



World Food Programme



INTEGRATED CLIMATE RISK FINANCING AND MANAGEMENT IN WFP

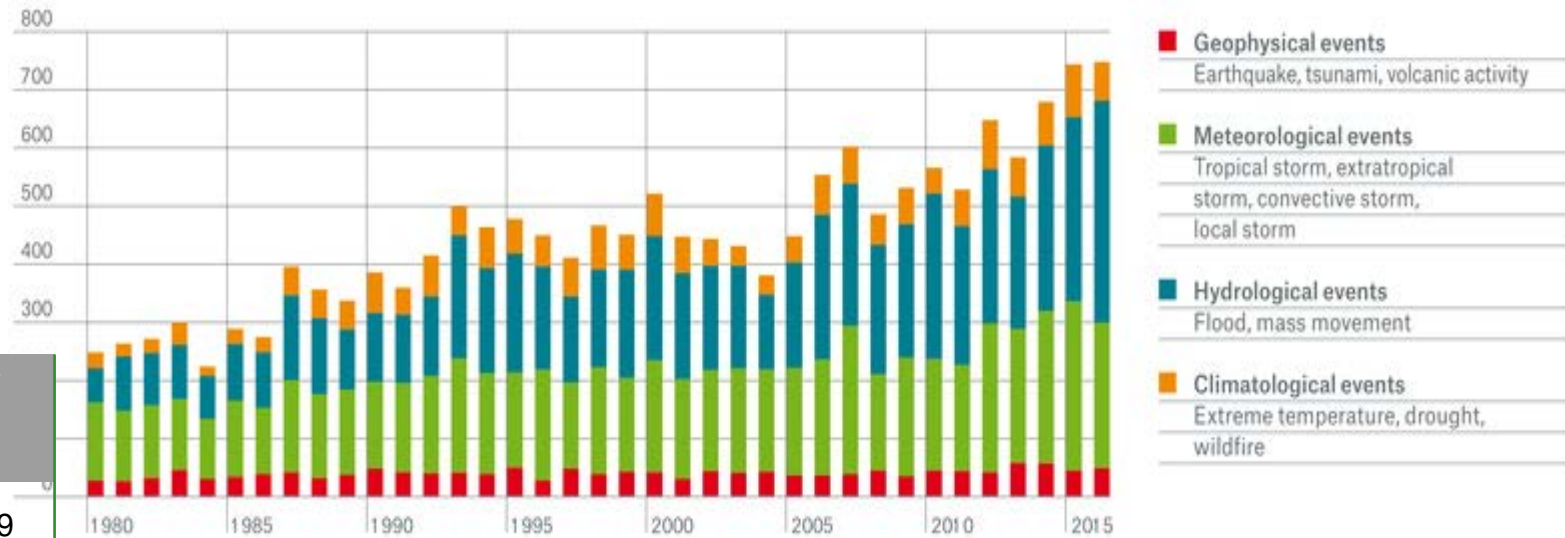
SAVING
LIVES
CHANGING
LIVES

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THE SCALE OF THE PROBLEM

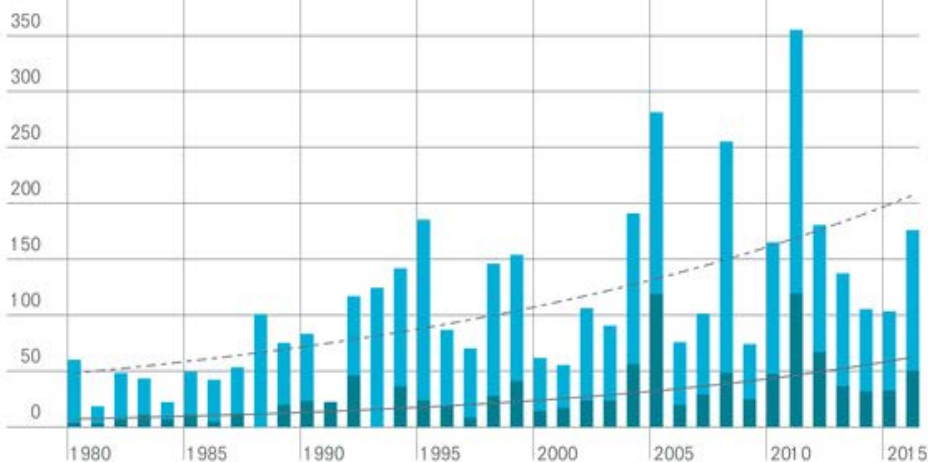
- Climate-related disasters are becoming more frequent
- Cost of late / delayed response



