



Learning in  
progress:

## R4 Rural Resilience Initiative

Savings and Credit  
Forum  
SDC, Bern  
13 September 2013



World Food  
Programme



**OXFAM**  
America

# R4 Rural Resilience Initiative

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The R4 Rural Resilience Initiative is a strategic collaboration between the World Food Programme and Oxfam America supported by:



\* Each partner has its own sponsors as listed with no co-mingling of funds.

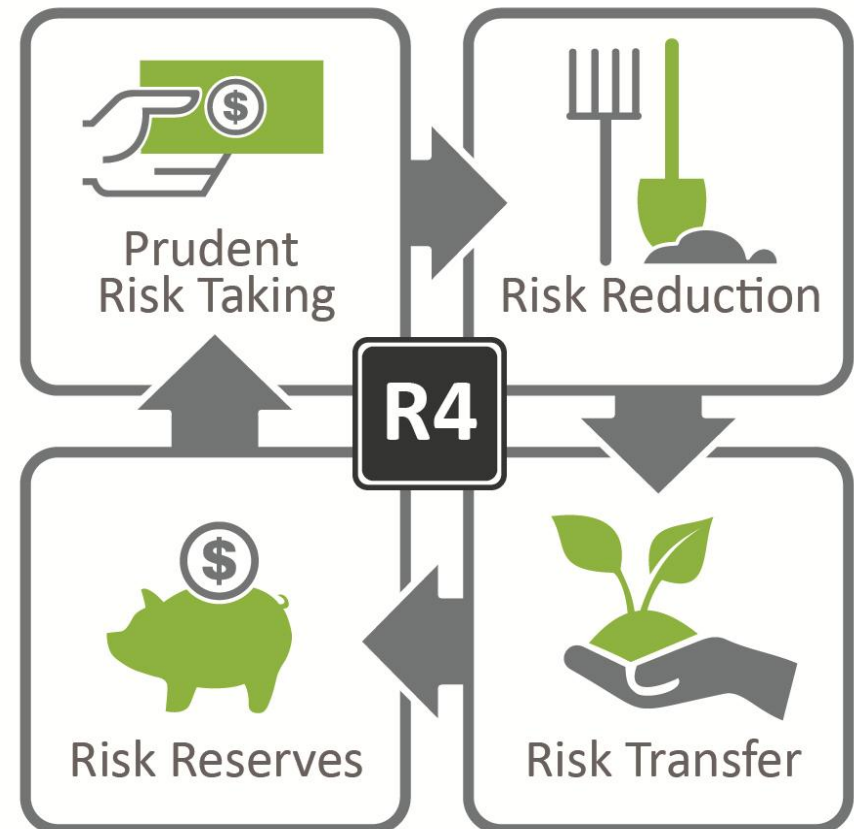
- Build the resilience of food-insecure rural households through **integrated risk management, with a focus on climate risks**
- Test and scale-up the integration of risk management tools into existing **safety-net** structures
- Help develop **sustainable commercial market** for rural micro-insurance



# The R4 Model: the Four Rs

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- Safety nets based on community natural resource management works, to strengthen natural assets while providing cash/ food transfers (Risk reduction)
- Credit (Risk Taking)
- Savings (Risk Reserves)
- Insurance (Risk Transfer) to protect productivity and asset gains made through the other 3 components



# A global model geared towards cross-country learning

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- Ethiopia – started 2007 (as HARITA)
- Senegal – started 2012
- Kenya – will start in 2014
- 4<sup>th</sup> country being selected

Year	Households (global total)	Beneficiaries (global total)
2012	19,000	114,000
2013	20,000	120,000
2014	26,000	156,000
2015	44,000	264,000
2016	60,000	360,000

# Cycle of livelihoods decline

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HH Food  
Availability  
and Access

