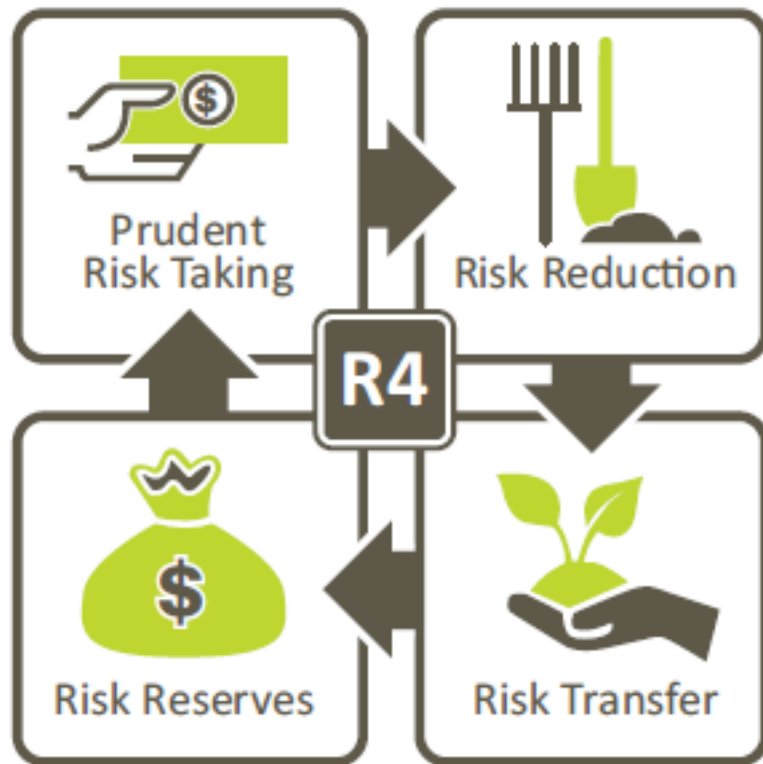


# R4 Rural Resilience Initiative

Savings and Credit Forum, SDC,  
Berne,  
May, 11<sup>th</sup> 2016

Mathieu Dubreuil



Social Safety Net



World Food  
Programme



# Introduction : Insurance stakeholders

	<b>Ethiopia</b>	<b>Senegal</b>	<b>Malawi</b>	<b>Zambia</b>
Insurer	Nyala Insurance, Africa Insurance	CNAAS	NICO Insurance	Mayfair Insurance
Insurance broker		PlaNet Guarantee		
Reinsurer	Swiss Re	Pool led by Sen Re	Hannover Re	Hannover Re
Reinsurance Broker	Willis Re			
Delivery Channel	REST, ORDA	S4C associations	CUMO Microfinance	Vision Fund Zambia
Community Mobilizer	REST, ORDA			
Base of Insurance For Assets	Productive Safety Net Programme	Food assistance For Assets		Conservation Agriculture Scaling Up (FAO & Min of Ag)
Cash Distribution	Yes	Yes (PADAER, Naatal Mbay)	not yet	not yet

- The Risk Transfer (RT) component is considered as :
  - A complementary safety net (IFA or Insurance For Conservation Agriculture)
  - A incentive to investment and access to credit
- So far, R4 has experimented mostly Weather Index Insurance schemes in the 4 countries
- Some additional schemes in Ethiopia & Senegal : livestock index, property, mortality livestock → WII is not the only solution. Looking for any RT solution helping to build resilience against climate shocks.
- R4 phase 1 (piloting, testing ideas, removing barriers and learning) ends in 2016 / 2017. R4 phase 2 will focus on scaling up
- Strong willingness to build local skills and local market