Cost by household* of delaying response until X months after the harvest

*Based on average household of 6 individuals

Months	1	2	3	4	5	6	7	8	9
Cost	Negligible cost			US\$ 49			US\$ 1,294		



- Climate-related disasters are causing more damage

➔ We could be saving more through early and predictable response



ARC REPLICA & MICROINSURANCE

ARC REPLICA

- * an innovative approach to expand climate risk insurance coverage to more people
- * improve the effectiveness of emergency humanitarian response in vulnerable African countries prone to climate risks
- * Support national technical capacities and systems in emergency preparedness and response, targeting, and risk finance.

REPLICA piloted in Mali & Mauritania in 2018. 240,000 more people covered in 2018 with a max pay-out of USD 13.3 million (USD 2.6 million premium)... but possibly no policy.

Microinsurance

- * transformative & promotions aspects of insurance → change driving (incentive for DRR measures)
- * index insurance developed with communities, integrated in a broader risk management strategy (DRR, financial inclusion, access to market...)
- * insurance for assets approach (transfer modality) → from social protection to transformation
- * system progressively handed over to government and private stakeholders

ARC REPLICA & MICROINSURANCE

So far no full integration, but overlap in a few countries, but some lessons learnt

Similarities

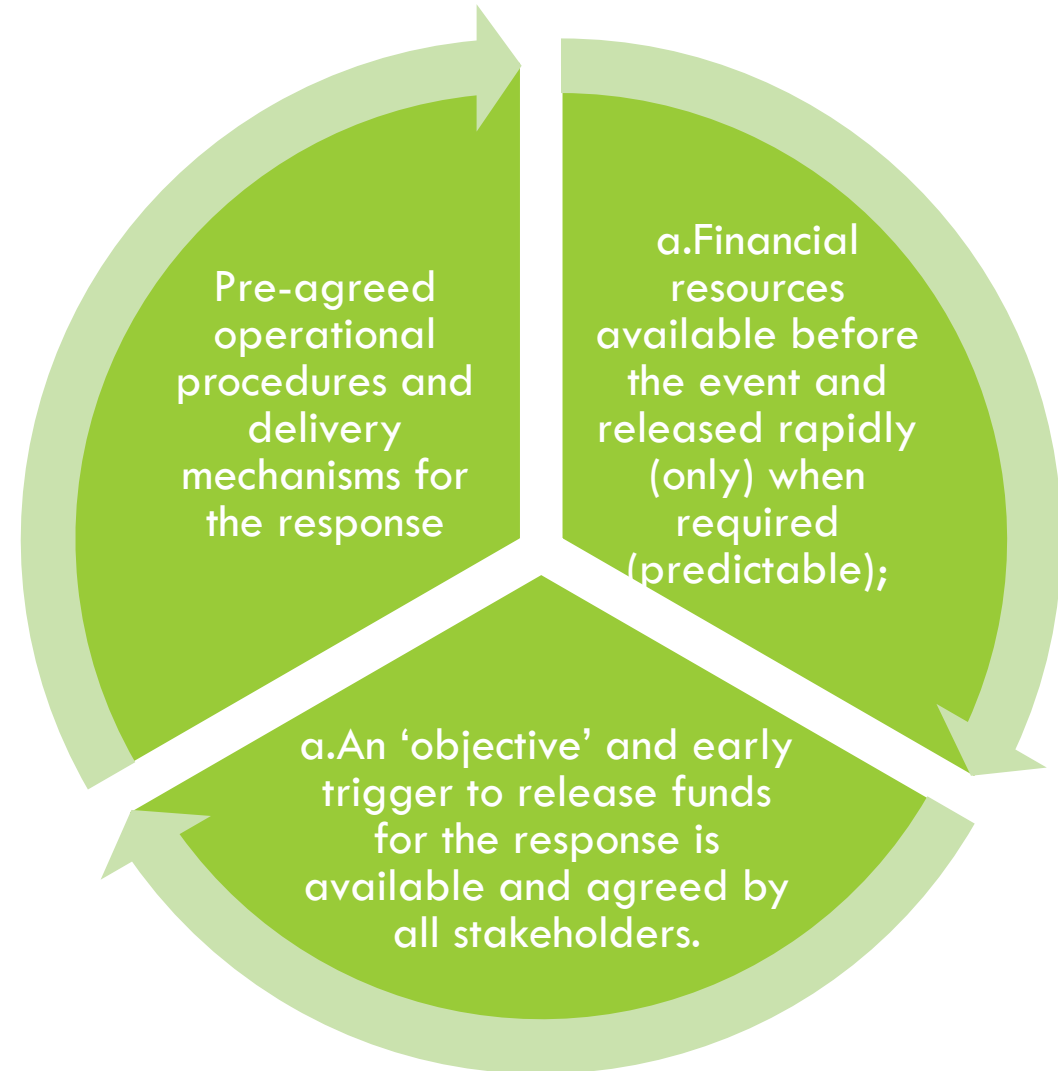
- * index design & capacity building at country level
- * Distribution and access to benefits
- * An efficient system is supposed to increase impact and bring costs down
- * Both benefit from being integrated into a broader climate risk finance strategy