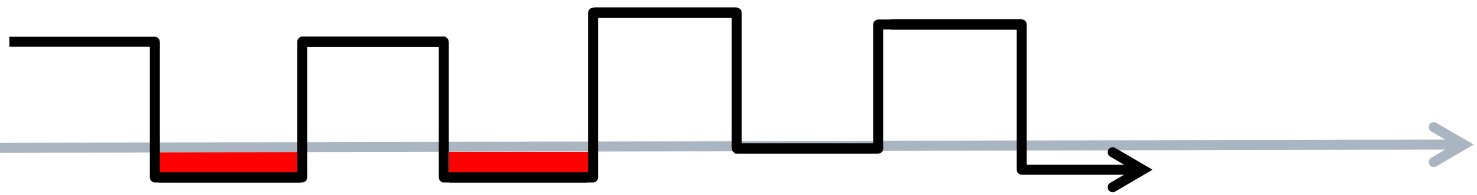


Livelihoods and  
food needs met

# Cycle of livelihoods decline

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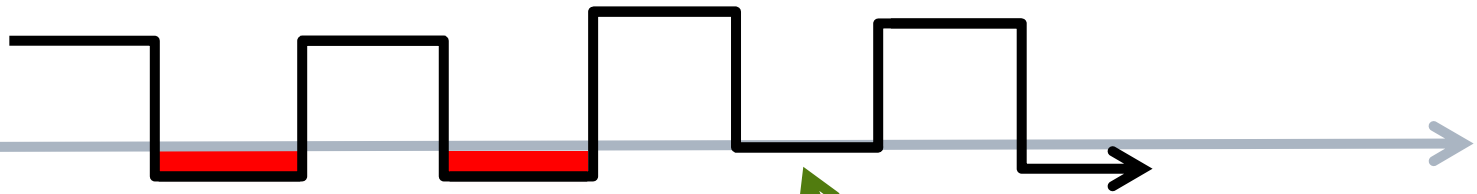
**Seasonal food  
shortages during  
lean season  
(safety nets)**

Livelihoods and  
food needs met

# Cycle of livelihoods decline

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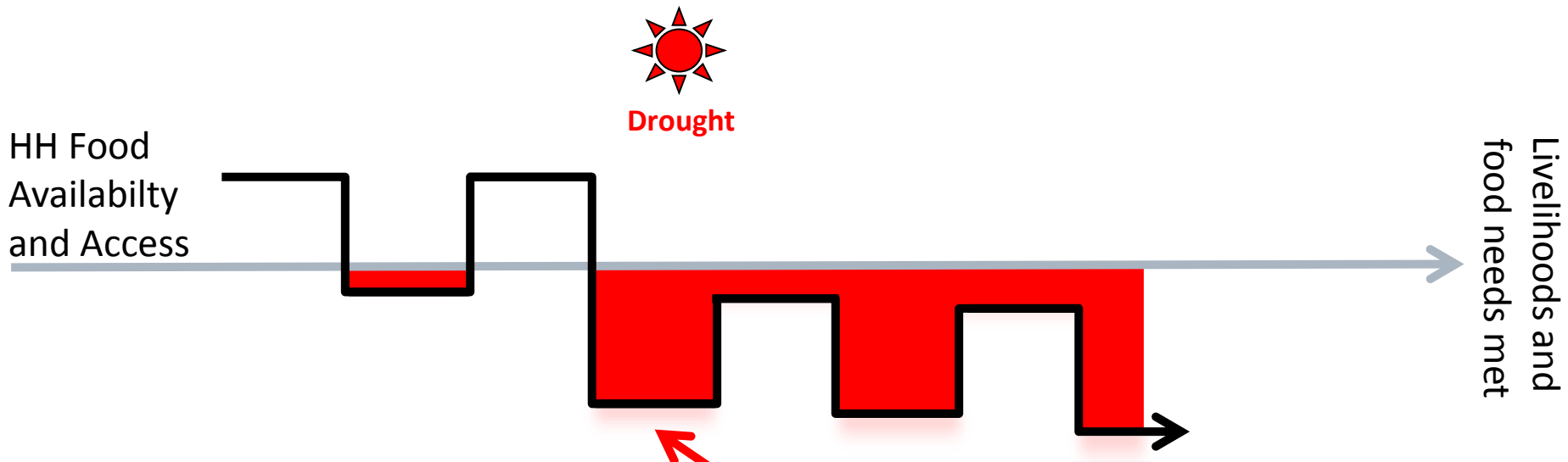
Livelihoods and  
food needs met

