



World Food Programme

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# Integrated Climate Risk Management: The example of the R4 Rural Resilience Initiative

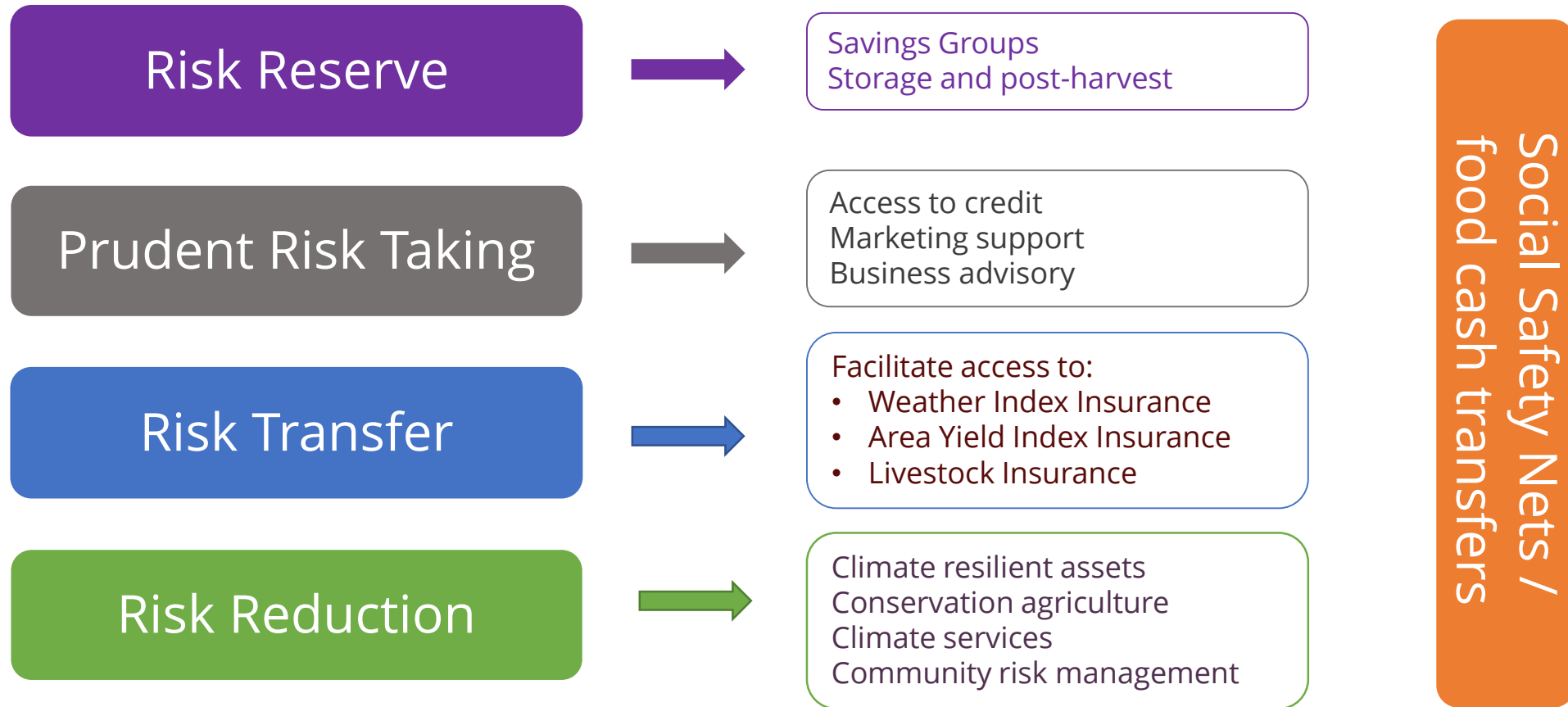
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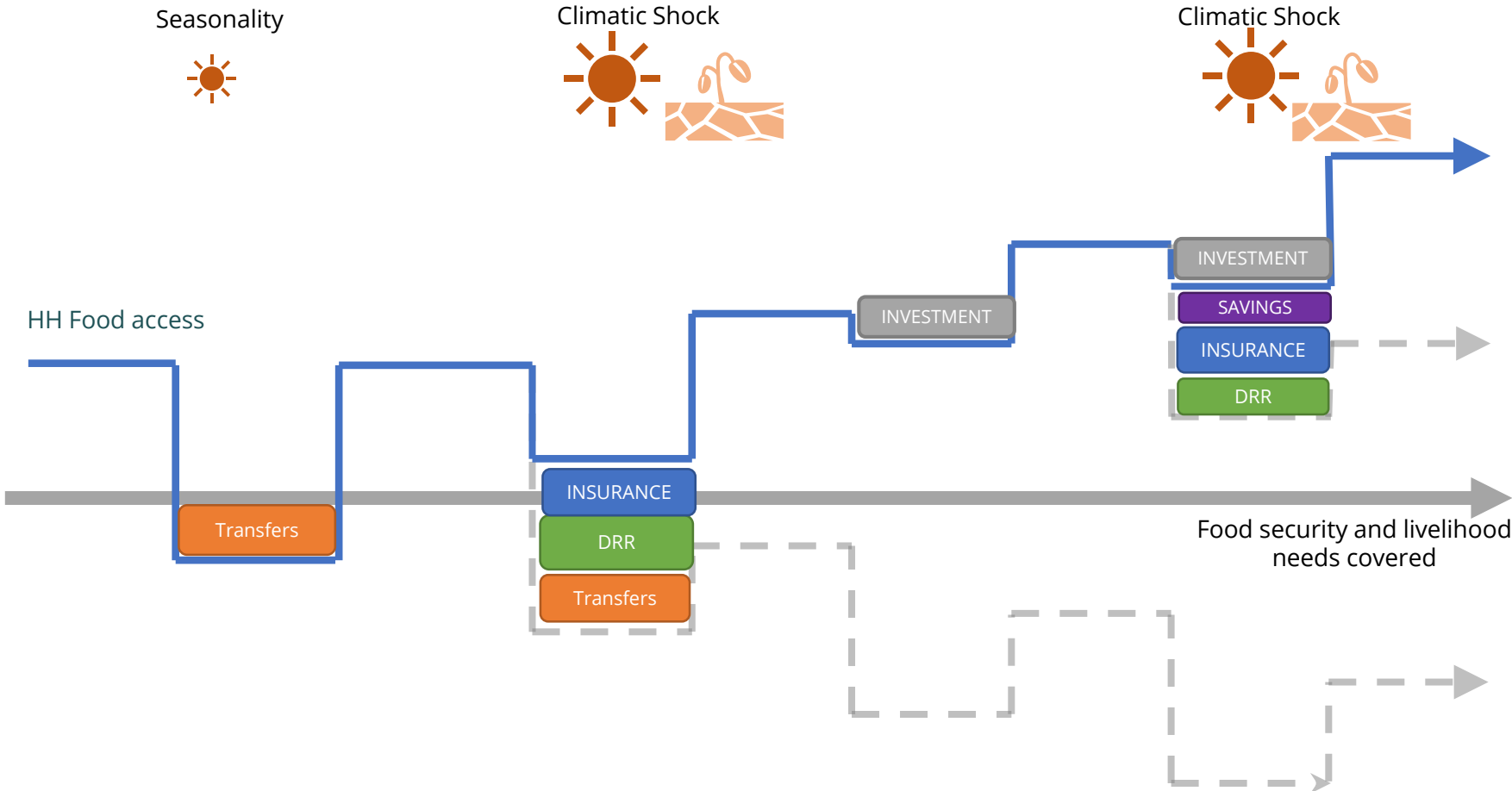
# The benefits of integrated risk management

