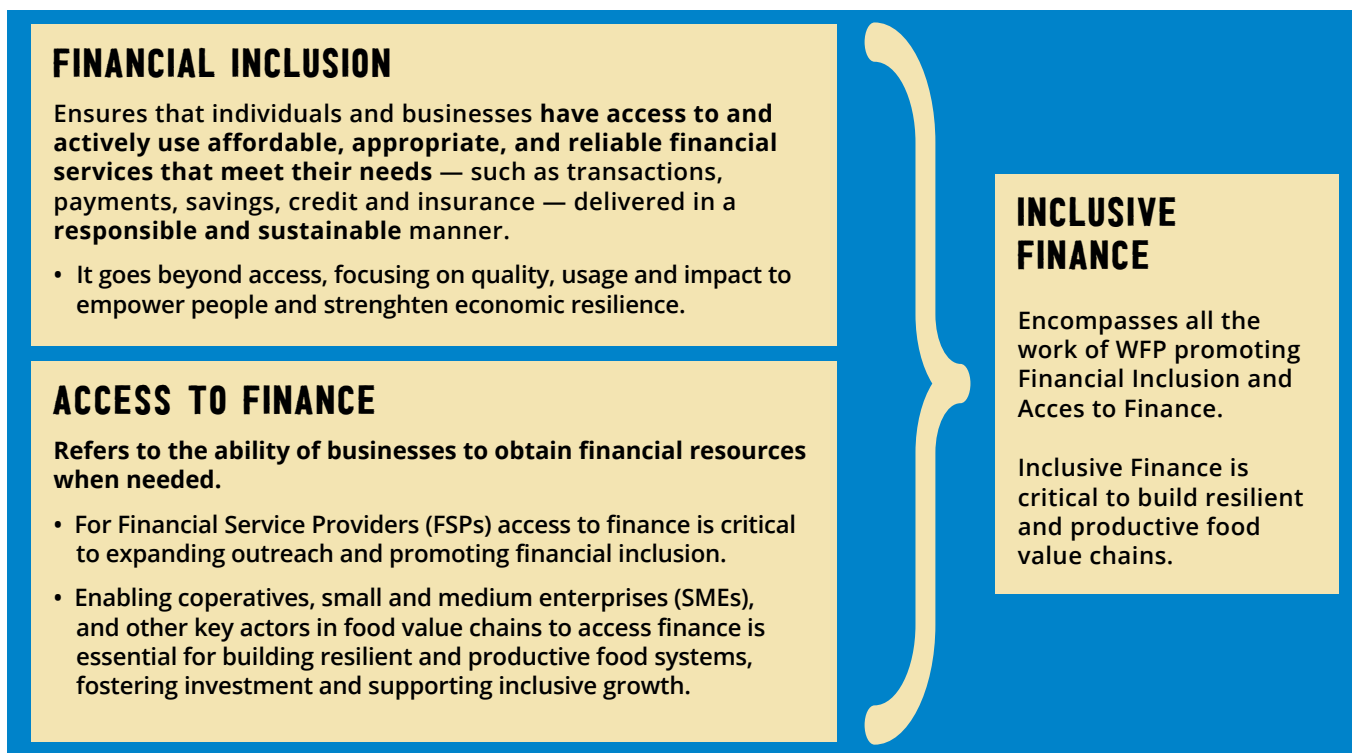
When financial services are inclusive and designed to meet the needs of the people WFP assists, they can play an important role in reducing humanitarian needs, building resilience and creating opportunities for those living in poverty in crises-affected countries. Targeted Inclusive Finance interventions also generate systemic effects, helping shift humanitarian support toward sustainable, locally led solutions by strengthening the capacity of local governments and the private sector.

Financial tools like digital payments, savings, credit or insurance can help smooth consumption, allow people to better respond to crises, build their financial resilience and invest in their futures and aspirations.

⁹ WFP. 2025. *Acute Food Insecurity in 2025: A Global Overview* - World | ReliefWeb.

BOX 1

Definitions of Financial Inclusion, Access to Finance, and Inclusive Finance



Inclusive Finance is a strategic imperative for WFP and central to its dual mandate of saving and changing lives.

