



PRO-C Climate & Disaster Risk Financing & Insurance Team

WFP's work on Climate Disaster Risk Financing Innovation is at the core

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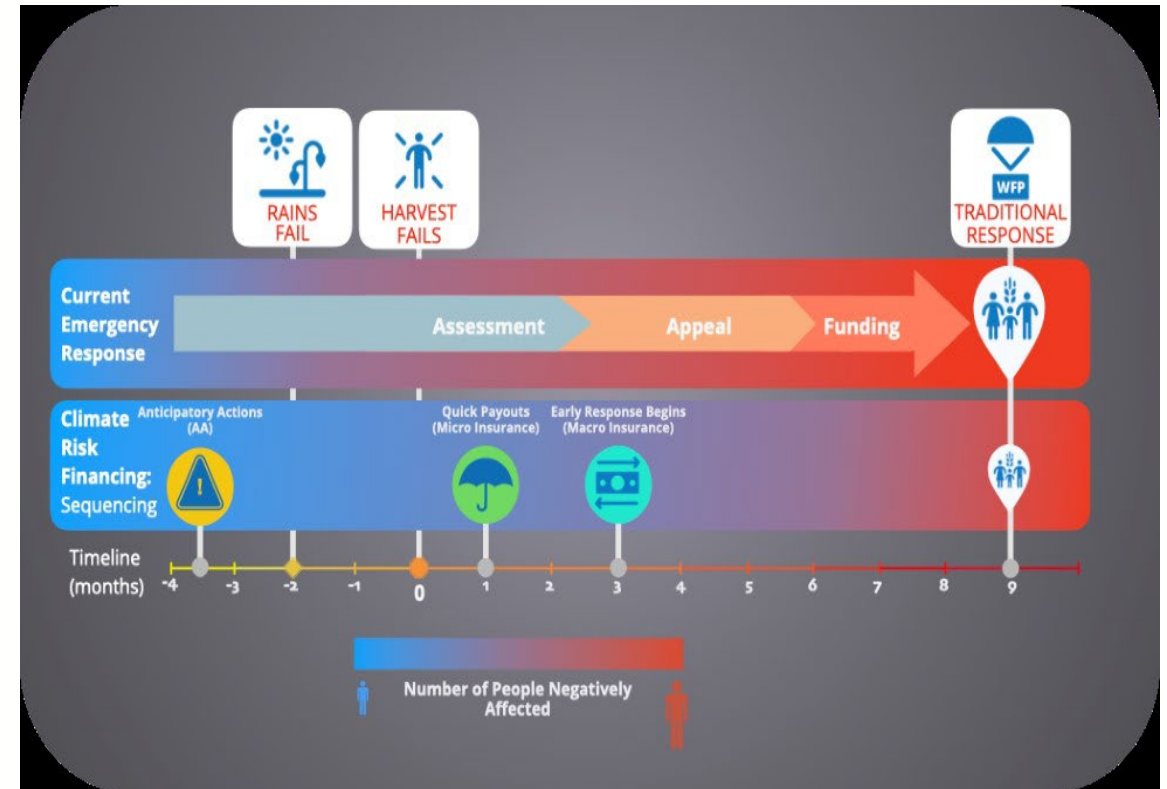
SAVING LIVES
CHANGING LIVES



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Why WFP works on CDRFI and how?

- The frequency and magnitude of disasters is increasing, driving up needs while funds available to support vulnerable people facing these crises remain relatively stagnant.
- Many climate hazards can be predicted, CDRFI can finance these more efficiently than traditional humanitarian funding channels
- CDRFI at WFP aims to:
 - Increase the funds available for disaster response
 - Improve the speed and predictability of response
 - Augment preparedness capabilities of our country offices and government counter parts
- WFP has approaches at the micro (R4) and macro (ARC Replica and related) levels + Anticipatory Action