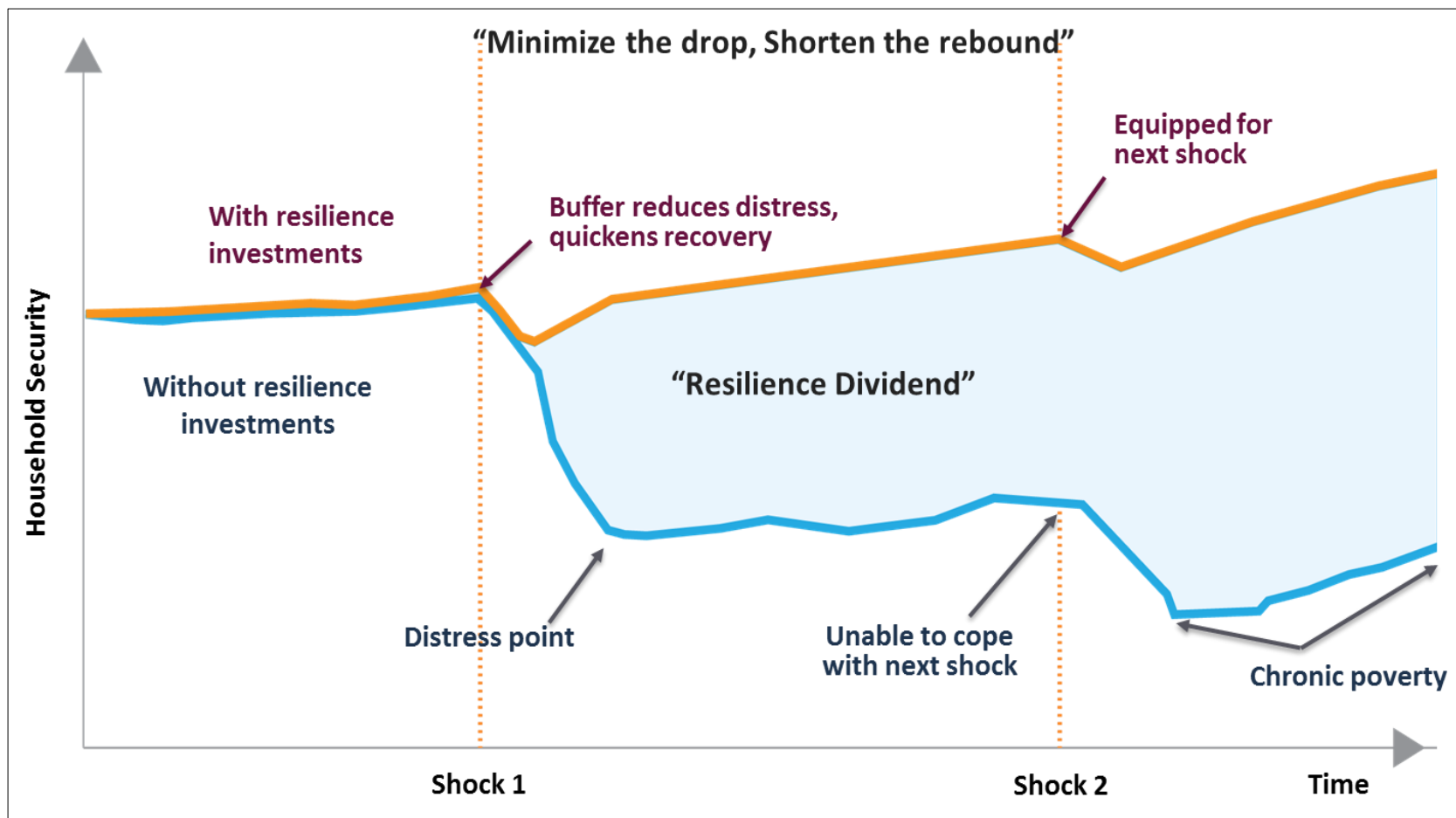
- WII : designed with IRI (Columbia University),
  - Ethiopia : combined index (RainFall Estimates / ARC2 and EVI) considering the highest payout between the 2
  - Senegal, Malawi, Zambia : RFE / ARC2
- All products are 2 windows based, triggers set on a frequency of 1/5 or 1/6.
- Since R4 targets vulnerable farmers → rainfall indices focusing on the worst years experienced by farmers (and not on specific crop models).
- In most cases, dry spells are more critical than global drought
- A basis risk plan is complementing the scheme, in order to avoid any major basis risk event

In 2016

- Ethiopia : Tigray and Amhara (81 villages)
- Senegal : Tambacounda, Kolda and Kounghoul (166 villages regrouped in 28 clusters)
- Malawi : Balaka District (TA Kachenga) (25 villages regrouped in 4 GVHs)
- Zambia : Pemba district (12 villages regrouped in 1 camp)

