



CDRFI for managing LOSS AND DAMAGE

**SAVING
LIVES
CHANGING
LIVES**

WHY L&D SOLUTIONS

1

Climate change is a main driver of food insecurity and complex emergencies

2

Ever increasing and more intense climate shocks, increasing humanitarian needs and costly responses

3

Need to shift from a reactive to a more forward-looking humanitarian system

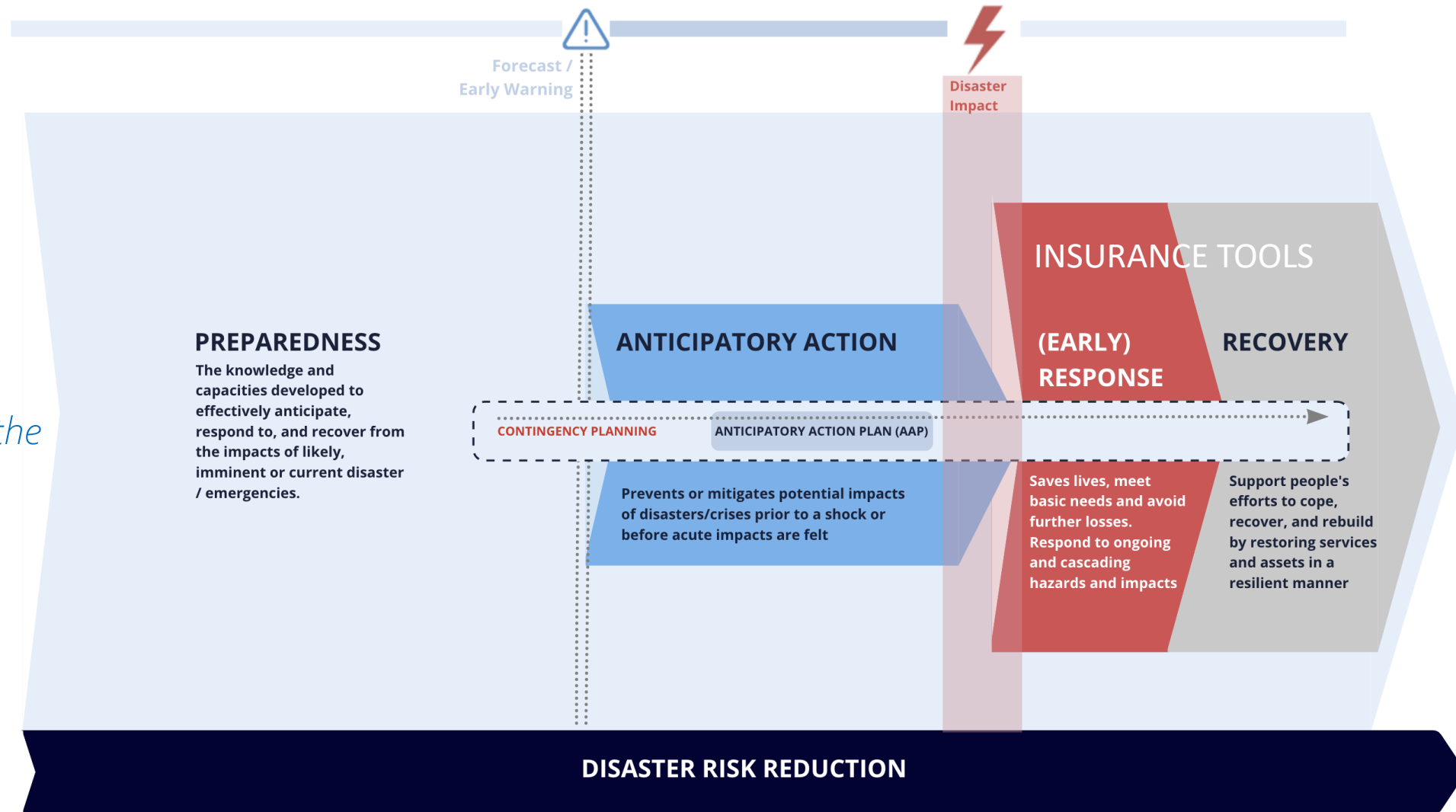
4

WFP has deep field presence, knowledge of local contexts, and technical expertise



Bridging the gap within the DRM Cycle

Bridging the gap between longer-term disaster preparedness & DRR and the life-saving window of emergency response.