No shortages in a  
good year, but little  
margin



# Cycle of livelihoods decline

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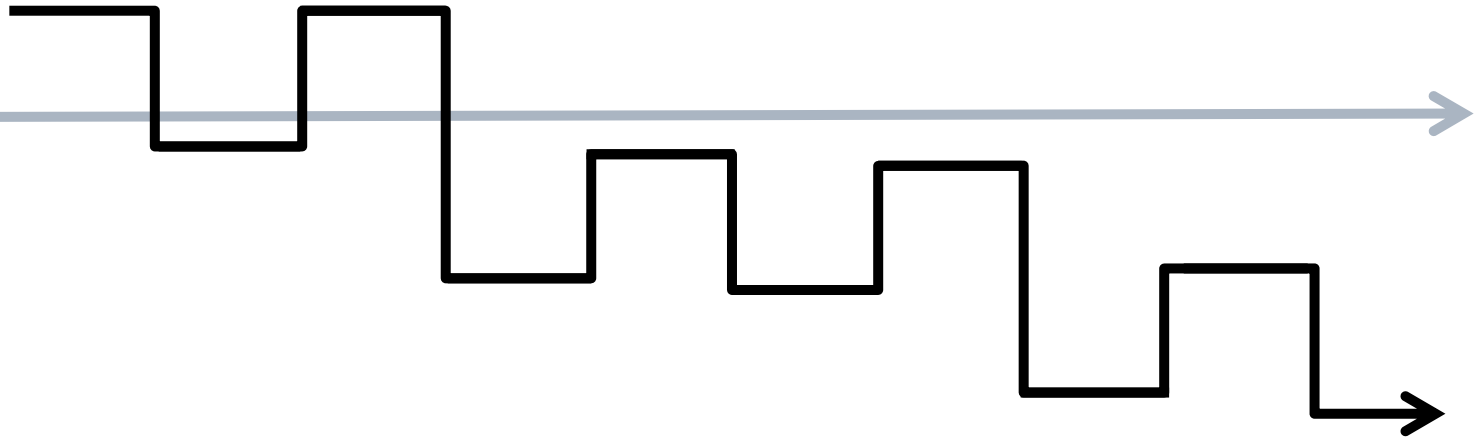


**Major drought has immediate and long term impacts on household livelihoods**

# Cycle of livelihoods decline

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Livelihoods and  
food needs met

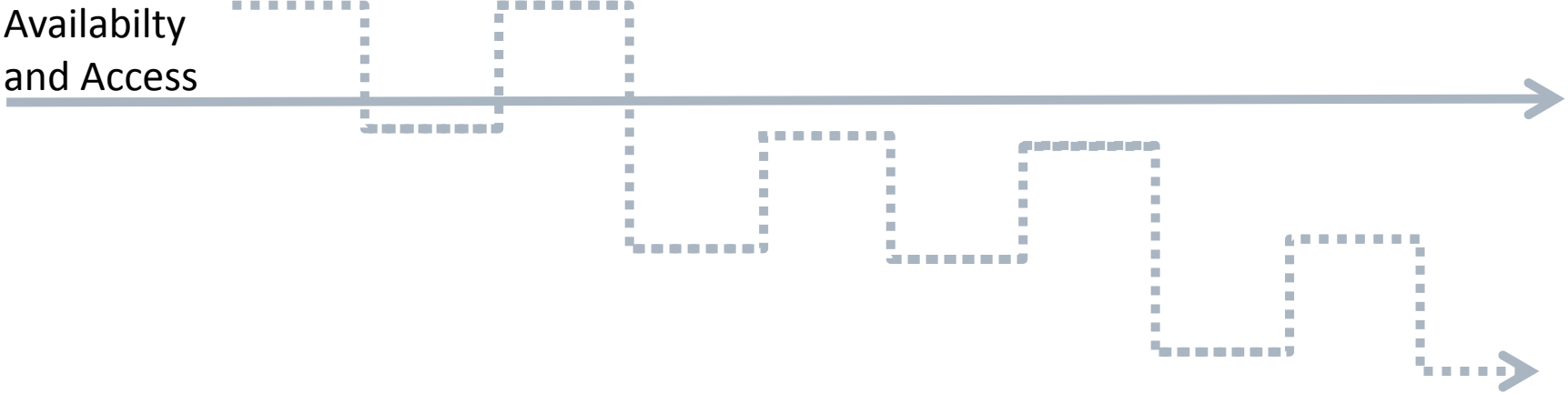
**With increased climate risk, this pattern becomes even more difficult to manage**