In 2016 : expansion in Malawi and Zambia. Consolidation in Ethiopia and Senegal

## Impact logic



# Business Model / Approach

Malawi

WFP

- *Adaptation / Design of training, raising awareness and promotion strategies and tools?*
- *Looks for reinsurance capacities*
- *Design distribution process with partners*

Reinsurer (Hannover Re)

Insurance Association / NICO

- *Primary insurer + broker (?)*
- *Gets approval for product distribution*
- *Collects premium & settles claims*
- *Management & information process*
- *Monitoring and support to distribution process*

CUMO

Concern Universal

- *Adaptation / Design of training, raising awareness and promotion strategies and tools?*
- *Implementation of training, raising awareness and promotion strategies and activities*
- *Registration for IFA in November*

- *Distributor (insurance policy to sign)*
- *In charge of membership process and information collection (based on which WFP can pay premium)*
- *Payout distribution*
- *Linkage with input loans and savings (for cash contribution) ?*
- *Prefinancing of premium (on cash distribution) and premium collection?*

Farmers (groups / individuals?)

- *Registers for IFA process / buys the insurance product*
- *Pays premium (with work or cash)*
- *Subscribes the insurance policy*

## Sustainability

- At large scale, the R4 model is based in social protection systems and is not meant to be commercially sustained, but fully integrated in national systems and funded by public resources.
- The IFA / IFCA cannot be sustainable, nor the FFA. But, Conservation Agriculture (CA) could become a practice applied by farmers




























## But...

- R4 tries to transfer skill to local stakeholders to sustain the practices (index design, distribution, management and consumers education / protection) which is in itself a long process, in order to no longer rely on international stakeholders
- A progressive increase of cash contribution is introduced since the 2<sup>nd</sup> year in order to ensure full premium payment within an acceptable amount of time + stronger integration with the 2 other financial components



# Results so far / Outlook

## R4 achievements

Payouts			 \$ 17,000	 \$ 320,000	 \$ 24,000	 \$ 38,000	 \$ 445,000	
Value of premiums	 \$ 2,500	 \$ 27,000	 \$ 215,000	 \$ 275,000	 \$ 283,000	 \$ 306,000	 \$ 370,000	
Total sum insured	 \$ 10,200	 \$ 73,000	 \$ 940,000	 \$ 1,3m	 \$ 1,2m	 \$ 1,5m	 \$ 2,2m	
Farmers insured	 200	 1,300	 13,000	 18,000	 20,000	 26,000	 32,000	 40,000
Countries	Ethiopia	Ethiopia	Ethiopia	Ethiopia Senegal	Ethiopia Senegal	Ethiopia Senegal	Ethiopia Malawi Senegal Zambia	Ethiopia Malawi Senegal Zambia
	2009	2010	2011	2012	2013	2014	2015	2016

Our vision: 500,000 insured farmers in 2020.

