

## Rural Resilience Initiative (R4)

R4 helps small-scale farmers to reduce the impact of disasters and increase production, through a better management of natural resources and by building assets. A unique feature is the 'Insurance for Assets (IfA)' concept which gives cash poor farmers the opportunity to pay for the insurance cover by their labor for risk reducing interventions as soil and water conservation measures.

### Initiators

The programme was initiated by the World Food Programme (WFP) and Oxfam with the goal to increase the resilience of poor rural communities against weather shocks.

KfW Development Bank supports the regional upscaling of R4 in Ethiopia to increase the resilience of low-income farm households.

### Impact

Since 2011, more than US\$2.4 million of insurance payouts have been distributed, and in 2018 around US\$ 1.5 million in payouts were realised through the initiative in Ethiopia, Kenya, Malawi, Senegal and Zambia to compensate for weather-related losses. Zimbabwe also joined the programme in 2018.

### Concept

R4 pursues a holistic approach with four interdependent and mutually enhancing components.

The **Insurance-for-Asset approach** enables poor farmers to pay the insurance premium by labor for risk management activities.

**I. Risk transfer:** farmers take less risk by purchasing an index-based insurance against drought.

**II. Risk reduction:** improved resource management and asset creation (e.g. water and soil conservation measures).



Asqual Gebreselassie has been cultivating one quarter of a hectare of land since 1991. She has five children, aged 13–28. Her family consumes 75% of the food grown, and she sells the rest. Source: WFP, photographer: Michael Tewelde

### Success story

"I joined R4 three years ago. I created my own micro-garden and cultivated the land, as payment for the premiums. I also worked on a community plantation and soil and water conservation projects. In the second year after I joined there was no rain, and I received 400 Birr (US\$14.5) from the insurance. This year I'm receiving compensation too. I'm using the money to buy fertilizer. This doubles my crop production, and my income from what I sell has increased by 50 percent. I also received 3,000 Birr (US\$109) in loans last year. I use the money to buy sheep, and I'm able to cover school fees for the children" Asqual Gebreselassie.

**III. Prudent risk taking:** insurance facilitates access to credit at better rates allowing investments in fertilizer, seeds or livestock to diversify livelihoods.

**IV. Risk reserves:** savings contribute to farmers' assets to face short-term and personal needs.

# >>> KfW Climate Risk Insurance: Project Portfolio

## InsuResilience Solutions Fund (ISF)

Targeted market: global;

Insurance approach: macro- meso- and micro-level;

Financial commitment: EUR 15 m

Providing partial grant funding and advice for the development of climate risk insurance products, to bring insurance solutions from concept to implementation stage ready for market placement.

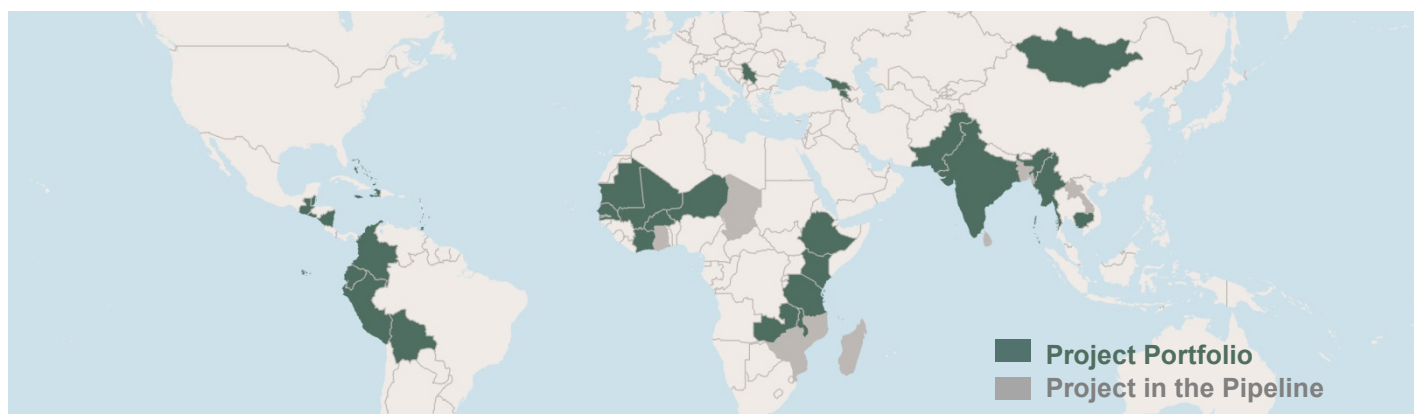
## InsuResilience Investment Fund (IIF)

Targeted market: global;

Insurance approach: meso- and micro-level;

Financial commitment: EUR 74.8 m

Promotion of the development of climate risk insurance products by providing debt and equity, along with technical assistance.



## The Caribbean and Central American Catastrophe Risk Insurance Facility (CCRIF)

Targeted market: Central America and the Caribbean;

Insurance approach: macro-level;

Financial commitment: EUR 15 m

Support of an existing index insurance pool which offers index insurance policies against earthquakes, tropical cyclones and excess rainfall.

## MiCRO (SDC Mandate)

Targeted market: Central America;

Insurance approach: micro-level;

Financial commitment: EUR 3.6 m

Promotion of need-based insurance solutions against natural disasters.

## Direct Climate Agricultural Insurance

Targeted market: Serbia;

Insurance approach: micro-level;

Financial commitment: EUR 8.5 m

Combination of working capital loan (seed) and insurance of basic risks to professionalise farm risk management.

## Agricultural Insurance in Armenia

Targeted market: Armenia;

Insurance approach: meso- and micro-level;

Financial commitment: EUR 5.3 m

Development of need-based agricultural insurance solutions for poor and vulnerable households.

## African Risk Capacity (ARC)

Targeted market: Africa;

Insurance approach: macro-level;

Financial commitment: EUR 92.2 m

Provision of index insurance policies against drought to qualified member states of the African Union.

## ARC Replica

Targeted market: Africa;

Insurance approach: macro-level;

Financial commitment: EUR 10 m

Replication of insurance policies of ARC member states for international humanitarian aid organisations.

## Rural Resilience Initiative (R4)

Targeted market: Ethiopia;

Insurance approach: micro-level;

Financial commitment: in the pipeline

Supporting the upscale of WFP's Rural Resilience Initiative (R4) in Ethiopia to increase the resilience of low-income farm households.

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