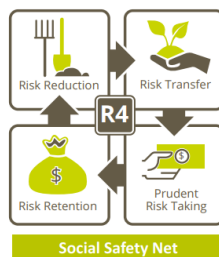




R4 RURAL RESILIENCE INITIATIVE

Over 1.7 billion people have been affected by climate-related disasters globally in the last ten years, with the number of people facing acute food insecurity being on the rise. Strategies for reducing and mitigating risks are therefore essential to overcome hunger, achieve food security and enhance resilience.



Since 2011, R4 has broken new ground in the field of climate risk management by enabling vulnerable households to access index insurance products by participating in risk reduction activities.



World Food Programme

SAVING
LIVES
CHANGING
LIVES

ABOUT R4

Resource-poor and food insecure households are faced with a wide range of shocks, including climate variability, extreme weather events, conflict, and socio-economic crises. While vulnerable communities have a greater likelihood to suffer heavy losses from these shocks, they often lack access to efficient and effective formal risk management and social protection mechanisms. WFP's vision is to end global hunger by helping reduce risk and vulnerability to shocks and achieving sustainable food security and nutrition. WFP recognizes that in order to achieve its objective, it is essential to rely on a comprehensive set of integrated risk management strategies and tools that address both the climatic as well as non-climatic factors contributing to people's vulnerability.

WFP has been the first UN agency to develop a microinsurance scheme integrated in a broader strategy to

manage climate risks in chronically and transient food insecure areas, prone to recurrent droughts and floods. The **R4 Rural Resilience Initiative (R4)** is an integrated climate risk management approach that aims to help communities build resilience, incomes and wellbeing in the face of increasing climate variability and shocks. The initiative combines four risk management strategies: **reducing the risk** of climate-related shocks through nature-based solutions and improved agricultural practices; **transferring the risk** of catastrophic events to private insurance markets; enabling better **risk retention** of households and communities through the promotion of group savings and integration with social protection systems; and promoting **prudent-risk taking** through a combination of financial education, livelihoods diversification, and easier access to credit to enable better investments.

July 2021

R4 currently reaches nearly **180,000 farming households (55 percent women)**, benefitting approximately **900,000 people** in Bangladesh, Burkina Faso, Ethiopia, Kenya, Madagascar, Malawi, Mozambique, Senegal, Zambia and Zimbabwe. Of these farmers, nearly 3,500 accessed insurance developed through the R4 initiative: either through subsidies from other donor-funded programmes or by paying the premium cost fully with their own cash. The initiative is also currently expanding into the **Latin American and the Caribbean (LAC)** region.

WHAT'S SO INNOVATIVE ABOUT R4?

- Vulnerable households can **access index insurance by participating in risk reduction activities** that promote resilience by steadily reducing their vulnerability to shocks over time. Insurance is usually built into either existing government social safety nets or WFP's Food Assistance for Assets (FFA) programmes. When a shock hits, compensation for crop losses **prevents households from selling productive assets and stimulates faster recovery.**
- R4 supports the development of **innovative insurance products**, helping vulnerable farmers access insurance policies that best fit their needs and risks across various regions and countries, including: **Weather Index Insurance (WII), Area Yield Index Insurance (AYII), Hybrid Index Insurance (HII)** combining the advantages of quick payouts through the WII component, while also ensuring coverage against a broader range of risks damaging yields, such as pests, diseases, or excess rains through the AYII, **Index-based Flood Insurance**, protecting households from catastrophic flooding and **Index-based Livestock Insurance (IBLI)**, covering pastoralists and livestock farmers against scarce vegetation for grazing.
- Protected by insurance, households can avoid resorting to negative coping strategies and can **invest in riskier** but more remunerative enterprises, as well as in seeds, fertilizers and new technologies to increase their agricultural productivity. **Participants establish small-scale savings**, which are used to increase their risk retention capacity. Savings help build a stronger financial base for risk management of more frequent but less severe shocks and for investing.
- To ensure **long-term sustainability** and eventual phase-out of WFP's premium contribution, R4 promotes inclusion of insurance into government safety nets and contributes to the creation of rural

financial markets, by building local capacity and gradually transitioning farmers to pay for insurance in cash. To support the **scale-up of insurance**, the products that are developed through R4 can be distributed to clients through additional channels such as government social protection systems, other donor-funded programmes or commercial schemes. In parallel, R4 strengthens the capacity of stakeholders to progressively take over the insurance processes.

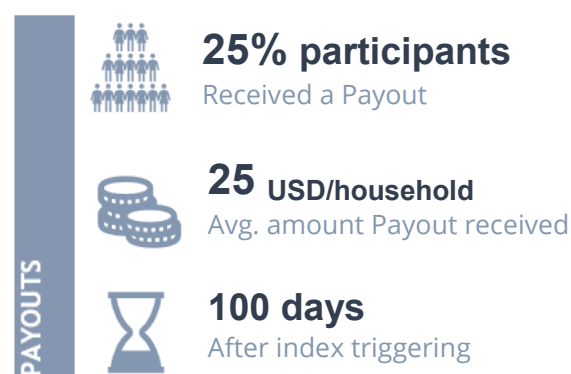
- Insurance is not a standalone tool, but a part of an **integrated risk management strategy**, where components mutually reinforce each other. Its impact is increased when integrated with risk reduction measures, improvement of farming practices and better access to climate services, adapted seeds and inputs, financial services including credit and savings, and markets.