By expanding access to tailored financial services that drive food security outcomes, WFP enables people to invest in their livelihoods, manage shocks, build resilience and self reliance, and ultimately strengthens national food security.

Improved financial access allows vulnerable households to better withstand crises and reduce their reliance on humanitarian assistance in a resource constrained environment. It also enhances WFP's ability to deliver more impactful, efficient and sustainable programmes—particularly in fragile settings—by leveraging innovative financial tools and partnerships.



BOX 2

UNGA Resolution on Financial Inclusion for Sustainable Development (2025)

The 2025 UNGA Resolution highlights financial inclusion and financial health as core enablers of sustainable development, calling for stronger digital public infrastructure, gender responsive approaches, national financial inclusion strategies, and broader access for vulnerable groups. WFP's inclusive finance work aligns with these priorities through building on its programmatic strengths of developing safe digital payments, strengthening financial literacy, co designing credit and climate risk insurance and supporting national regulatory and consumer protection systems. This alignment reinforces WFP's role in advancing financial inclusion linked to food security and resilience, fully in line with global policy direction.

BOX 3

WFP's 2025 Inclusive Finance Achievements

In 2025, WFP reached 7.2 million people worldwide with inclusive finance initiatives (44 percent women) demonstrating our growing role in expanding financial access to those who need it most.

WFP's Inclusive Finance Interventions

WFP's commitment to Inclusive Finance is demonstrated through its diverse and innovative interventions where financial inclusion and access to finance are promoted as a cross-cutting topic through different approaches, programmes and teams. WFP's Inclusive Finance interventions can be classified in three categories:

First, WFP is the world's largest provider of humanitarian cash-based transfers globally. Both humanitarian cash transfers as well as Government-to-Person (G2P)¹⁰ payment schemes are increasingly supported by WFP, offering first-time access for unbanked and underserved people and businesses. When intentionally designed, they also advance [digital financial inclusion](#) and women's economic empowerment.

Second, WFP actively promotes access to financial services such as credit, savings and insurance as part of broader programmes and innovations promoting resilience and productivity of unserved

10. WFP is increasingly transferring funds directly into individuals' digital financial accounts, connecting people to formal financial services, often for the first time, and advancing their digital financial inclusion. As the world's largest provider of humanitarian cash transfers, WFP has significant potential to drive transformative change. By 2030, WFP aims to support [10 million women and their families through their own financial accounts](#).

and underserved populations. This includes financial inclusion interventions within the Smallholder Agricultural Market Support (SAMS)¹¹; Inclusive Risk Financing (IRF) interventions, which integrates credit, savings and insurance to strengthen resilient food systems; and the Youth and Work (YiW) programme, where financial access is critical for expanding value chain employment opportunities for young people. These financial services have enabled communities to invest in their livelihoods, de-risking their productive investments, avoiding reverse on long-term development gains and strengthening the resilience of agri-food value chains.

Third, WFP has been testing and scaling up innovative instruments to unlock access to finance, supporting financial service providers (FSPs) in setting up systems to deliver enhanced services to financially excluded populations and mobilizing investment for frontier market agrifood stakeholders. The latter has been done mainly through WFP's work on Innovative Finance under WFP's Innovative Finance Strategy¹². This includes interventions to unlock access to capital to FSPs and other critical private sector players who are enabling the provision of such services, leveraging blended finance and impact investing approaches. For instance, the [SheCan](#)¹³ initiative improves economic and income-generating opportunities for women and their communities by supporting their access to affordable microloans tailored to their needs and enhancing their financial capabilities through gender-sensitive financial education programmes. Other examples include [WFP BRIDGE](#), a catalytic finance facility established in partnership with UN Capital Development Fund (UNCDF) in

11. These include the provision of literacy training to farmers' organizations; leveraging contracts as collateral to facilitate and reduce the cost of credit; establishing revolving funds; establishing savings groups; and promoting digital e-commerce solutions, such as Farm2Go, where financial services can also be integrated.