- Food insecure people in developing countries are faced with different types of hazards – some recurrent, some catastrophic
- Actions to reduce exposure and vulnerability to recurrent hazards need to be complemented by **improvements in people's ability to cope with unavoidable catastrophic shocks**
- Such efforts require a **flexible, holistic risk management strategy** ('resilience package') that uses different risk management tools for different types of hazards
- Integrated risk management can **save up to US\$100 billion a year** in wellbeing losses **and reduce global exposure to natural hazards by almost 20 percent** (WB).
- **Benefits beyond avoided losses:** Financial inclusion, access to health and non health insurance; stronger social protection systems that shield people against different shocks, facilitate investment and innovation, and promote development and poverty reduction.

# Elements of Rural Resilience: The R4 model



# How R4 contributes to food security of vulnerable households






# The Role of Insurance



































**For WFP insurance is a transfer modality that has 3 benefits**

- |                   |   |                              |
|-------------------|---|------------------------------|
| 1. Protective     |  | rapid transfers              |
| 2. Promotion      |  | stimulates investment        |
| 3. Transformative |  | improves financial inclusion |



- |               |   |                                      |
|---------------|---|--------------------------------------|
| <b>SDG2.1</b> |   | Rapid response                       |
| <b>SDG2.3</b> |  | Stimulates agricultural productivity |
| <b>SDG2.4</b> |  | Builds resilient food systems        |

# R4 achievements

Payouts			 \$ 17,000	 \$ 320,000	 \$ 24,000	 \$ 38,000	 \$ 450,000	 \$ 74,000	 \$ 123,500*
Value of premiums	 \$ 2,500	 \$ 27,000	 \$ 215,000	 \$ 275,000	 \$ 283,000	 \$ 306,000	 \$ 370,000	 \$ 781,000	 \$ 1,1m
Total sum insured	 \$ 10,200	 \$ 73,000	 \$ 940,000	 \$ 1,3m	 \$ 1,2m	 \$ 1,5m	 \$ 2,2m	 \$ 5,1m	 \$ 6,1m
Farmers insured	 200	 1,300	 13,000	 18,000	 20,000	 26,000	 32,000	 42,000	 57,000
Countries	Ethiopia	Ethiopia	Ethiopia	Ethiopia Senegal	Ethiopia Senegal	Ethiopia Senegal	Ethiopia Malawi Senegal Zambia	Ethiopia Malawi Senegal Zambia	Ethiopia Senegal Kenya Malawi Zambia
	2009	2010	2011	2012	2013	2014	2015	2016	2017

Our vision: 500,000 insured farmers in 2020.

\* Preliminary figure

# How to get there

- Integration into national safety net systems and climate change adaptation plans;
- Support development of sustainable commercial markets;
- Support the creation of more effective indices;
- Create effective and diversified distribution mechanisms;
- Build strategic public / private partnerships;
- Create a pool of expertise;
- Build effective basis risk management plans;
- Generate evidence base of impact and cost effectiveness

# Impacts of R4 - Ethiopia


Insured households:

2 x 

**Saved 2 times more** than those without any insurance

3.5 x 

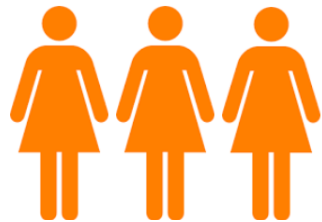
**Borrowed amounts 3.5 times higher** than non-participants

2 x 

**Invested in fertilizer an amount 2 times higher** than uninsured

4 x 

**Increased animal ownership by 4**



**Women**, who often head the poorest households, **reported the largest gains**, through investing in labour and improved tools for planting



# Moving beyond R4

How can risk management systems be made more effective?

- Address the continuum between high frequency/ low impact risks and low frequency / high impact risks
- Address non climate-related risks, e.g. price volatility
- Strengthen capacity to better manage climate risks and variability through better access to weather information (climate services)
- Provide the best combination of instruments for earliest possible action;
- Address barriers to increased income in good years (e.g. Financial services, marketing)

# Different levels of risk require layered responses