THE INITIATIVE IS HELPING IMPROVE FARMERS' RESILIENCE

EVIDENCE FROM R4

Microinsurance as a shock responsive intervention

Since 2011, R4 has triggered payouts totaling **US\$3.5 million** to nearly **650,000 people**. Payouts received were mainly used to purchase food followed by investment in agricultural or livestock inputs. The most important payout disbursed to date, amounting to US\$119 per household - following the almost total failure of the 2017 short rains in Kenya - **enabled households to ensure adequate food consumption, protect livestock and pay for school fees.** A similar pattern of expenditure has been observed in Malawi, Senegal, Zambia, or Zimbabwe, with most of the payout received spent on **food consumption and livelihood protection.** In Ethiopia nearly **50 percent** of those receiving a payout, **invested the money back into their crops**, indicating a level of **trust** in building the predictability of the insurance product in case of shock.





Insurance and resilience of vulnerable households

When insurance is provided together with other risk management tools, the synergies created by the different components lead to **increased resilience capacity** of participants. In Malawi, after three years of implementation, the percentage of participants with acceptable food consumption increased from only 56 percent to 89 percent, along with the increase of households not resorting to negative coping strategies from 40 percent to 72 percent. **Savings** act as a **buffer** for shocks and **women** participants in the different countries have **doubled** their saving capacity. Microinsurance also plays a key role in **unlocking access to financial services**, acting as collateral to access loans. In fact, the number of participants accessing credit doubled in Malawi after three years of intervention while in Ethiopia farmers managed to borrow amounts five times higher than non-participants after five years, enabling participants to improve their productive capacities by purchasing inputs, tools, and livestock.

Participants satisfied with microinsurance products



























































In all countries, **three quarters** of participants had a **positive perception** of the insurance component. This level of satisfaction increased with the amount of payout received and timeliness of disbursement. Such a positive perception of insurance is aligned with the **willingness** of participants to enroll in subsequent years even if a **contribution** is requested.



"The four strategies have enabled me to address both my immediate, as well as, long-term food and incomes objectives in ways that are in harmony with our local realities".

Estella, R4 Zambia Participant

R4 Achievements

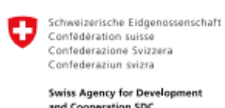
Planting year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Payouts			 US\$17,000	 US\$320,000	 US\$24,000	 US\$38,000	 US\$450,000	 US\$74,000	 US\$1.5m	 US\$590,000	 US\$109,000	 US\$394,000
Value of premiums	 US\$2,500	 US\$27,000	 US\$215,000	 US\$275,000	 US\$283,000	 US\$306,000	 US\$362,000	 US\$770,000	 US\$1.1m	 US\$1.7m	 US\$1.6m	 US\$2.6m
Total sum insured	 US\$10,200	 US\$73,000	 US\$940,000	 US\$1.3m	 US\$1.2m	 US\$1.5m	 US\$2.2m	 US\$4.9m	 US\$6.6m	 US\$10.3m	 US\$12.2m	 US\$25.4m
Cash contribution							 US\$38,000	 US\$71,000	 US\$68,000	 US\$114,000	 US\$43,000	 US\$53,000
R4 Farmers insured through WFP (percent of women)	 200 (38)	 1,308 (39)	 13,195 (33)	 19,407 (21)	 20,015 (31)	 24,970 (33)	 29,279 (32)	 37,419 (40)	 51,955 (50)	 87,661 (55)	 88,790 (60)	 173,279 (55)
Non-R4 Farmers insured*							 3,918	 4,448	 6,603	 5,659	 5,036	 3,429
Countries	Ethiopia	Ethiopia	Ethiopia	Ethiopia Senegal	Ethiopia Senegal	Ethiopia Senegal	Ethiopia Malawi Senegal Zambia	Ethiopia Malawi Senegal Zambia	Ethiopia Kenya Malawi Senegal Zambia	Ethiopia Kenya Malawi Senegal Zambia Zimbabwe	Burkina Faso Ethiopia Kenya Malawi Senegal Zambia Zimbabwe	Bangladesh Burkina Faso Ethiopia Kenya Madagascar Malawi Mozambique Senegal Zambia Zimbabwe

Figures refer to farming households insured for the 2020/21 agricultural campaign, including farmers covered with insurance purchased in early 2021.

* Farmers accessing insurance products developed through the R4 Initiative, but not directly participating in the R4 programme or farmers that have graduated from the programme and are paying their insurance premium fully in cash.

Our vision: 500,000 insured farmers in 2022

With support from



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