# R4 Rural Resilience Model

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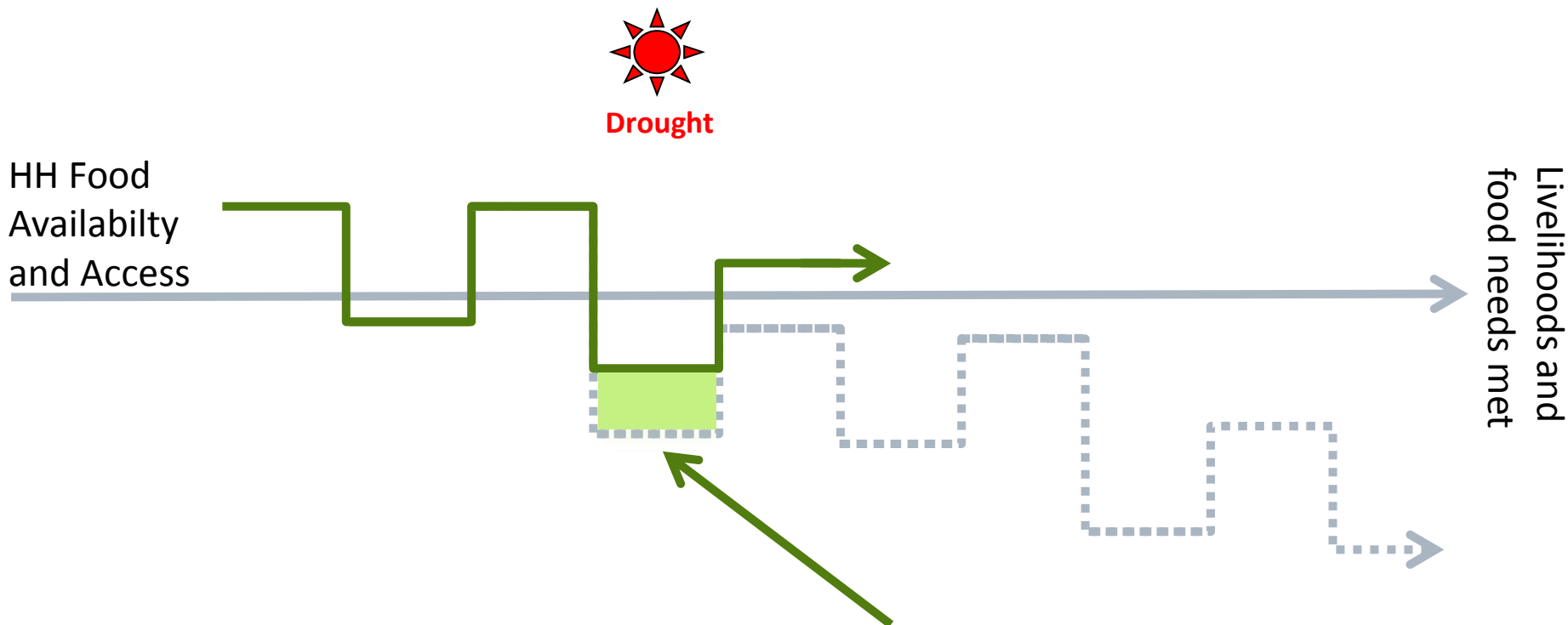
HH Food  
Availability  
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Livelihoods and  
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# R4 Rural Resilience Model