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WFP work on CRI



At the community level

Microinsurance as part of an integrated climate risk management approach



At the meso level

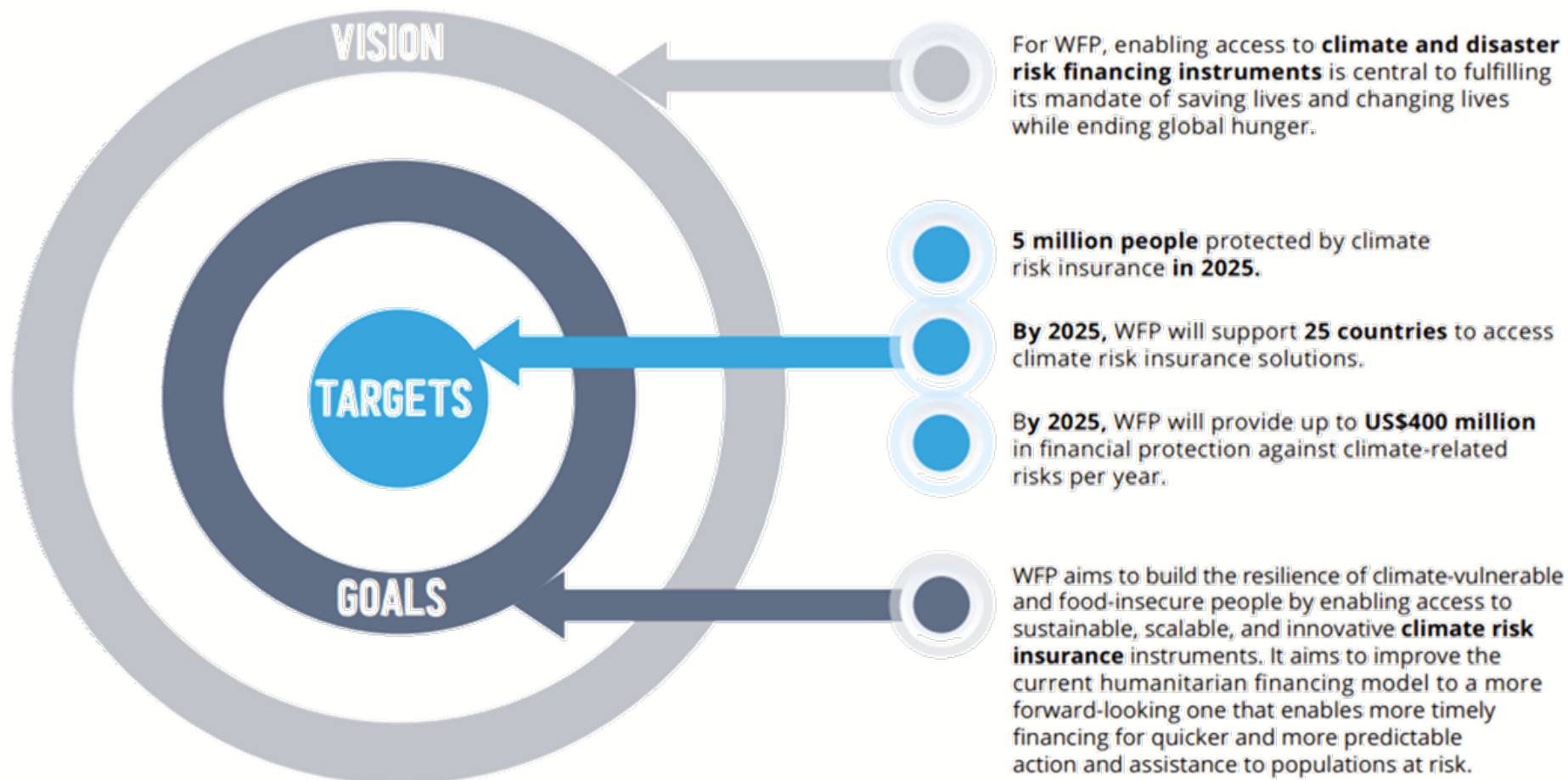
Mesoinsurance to support local governments and entities in providing essential services that can support climate resilience



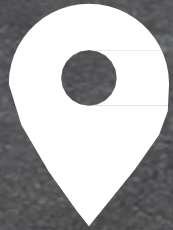
At the macro level

WFP partners with national governments and regional risk pools to purchase an insurance product or supplement premium funding for existing insurance policies from partner governments to finance governments' adaptive social protection systems to climate shocks or to finance WFP assistance.