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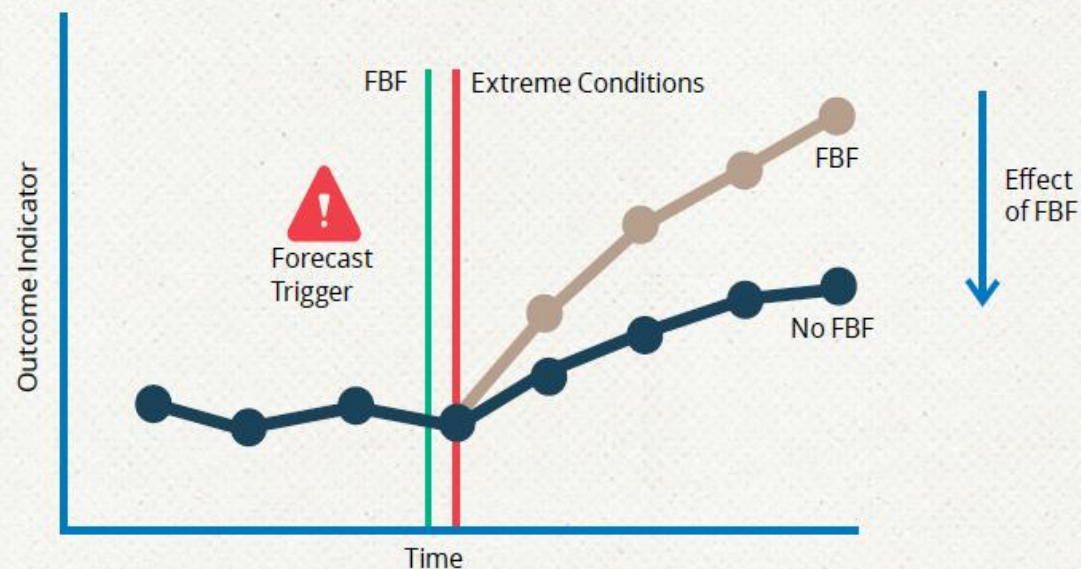
THE MONETARY BENEFITS OF FBF & AA

KENYA:

Estimated long-term impacts of drought-related AAs could result in a **saving potential of US\$ 20 billion over a 20-year period**. AAs based on 'false alarms' could be distributed **two to six times** before the total costs would reach those of a single late response

ETHIOPIA, KENYA AND SOMALIA:

Potential cost savings of US\$ 1.6 billion over 15 years if action to reduce drought impacts is taken prior to price increases and people resorting to negative coping strategies