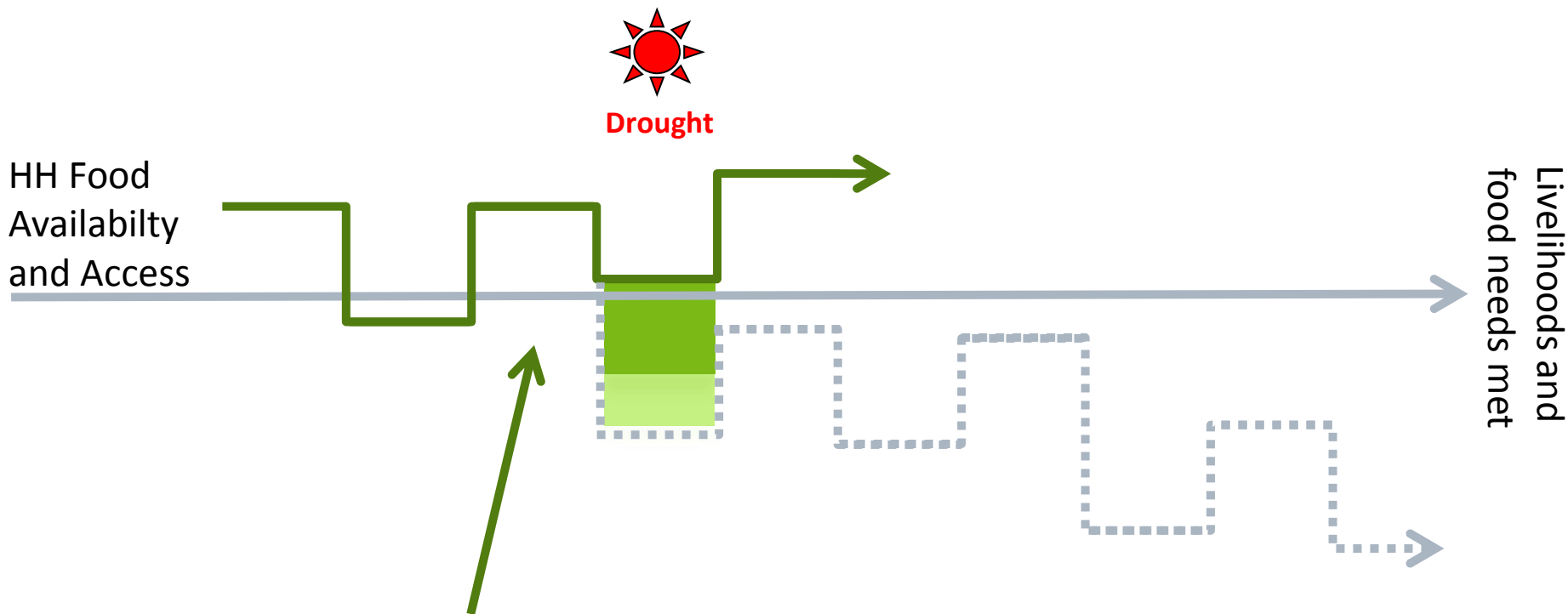
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**Drought risk reduction – an irrigation system or soil conservation – limits impact of drought**

# R4 Rural Resilience Model

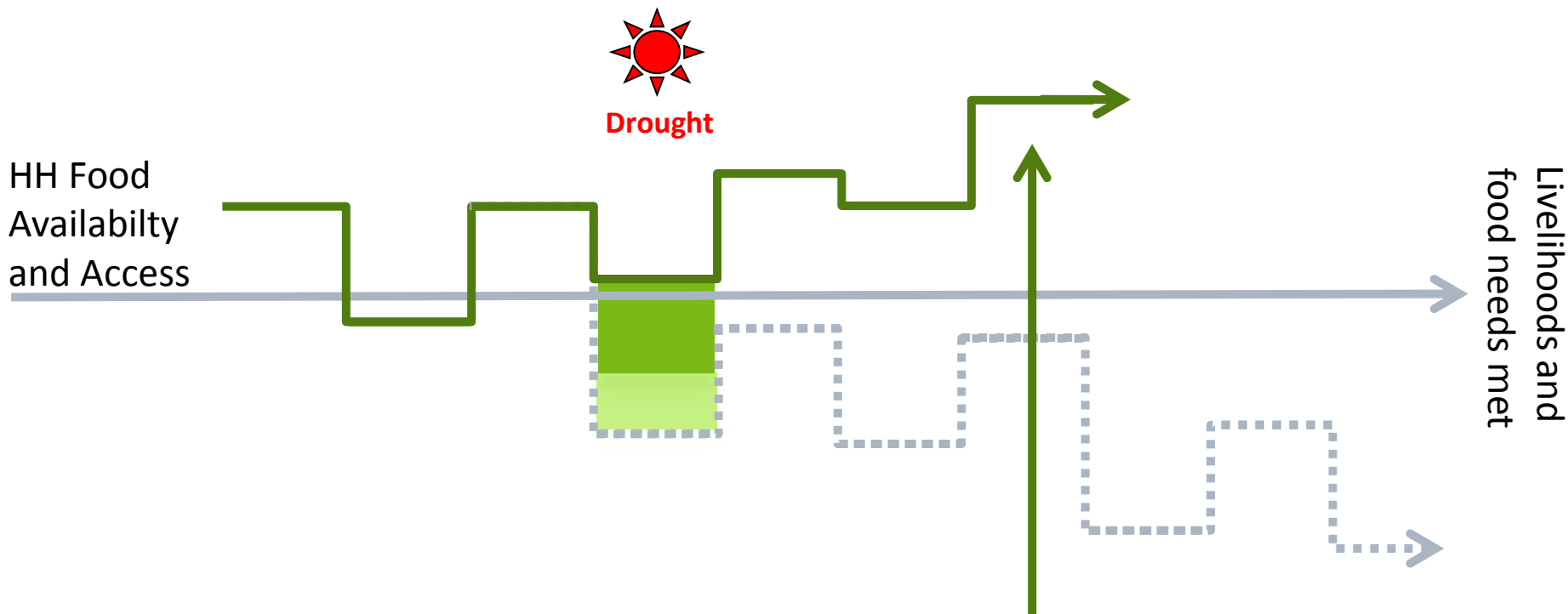
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**Insurance for Work policy pay-out helps meet needs during the drought**

