Financer le risque météorologique dans l’agriculture pour une meilleure réponse aux catastrophes naturelles

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Financial Innovation: Index Based Risk Transfer

Index based risk transfer
 ✓ Can catalyze agricultural development ("Promotion")
 ✓ Can make social protection and disaster relief and recovery more efficient ("Protection")
 ✓ Needed: Entrepreneurs – enabled by public goods
Background: Why is WFP in innovative finance?

Emergency Appeal

Crop+ Emergency Needs Assessment

Life Saving Interventions (mostly food)

Solution: guaranteed early recovery

Enrolment of Beneficiaries

Cash or food for work

LEAP Index signals severe livelihood stress

Funds disburse
WFP-IFAD Background research

- WFP Experience Ethiopia I (Government), China, Ethiopia II (Insurer)
- Research: Farmer games – round table with Researchers
- Scalability/Sustainability Paper (with Peter Hazell)
- Country appraisals
- Case Studies: WB-Country Experience with Index based insurance since 2001 (Macro - Mexico) and 2003 (Micro - India)

Index Insured/protected smallholders

![Graph showing the number of index insured farmers over years for different countries. The categories are Mexico (in blue), India (in yellow), and Ethiopia (in green).](image-url)
Lessons Learnt - Promotion

- Promote “Profits”
- Good value for insured party
- Weather Stations/Data
- Access to International risk transfer markets
- Cost efficient delivery channels

Lessons Learnt - Protection

- Protect against “Pain”
- Solid economic rationale
- Weather Data/Weather stations
- disaster risk reduction framework
- Cost efficient Delivery channels
- Good value for eligible beneficiaries
Scaling up

- Public Goods – accessible to all
  - Clean Data (Hazards, Agriculture, Livelihoods)
  - Risk Maps
  - Benchmark contracts for crops+livelihoods
  - Research in climate science tools + crop modeling
  - Regulatory support
  - Advocacy

- Private Goods
  - Training
  - Contract Design
  - Marketing and channel development