

The following is the combined IFAD contribution to the UNFCCC Executive Committee on Loss and Damage. It contains information relating to IFAD's ongoing efforts to incorporate climate risk and resilience into development projects and into investment criteria and decisions.

IFAD has for many years worked on increasing adaptive capacity through participatory mapping. We produced a publication that can be found [here](#), which highlights case studies and lessons learnt. It talks about how using participatory mapping, IFAD has bridged the differing top-down and bottom-up approaches to climate adaptation.

Through mapping, IFAD has had many success stories and gained valuable lessons including: a better understanding of the state and function of ecosystem services; the control and use of key community assets; changing the rules, behaviour and power dynamics in natural resource management; and found a deeper understanding of village geography and resources, to name but a few.

IFAD's Adaptation for Smallholder Agriculture Programme ([ASAP](#)), has been complementing IFAD portfolio investments since September 2012 to mainstream climate and environment awareness and resilience into IFAD's work. Since inception of the programme, 36 ASAP-supported projects were approved by the IFAD Executive Board, committing an amount of US\$285 million from the ASAP Trust Fund to concrete actions that help smallholder farmers adapt to the impacts of climate change. ASAP invests in a range of actions that help reduce smallholder vulnerability to climate change, while improving their livelihoods, economic options and the resilience of the ecosystems they depend upon. For example, mixed crop/livestock systems which integrate the use of drought-tolerant crops and manure can help increase agricultural productivity while at the same time diversifying risks across different products. Systems of crop rotation which consider both food and fodder crops can reduce exposure to climate threats while also improving family nutrition. Details on project specific actions can be found in the range of ASAP factsheets [here](#).

IFAD has been explicitly contributing to local and global environmental benefits in its work since it became an executing agency of the Global Environment Facility in 2004, and now alongside its Adaptation for Smallholder Agriculture Programme (ASAP) it continues to work worldwide on adapting to climate change and increasing the climate resilience of smallholder farmers and rural people. An IFAD-GEF unit was established to play a catalytic role in addressing the links between poverty and global environmental degradation. It does this by working with country programme managers (CPMs) to design project components that complement IFAD loan-funded projects by reinforcing the sustainability of outcomes to enable governments to meet their national commitments on environment and climate. This work has resulted in the development of new partnerships to fight rural poverty and environmental degradation. An in-depth look at the project level actions of IFAD and the GEF can be found on our factsheets [here](#).

IFAD also has its Platform for Agricultural Risk Management ([PARM](#)). PARM is an initiative focused on making risk management an integral part of policy planning and implementation in the agricultural sector. An outcome of the G8 and G20 discussions on food security and agricultural growth, PARM is a four year multi-donor partnership between the European Commission (EC), the

French Development Agency (AFD), the Italian Development Cooperation (DGCS), IFAD, German cooperation (BMZ/KfW), NEPAD and other development partners.

As a knowledge broker and coordinator, PARM facilitates the identification, assessment, quantification and management of agricultural risks in partner countries. PARM partners with relevant service providers to develop strategies to tackle those risks that can be managed, and to facilitate the incorporation of such strategies into public policies, private sector practices and agricultural investment programmes of partner countries.

IFAD also works in agricultural weather risk insurance. IFAD has been working to develop financial markets and improve access of poor people in rural areas to a variety of financial products and services for almost forty-years.

One of biggest challenges in financial inclusion for poor rural populations is the high occurrence of risks. Climate-related production risks pose a particular problem since they are often systemic in nature, affecting many people in the same place at the same time.

Without tools to address these risks, poor rural households have to find ways to cope with unpredictable and severe income fluctuations - limiting productive investment, reducing consumption, withdrawing children from school, or migrating. Exacerbating this situation is the fact that financial service providers (FSPs) do not want to lend to these segments of the population without guarantee that their operations will be secured despite the inherent risks.

A financial product, insurance can help mitigate against these risks, opening up or improving access to finance, allowing households to better manage income flows and repayment, become more productive and move out of poverty.

IFAD together with the World Food Programme (WFP) began focusing on agricultural insurance in 2008 through the joint Weather Risk Management Facility (WRMF). The WRMF focus on agricultural insurance has the aim to enhance smallholder resilience, productivity, access to finance and inclusive value chains, and improve sustainability of agricultural development programmes. Since its inception in 2008, the WRMF has been comprised of a core team of staff in IFAD's rural finance team and WFP's disaster risk reduction team, supported by international expert consultants who have a wealth of experience in agricultural insurance assessment, development, design and roll-out. The WRMF also has a variety of strategic partnerships across the industry, and works with partners including insurers, reinsurers, remote sensing data providers, and agricultural research institutions.