CRI Vision, Goals And Targets Going Forward



WFP CRI Global Portfolio



21 countries
across Africa,
Asia, LAC



3.8 million vulnerable people
covered by WFP-
supported insurance
products



US\$ 360 million
Sum Insured

US\$ 12.6 million
Payouts triggered



1.8 million
People receiving
payouts



Expansion aligned with our strategy for sustainability – micro and meso

R4 v.2.0

Appropriate **country selection and CDRFI tools** to be layered according to risk profile of country and beneficiaries – exit strategy agreed from the beginning

Appropriate **targeting and selection of the right CRI tools and R4 components** to offer

Increased **focus on livelihood diversification, CSA, push for productivity and access to markets**

Innovative approaches to **promote access to financial services to manage climate risks and improve productivity**

Offering insurance products with value that are **frictionless and simpler**

Building **strategic public and private partnerships** supported on evidence, skin on the game and capacity building

Exit strategy with pathway of ownership at the local level from day 1

WFP enables the **development and strengthening of insurance markets to unlock opportunities** for people and governments, so they are more **productive and resilient** against climate shocks. Thanks to this their dependence on humanitarian response is reduced and WFP humanitarian response is most cost-efficient.



Climate Risk Insurance Annual Report 2023



Lessons learned after over a decade of experience



WFP is an **enabler** that helps removing obstacles hindering the development of climate risk insurance markets so **sustainable insurance schemes protecting, directly or indirectly, the food insecure population can be tested and scaled up.**



Innovation is essential to **solve complex problems hindering the sustainability of insurance schemes** (design -Cuba, what to insure -FII, complementarity -SAIL).
Innovation is key to ensure the appropriate **integration of insurance** within other R4 components (inputs, access to markets, HGSF).
Innovation is key to ensure consumer centric approach (digital).



The insurance scheme must be supported **on strong PPP.**
Alignment from the beginning, right **incentives, skin on the game, capacity building, roadmap for exit strategy and ownership** at the local level.