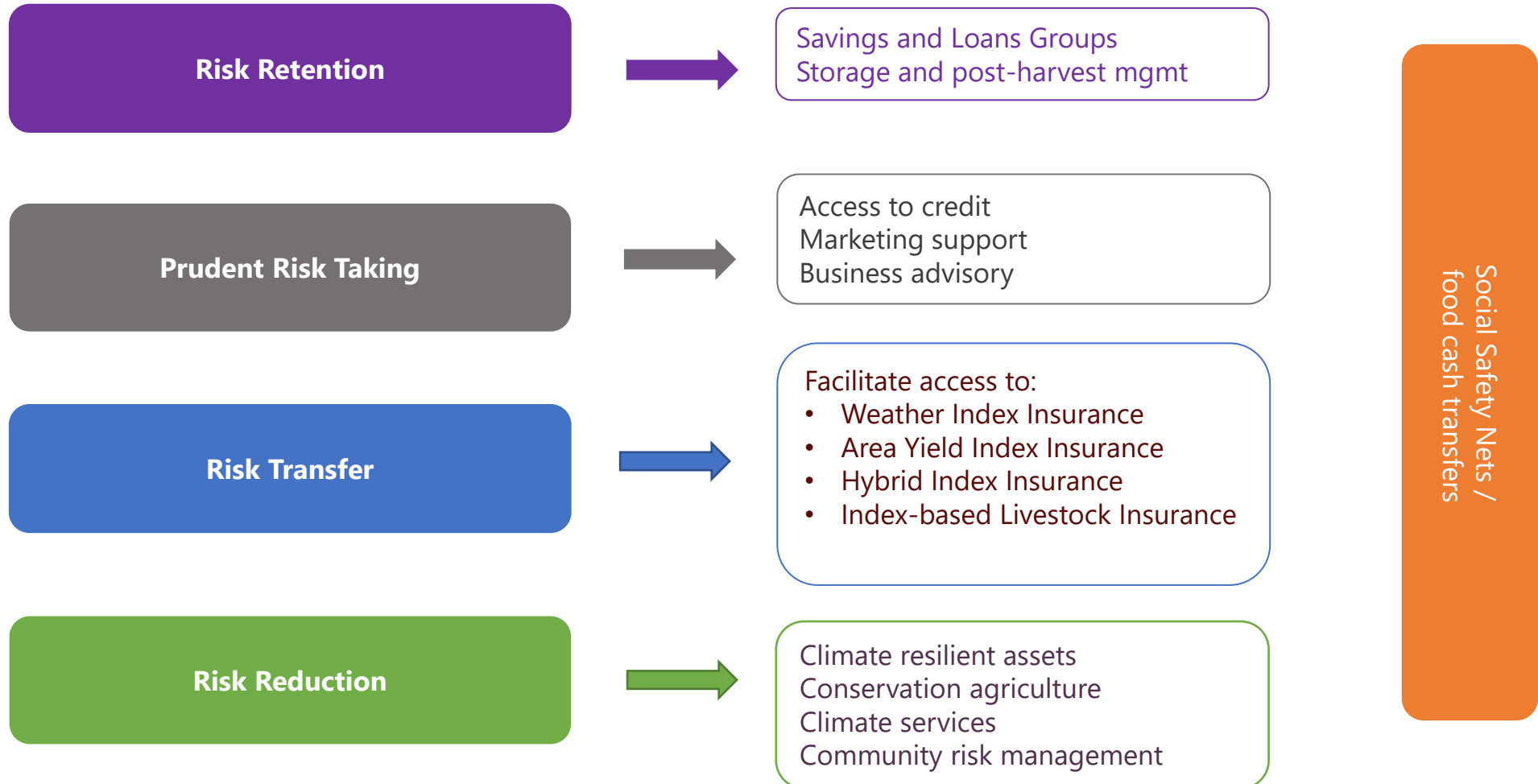


NEPAL:

FBF **limits damages caused by natural hazards on vulnerable people (75%) and assets (50%)** of damage reduction on crops and cattle). It thus saves a significant amount of money in the immediate response (US\$ 34 per dollar invested) but it also further **decreases long-term recovery needs and costs**

Microinsurance at WFP: the R4 model

Elements of Rural Resilience: The R4 model



Overview of WFP's macro insurance portfolio

- **WFP buys a policy** mirroring that of the government
- Contingency plans in place before policy purchase dictate pre-agreed actions
- **Payout received directly by WFP**
- WFP implements early response activities, complementing those of the government
- **Main priority:** support (cash or in kind) reaches affected people earlier than traditional response timeframes
- Perils covered: Drought, tropical cyclone