12. In 2025, WFP has approved its first Innovative Finance Strategy to further emphasize the organization commitment in this area and provide strategic guidance. WFP Innovative Finance Strategy outlines four major priority areas, including: (1) debt swaps and capital market solutions, (2) structured solutions (including blended finance, financial inclusion, impact investing, co-financing etc.), (3) innovative climate finance (including catastrophe bonds and carbon finance), and (4) exploratory solutions (including digital assets, Islamic financed etc.).

13. <https://innovation.wfp.org/project/shecan>

support of businesses and FSPs working alongside WFP's programming and operations, the partnership between WFP and Equity Group to enable access to finance for WFP's target populations through local FSPs, or the recently launched development of World Food Invest (WFI), a dedicated investment fund with associated market making and value creation facilities, which leverages WFP's infrastructure, expertise and operations to unlock investments in frontier market agrifood, such as storers, processors, financial institutions, wholesalers, retailers, input providers, transporters, etc.

WFP acts as an enabler of inclusive finance, designing and promoting it as a critical tool for advancing food security and reducing long-term humanitarian needs. However, to ensure that these efforts are a worthwhile investment, the broader ecosystem must be conducive to the sustainability of the financial services being enabled. This is why it is essential for WFP to support dedicated initiatives that strengthen financial literacy, ensuring that people are empowered, informed and adequately protected when accessing financial services. For instance, through WFP's Skills for Livelihood Opportunities interventions (SLO), such as vocational training, participants enhance their employability and enterprise viability by building human, social, physical and financial capital. At the same time, strengthening the capacity of governments and financial service providers is equally critical, so that inclusive financial solutions can be offered and embedded within national systems over the medium and long term to ensure their sustainability.



Newly insured members of Mougou women's cooperative in their shared farm in Guiriko region, Burkina Faso.

The Financial Inclusion Technical Working Group

For over a decade, WFP has promoted financial inclusion to strengthen programme delivery and improve livelihoods, but coordination across initiatives was limited. To address this, WFP established the Financial Inclusion Technical Working Group (TWG) in 2025 to drive stronger integration across teams. Effective coordination enables WFP to better support field operations and present a unified voice to governments, donors and financial service providers, reinforcing WFP's leadership in advancing financial inclusion for food security and resilience.

The TWG provides a platform to align strategies, share lessons and promote joint programming. Its priorities include enhancing cross-functional collaboration, streamlining fundraising through a clear narrative, developing scalable and sustainable pathways for engaging financial service providers as partners, piloting integrated programmes in selected countries, strengthening in-country focal points, expanding advocacy and contributing to national strategies, and building organizational capacity. Several activities in 2025 helped advance the TWG's agenda, including webinars, coordination calls, development of a joint workplan and the launch of dedicated working groups. Building on this momentum, 2026 will focus on deepening collaboration, scaling integrated approaches and strengthening WFP's capacity to deliver high-quality inclusive finance programmes.





Insurance beneficiary Jeffrey Modanza in his field.

Looking Ahead

In 2025, WFP's disaster risk financing (DRF) portfolio continued to build on earlier investments, strengthening its impact and further consolidating DRF as a core risk management tool. WFP's DRF programmes provided financial protection to 4.9 million people across 44 countries and triggered approximately US\$18 million in payouts enabling early, targeted assistance for people affected by weather-related shocks.

In 2026, WFP will continue consolidating its DRF portfolio to ensure that vulnerable people, communities, governments and the humanitarian sector can better prepare for, withstand and recover from weather-related crises. Building on lessons and achievements from 2025, WFP will focus on scaling pre-arranged financing solutions that enable earlier, faster and more predictable support—driving progress toward the ambition of protecting **10 million** people with DRF instruments and supporting **50 countries by 2029**, aligning with the call from the [Global Initiative on Pre-arranged Financing](#) under the Sevilla Platform for Action.

With humanitarian needs high and resources increasingly constrained, WFP will deepen integration between DRF, Anticipatory Action (AA), Emergency Preparedness and Response (EPR) and Adaptive Social Protection (ASP) systems, ensuring that innovative pre-arranged financing is embedded within inclusive, people-centred disaster response. This includes deepening collaboration across the UN system to scale up predictable risk financing, strengthen collective preparedness and promote coherent and integrated approaches to pre-arranged finance in support of national systems.