## Other results:

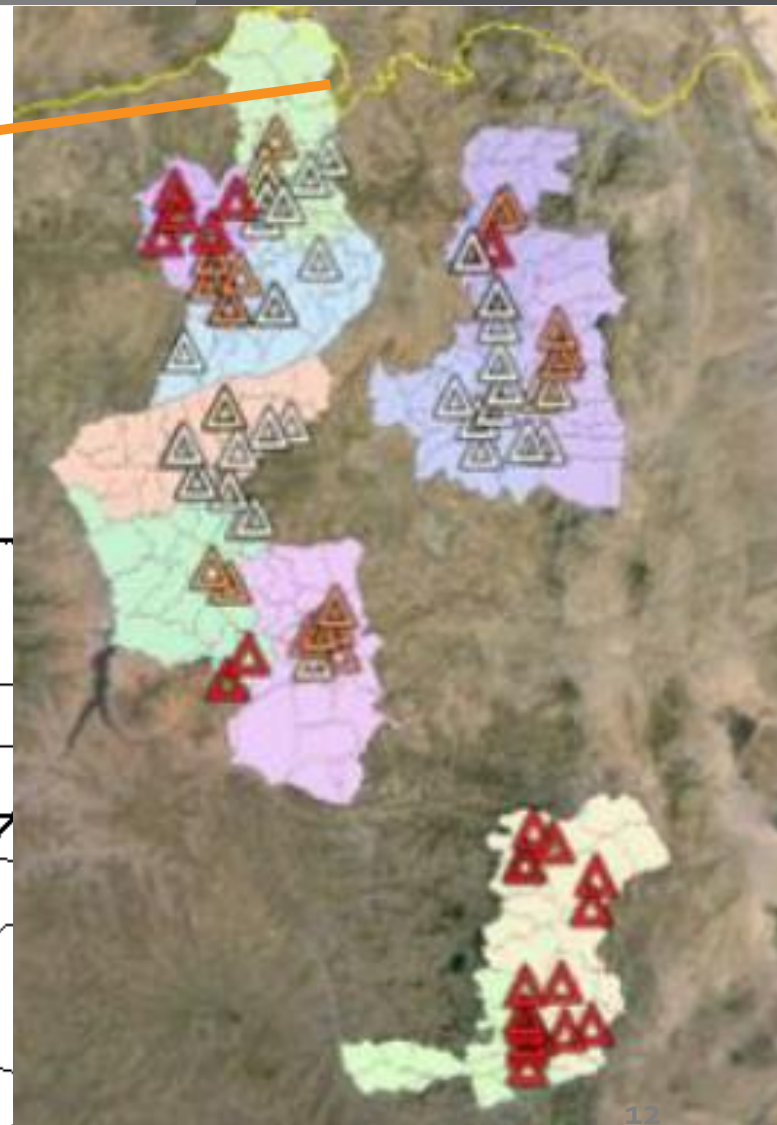
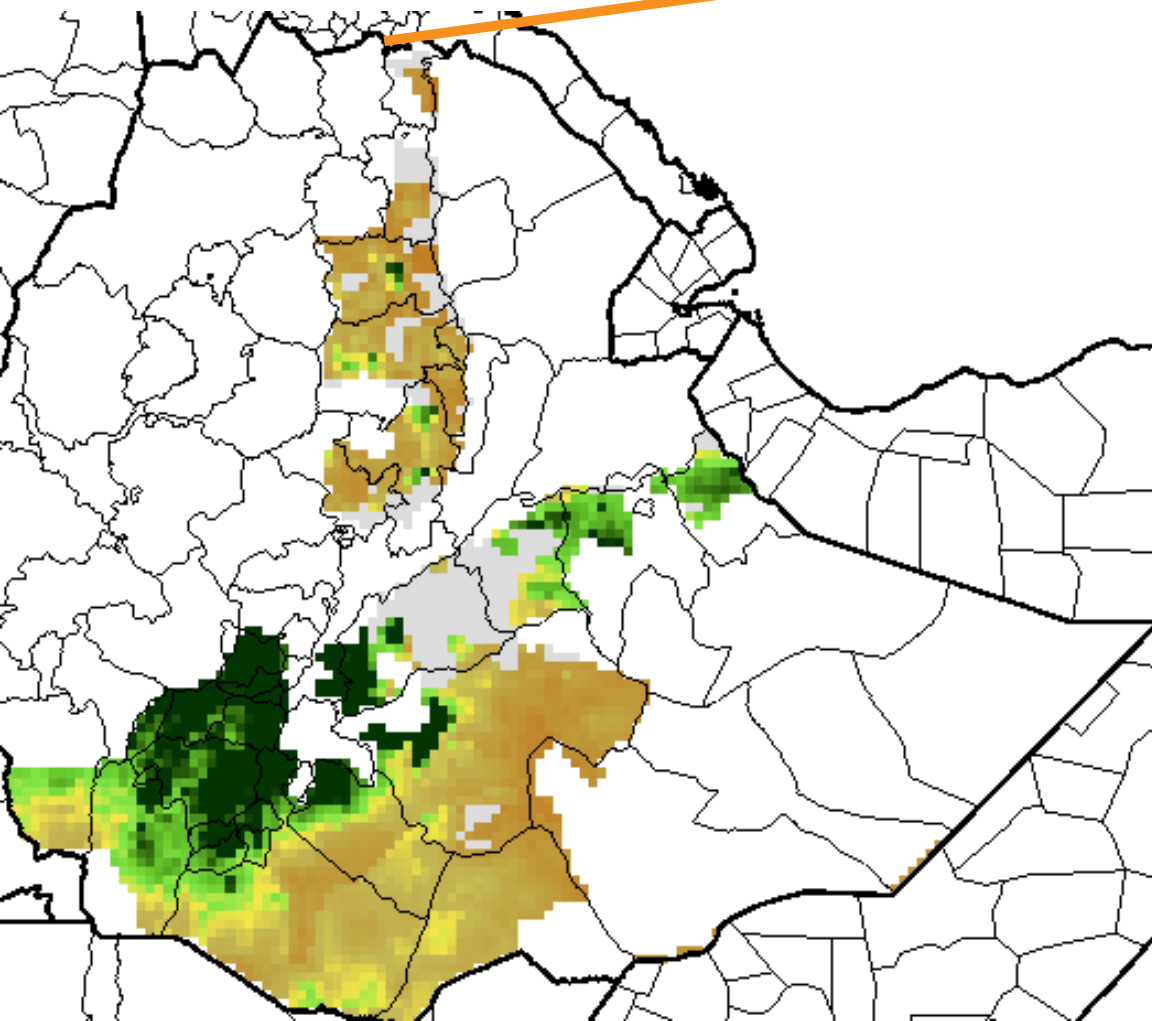
- In Ethiopia, the impact study showed that :
  - Insured farmers save 123% more than uninsured
  - Insured farmers invest in seeds, fertilizers and technology to improve their productivity by 25% more than uninsured
  - In 1 cluster, farmers increased their grain reserve by 254% more than uninsured
  - Women, who often head the poorest HH, achieve the largest productivity gains
- In Senegal, the impact study show that in 2 years (2013/2014)
  - Food Consumption Score: -41.1% for non participants vs. -8.1% for participants
- Btw 10 to 20% of portfolio purchase insurance in cash