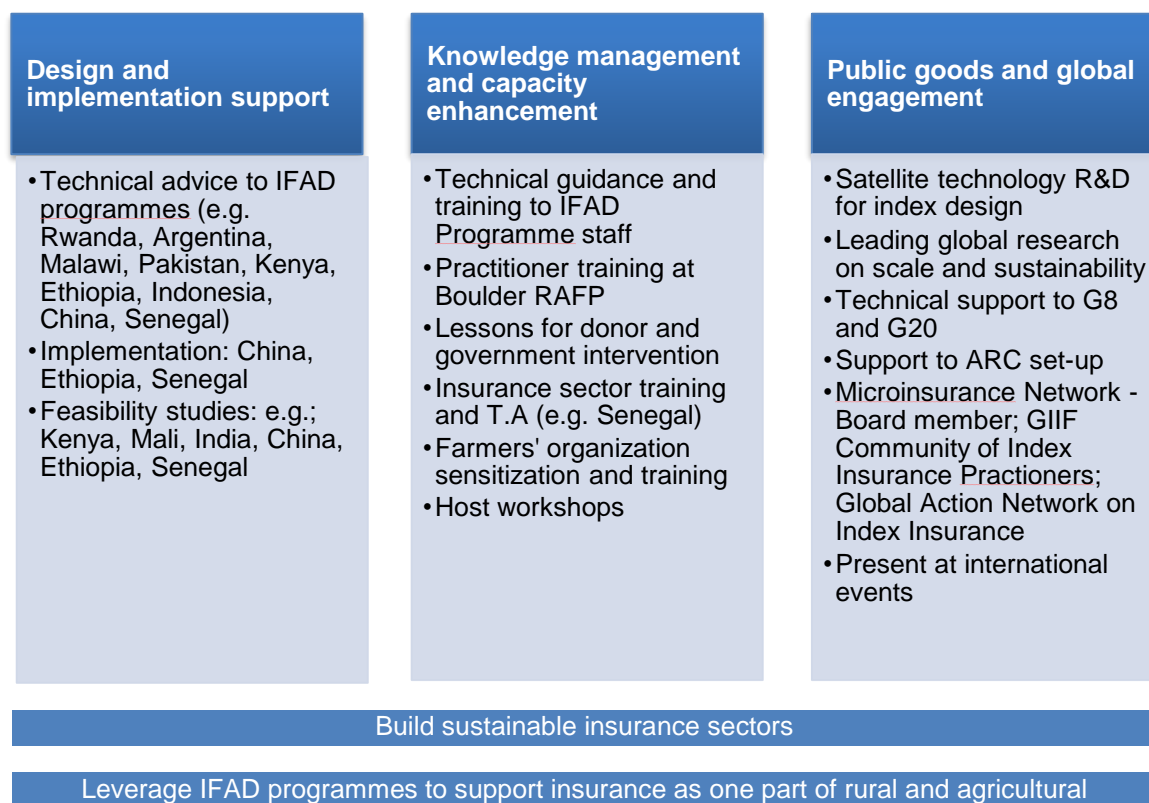
The three main pillars of WRMF activities are: i) design and implementation support of holistic agricultural insurance schemes; ii) knowledge management and capacity enhancement; and iii) public goods and global engagement to contribute to sector understanding of common constraints, opportunities and solutions.

With funding support from Agence Française de Développement and the Bill and Melinda Gates Foundation, as well as IFAD and WFP, the WRMF has gained experience in multiple areas of agricultural insurance, and more specifically index insurance (Figure 1), including:

- Global research into 36 agricultural insurance programmes, distilling key lessons for reaching [scale and sustainability](#), and roles of public and private partners
- Researching and testing of [innovative satellite data approaches to index insurance to overcome the key issue of lack of good quality and quantity of data on the ground](#)
- Design and implementation of the first weather index insurance (WII) pilot in China, one of the first in Ethiopia, and a unique bundled approach in Senegal
- [Technical design](#) and implementation support to incorporate agricultural insurance in IFAD's wider portfolio
- Insurance feasibility assessments in Mali, China, India, Ethiopia, Kenya, Senegal
- Technical assistance to design of an index insurance product in Mali
- Financial support to setting-up African Risk Capacity (ARC)
- Design and delivery of farmer games for client education on index insurance
- Regular participation in international fora, global-level debate, and worldwide expert networks on insurance, including as a Board Member of the Micro-insurance Network

It is now embarking on a new project with the Micro-insurance Centre running for 4-years which will assess and develop appropriate insurance products linked with IFAD's portfolio in three regions of operation: Asia and Pacific Region, Near East and North Africa, and Eastern and Southern Africa.

Figure 1 WRMF - What we do



IFAD's pilot experience and recognized research into index insurance identified that in order to make insurance work for agricultural development, it needs to be significantly scaled-up, not just in terms of volumes but also in terms of innovative products and programme approaches that offer both real value to clients and a business case for insurers.

However, insurance markets in developing countries face constraints in improving and scaling their available products. To become successful – for both policy-holders and insurers – several elements are important. These include simple and affordable insurance products reaching large numbers of people; simplified claims; prompt delivery of benefits; and a value proposition – improving access to other products and services.

Currently there are two main barriers to scaling-up insurance: i) It is often approached as a standalone tool and not integrated as part of wider market-led or development approaches; and ii) There are inherent difficulties in benefitting the hardest-to-reach – the rural poor. IFAD, as a leading agency in rural and agricultural development, is well placed to use insurance as a tool to benefit more low-income people in rural areas by leveraging its activities and partnerships with in-country institutions (e.g. MFIs, farmers' organizations, value chain actors) and governments.