A key priority in 2026 will be advancing the Disaster Risk Financing for Adaptive Social Protection (DRF4ASP) programmatic window under the Global Shield against Climate Risks, in partnership with the World Bank, to reinforce the connection between macro-level risk financing and national adaptive social protection (ASP) systems. This will strengthen delivery capacities, ensuring that payouts can be channelled reliably and rapidly to vulnerable households through functioning social protection delivery systems.

In fragile and conflict-affected settings, WFP will adapt DRF solutions to remain effective in contexts with limited data, access constraints or governance challenges. Recent experience in providing assistance to 120,000 vulnerable people impacted by a catastrophic drought in Syria demonstrated that well-designed risk financing instruments can safeguard crisis-affected populations even in the most complex environments. WFP will build on this foundation as it develops new conflict-sensitive products, including an upcoming model for Afghanistan.

Under its macro-level risk financing portfolio, WFP aims to protect over **4.1 million people across more than 18 countries in 2026**. This includes expanding coverage for droughts, floods, cyclones and other hazards; strengthening financial preparedness through improved contingency planning; and advancing the use of risk layered approaches. Building on our experience with sovereign risk pools and lessons from 2025 payouts, WFP will continue mainstreaming pre-arranged financing into its operational and financial frameworks, while scaling instruments such as catastrophe layers.

Similarly, WFP will continue strengthening its Inclusive Risk Financing (IRF) portfolio to expand access to diverse financial instruments—including insurance, savings and loans—across food and agriculture value chains, reaching **three million beneficiaries across 34 countries in 2026**. Building on the streamlined IRF approach introduced in 2024, WFP will focus on improving programmatic targeting, strengthening integration of financial tools within WFP's resilience programmes and enhancing linkages with market access, climate adaptation, digital financial inclusion and job creation initiatives. A key priority will also be to advance the Africa Integrated Climate Risk Management Programme (AICRM) and its microinsurance component across seven Sahel countries with the International Fund for Agricultural Development (IFAD).

In addition, innovation will continue to shape WFP's DRF programmes in 2026, with a strong focus on scaling up risk financing instruments. Efforts will continue to improve accuracy, reduce basis risk and

pilot Forecast-based Inclusive Insurance (FII) schemes in at least three countries to unlock resources before a disaster strikes. WFP will also scale up innovative risk financing solutions, including a catastrophe (cat) bond currently under development. This market-based insurance mechanism leverages private sector capital to provide coverage for extreme drought in Sub Saharan Africa. Through the cat bond, WFP aims to secure up to US\$100 million in insurance coverage to finance emergency drought response in Mali, Mozambique and Somalia, potentially safeguarding up to 2.5 million people from hunger.

In parallel, WFP will develop a more coherent and strategic DRF architecture that integrates anticipatory action with macro-, meso- and micro-level risk financing instruments into a single layered system. Building on ongoing work to assess existing and new instruments, WFP will apply a sequenced approach that matches different tools to different hazards and return periods. More frequent, lower-impact shocks will be managed through instruments such as contingency funds, while rarer and more severe events will be covered through higher-level catastrophe solutions. It will also guide improvements in operational readiness, triggers and modelling, absorption capacity and the integration of DRF within national systems, enabling more predictable, timely and well-targeted responses.

To further extend its impact, WFP will deepen partnerships and improve coordination with global networks and DRF stakeholders—including the Global Shield against Climate Risks and the Insurance Development Forum (IDF) and its members, IFAD, ZEP-RE, the African Risk Capacity (ARC), the Caribbean Catastrophe Risk Insurance Facility (CCRIF SPC), the Pacific Catastrophe Risk Insurance Company (PCRIC), and the Southeast Asia Disaster Risk Insurance Facility (SEADRIF), CGAP and other UN organizations. Together with donors, humanitarian organizations and governments, WFP remains committed to expanding financial protection, reducing humanitarian needs amid constrained resources and building a more resilient future for the communities it serves.



A farmer in his field affected by weather-related shocks during the dry season, Burkina Faso.

Photo credits

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