Differences

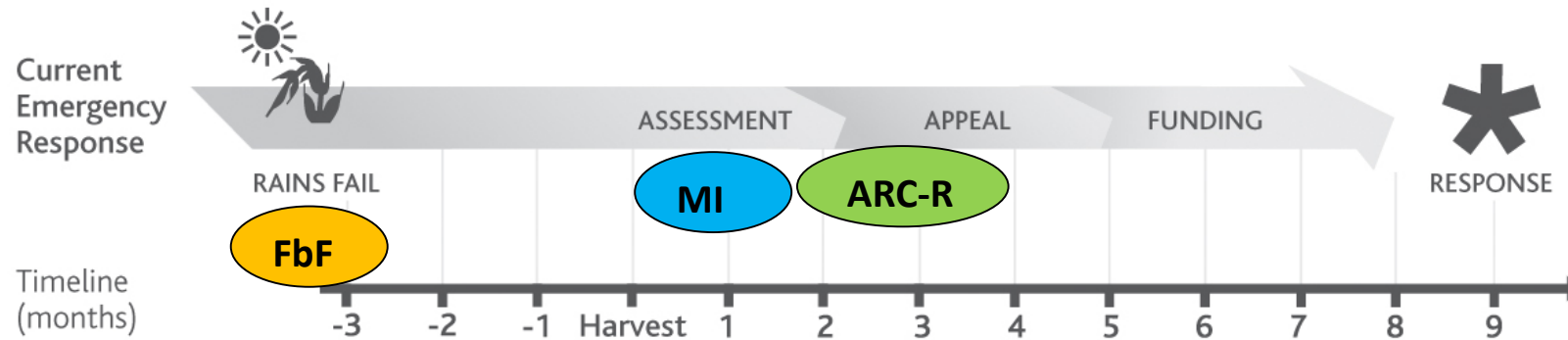
- * index system does not work on the same basis
- * the Replica system provides fast support to finance a response plan. Microinsurance directly pays out to support insured households.
- * outreach capacity vs. Flexibility.

CLIMATE RISK FINANCING: ANTICIPATING DECISIONS

Decision processes and implementation modalities are established before the event (FbF, Insurance, other):



CHANGING THE WAY RESPONSE WORKS – THREE COMPLEMENTARY TOOLS FOR WFP



Source: Clarke/Hill, Cost-Benefit Analysis of the African Risk Capacity Facility, 2012