- 1) Technically : in terms of index design, always keep the global picture instead of only focusing on the recent past year
- 2) Initial planning and components integration is a critical key factor of success
- 3) Distribution and claim management are 2 potential barriers to scaling up
- 4) The ownership by local stakeholders has a huge impact on product design, awareness raising & promotion, implementing success
- 5) R4 makes sense, if we manage to implement a graduation process from food insecure to resilient to productive, which requires
  - Improving farming practices
  - Integration between components
  - Access to market

# Introduction : locations

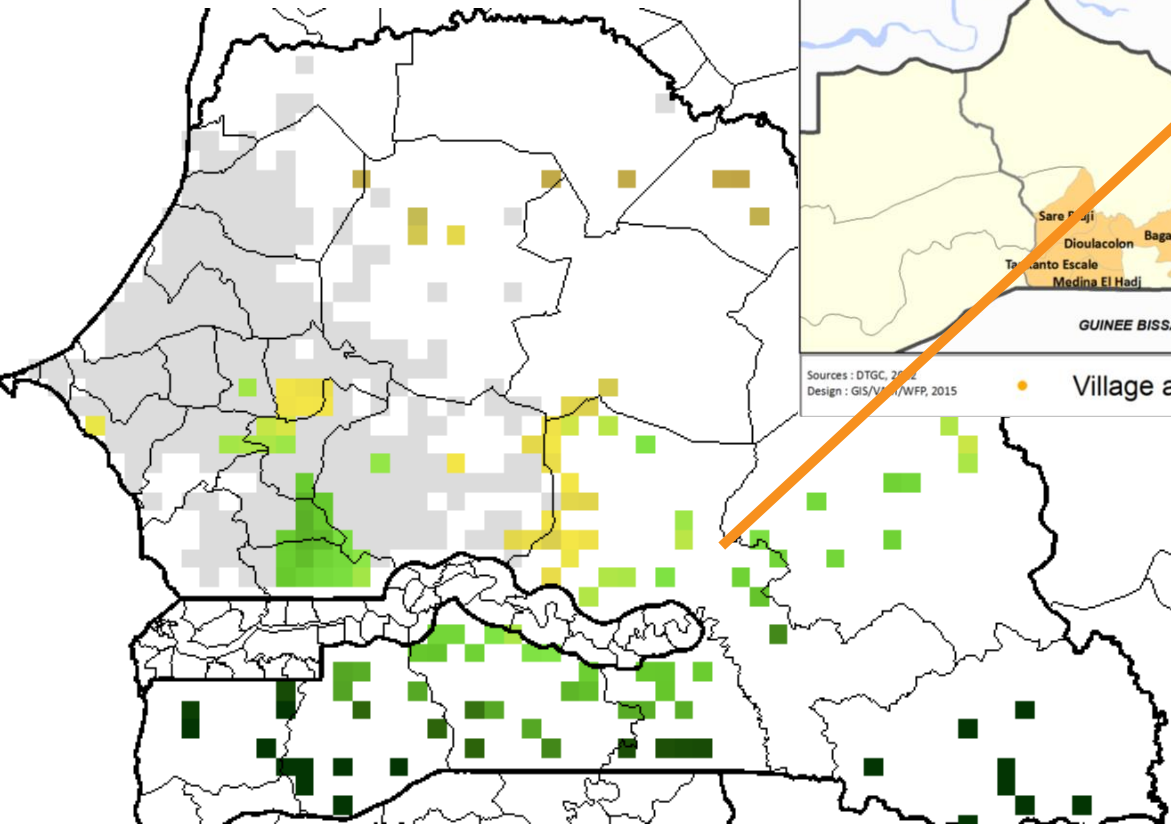
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R4 Rural Resilience Initiative