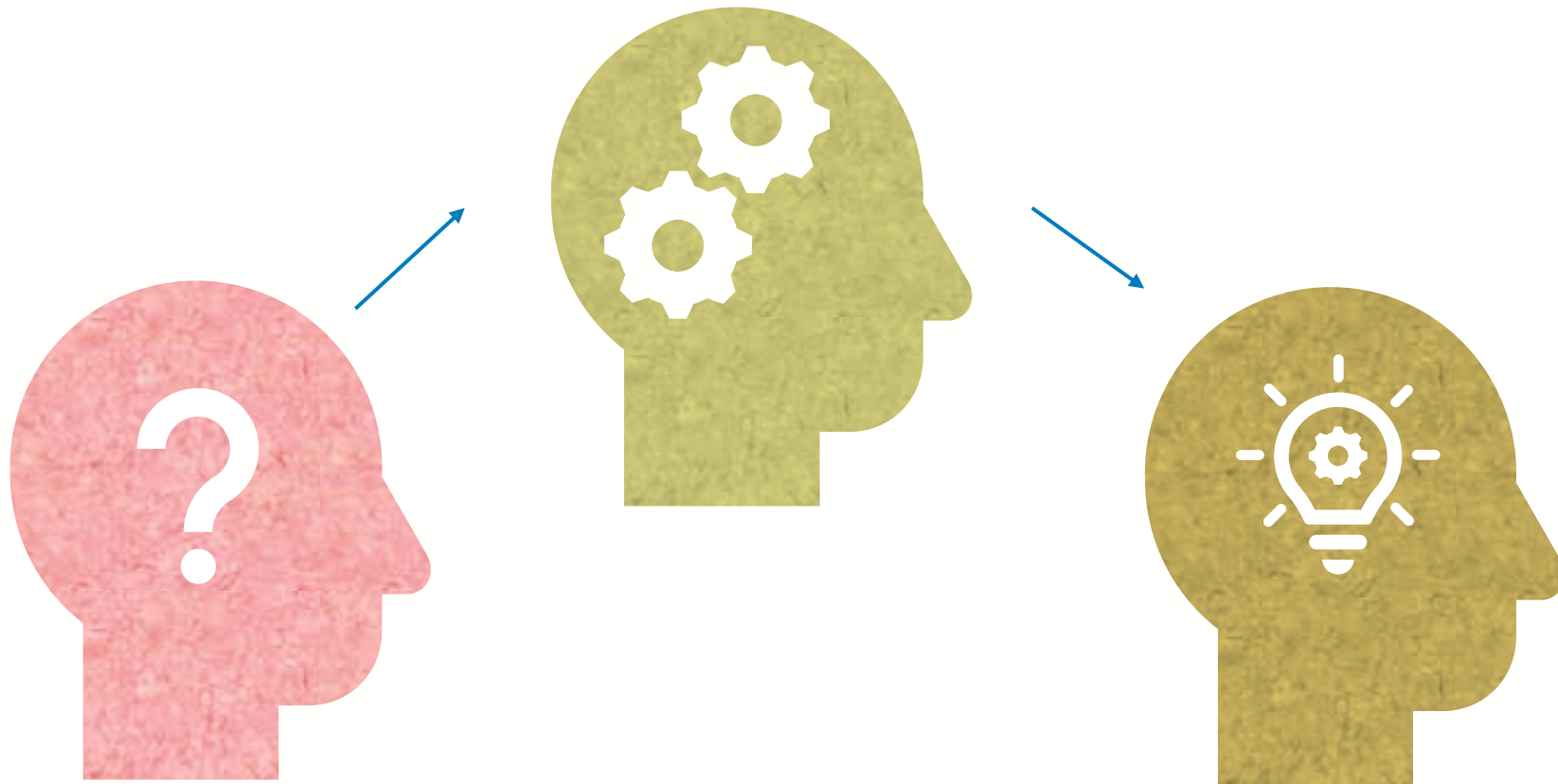


Insurance is a **solution that can promote resilience and productivity of households**; therefore, it can be an **instrumental** to achieve a wide range of public policies.



Insurance is **just a piece of the puzzle of an integrated risk management approach.** It is essential that all stakeholders on board are aware of its role and limitations and very importantly the need of complementarity with other components.

Innovation is essential



Regulatory challenges and ways that could help to address them



Challenges



Testing index insurance when regulation does not allow it specifically



Not finding local insurers interested and skilled



Working in countries where alternative distribution channels are not allowed



Limited transactional platforms that are allowed



Limited local capacities to own schemes in the mid and long term and build sustainable PPP



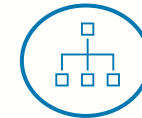
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Opportunities



Dialogue with regulators –piloting interventions promoted by WFP can be the best way to identify regulatory obstacles and how to address them (Kyrgyzstan, Gambia)



Participating in dialogue to create specialized companies (Senegal), Support creation of pools of insurers for agricultural insurance (Ethiopia, Malawi) Support to build local capacities (Zambia)



WFP is well positioned to test innovative approaches while ensuring that consumers are effectively well protected and that receive value from the schemes that are promoted. This is at the core of our work. This can provide peace of mind to supervisors to test innovative approaches while we are also safeguarding the wellbeing of beneficiaries.



Supports development of long-lasting partnerships by unlocking integration, TA, dialogue with other entities supporting the same goals (Zambia, Ethiopia, DRC, Madagascar)



Thank you!