ARC Replica approach



- **WFP provides funds to 'top up'** the coverage purchased by the government
- Funds are given directly to the government, who they pay an increased premium to CCRIF
- **Payout is received only by the government**
- Government uses a proportion of their payout to support affected people, by channelling it through existing social protection systems
- **Main priority:** introduce an element of shock responsive social protection to the disaster risk financing approach of the country
- Perils covered: hurricane, excess rainfall

Dominica/ Belize approach



- **WFP provides funds to 'top up'** the coverage purchased by the government
- Funds are given directly to the government, who they pay an increased premium to CCRIF
- **Payout is received by the government**
- A proportion of the payout equal to the proportion of premium paid by WFP will be transferred to WFP
- These funds will be spent in accordance with the pre-agreed disbursement plan (food or cash assistance) channelled through the national school meals programme
- **Main priority:** introduce an element of shock responsive social protection to the disaster risk financing approach of the country
- Perils covered: hurricane

Nicaragua approach



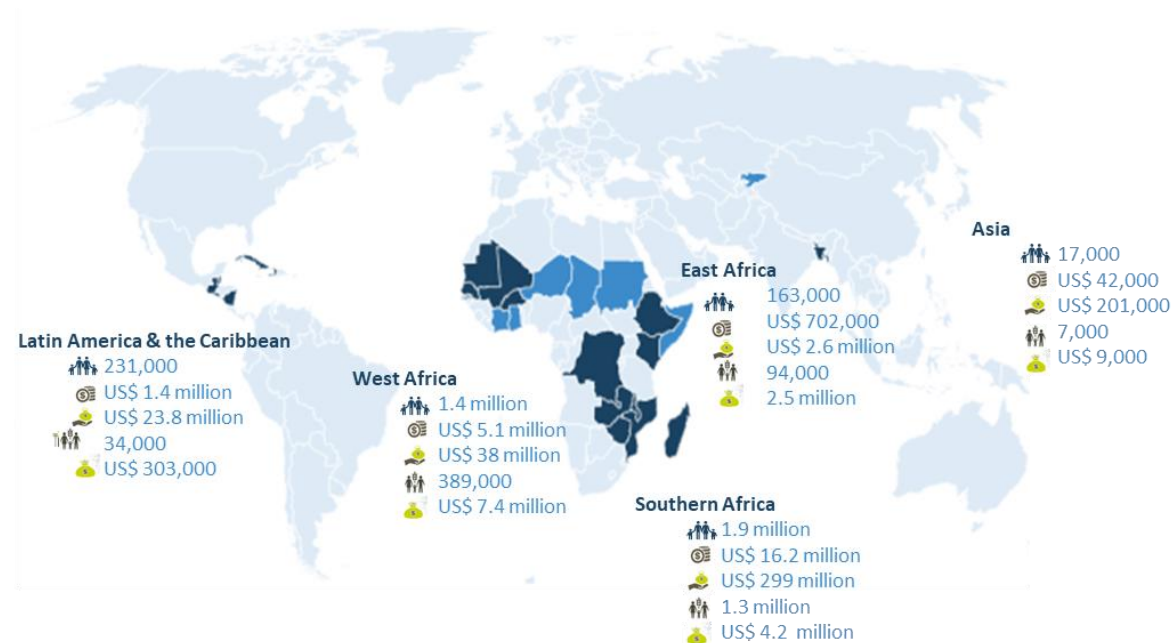


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Our scale in 2022

In 2022, WFP provided financial protection to **5.5 million people for US\$ 400 million** in more than 25 countries in Africa, Asia, and Latin America and the Caribbean, through climate risk insurance instruments. In areas affected by droughts, floods and hurricanes, the insurance products provided payouts to assist **1.8 million** people with **US\$ 14.6 million**.



LEGEND



Number of people covered by insurance



US\$ value of premiums



US\$ value of sum insured



Number of people benefitting from insurance payouts



US\$ value of payouts disbursed in 2022



Current countries



Expansion countries



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