Ethiopia

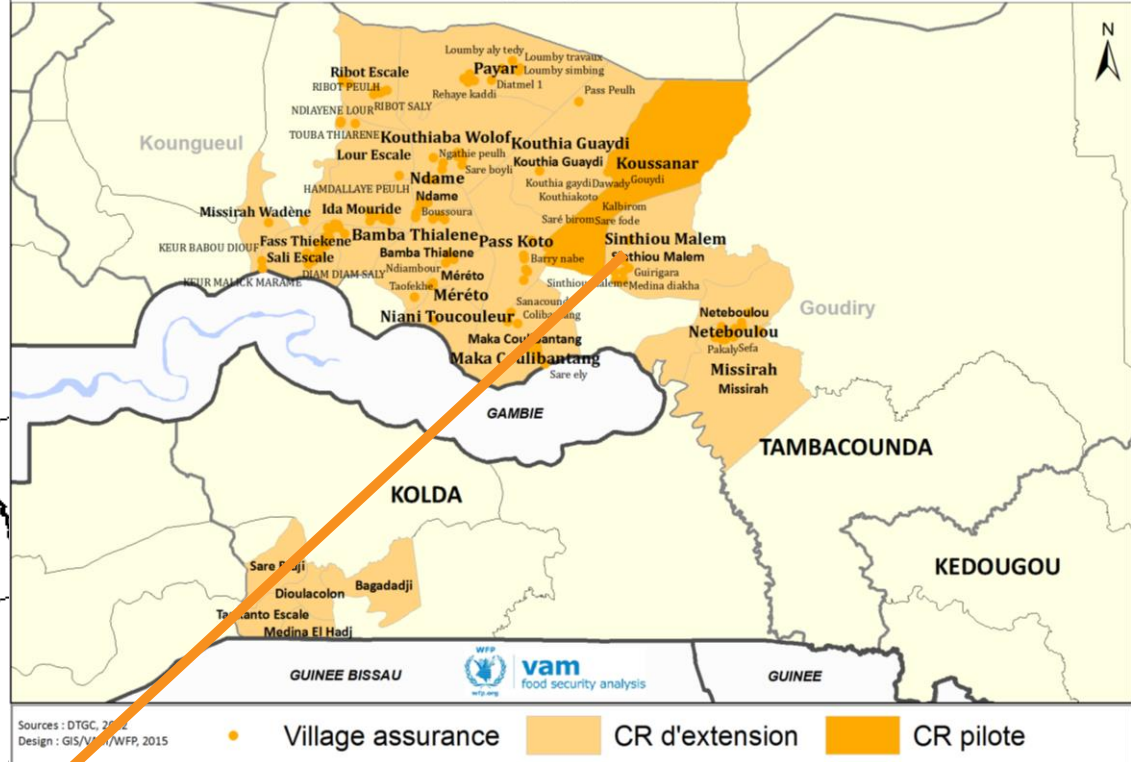


# Introduction : locations

## Senegal



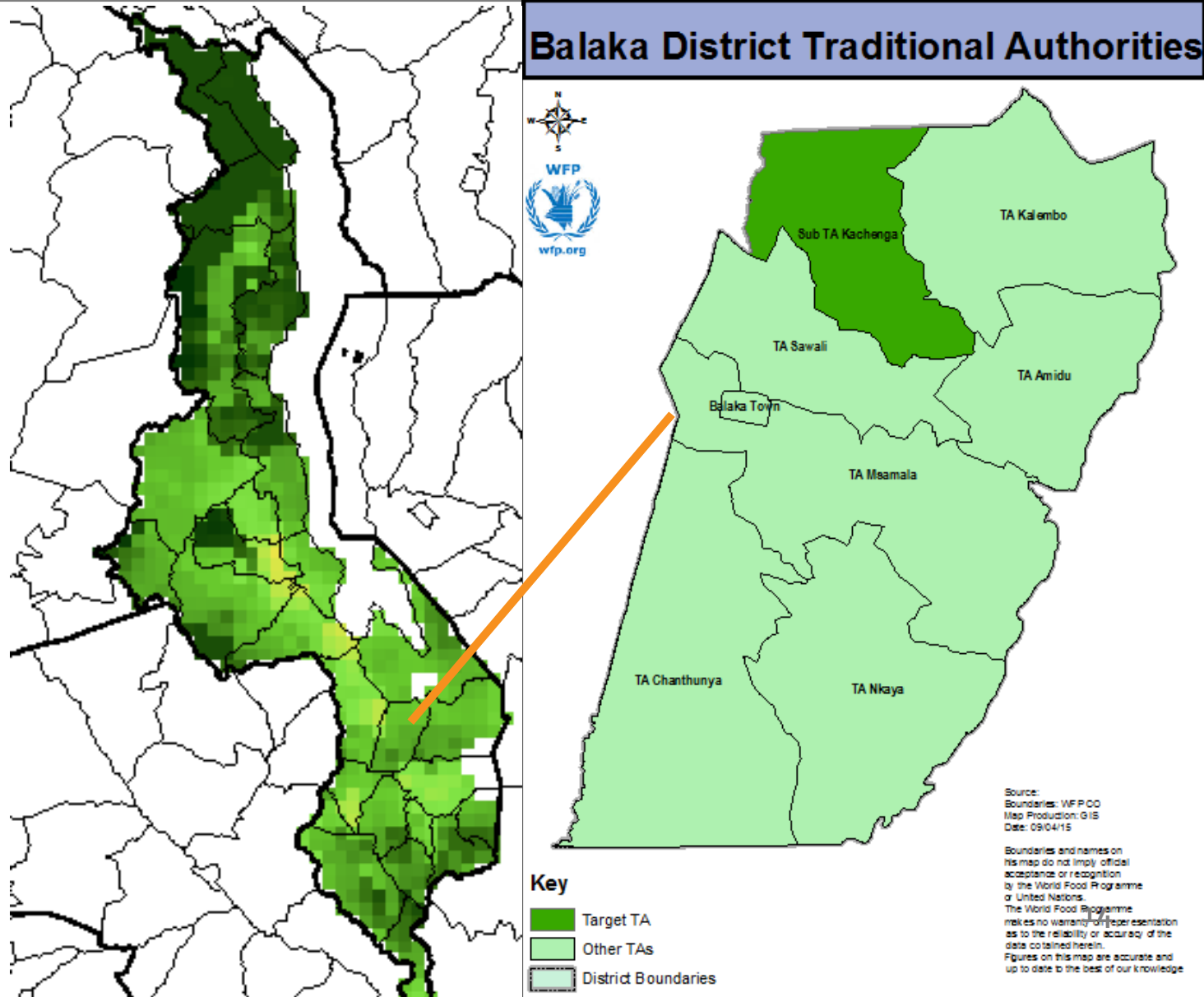
4R : Localisation des Villages ayant la composante assurance



# Introduction : locations

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Malawi





# Introduction : locations

Zambia