# R4 Rural Resilience Model

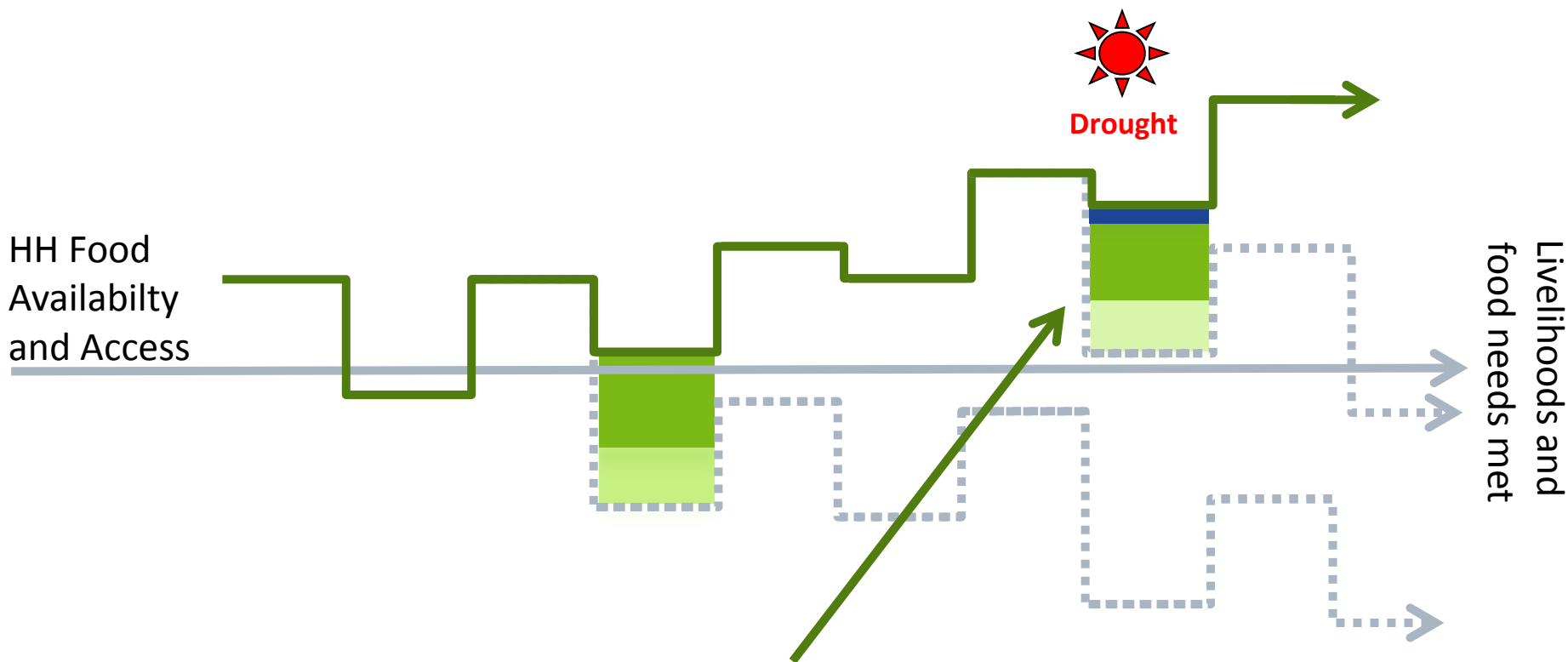
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**Access to credit allows increased productivity, diversification and ability to save, protected by insurance**

# R4 Rural Resilience Model

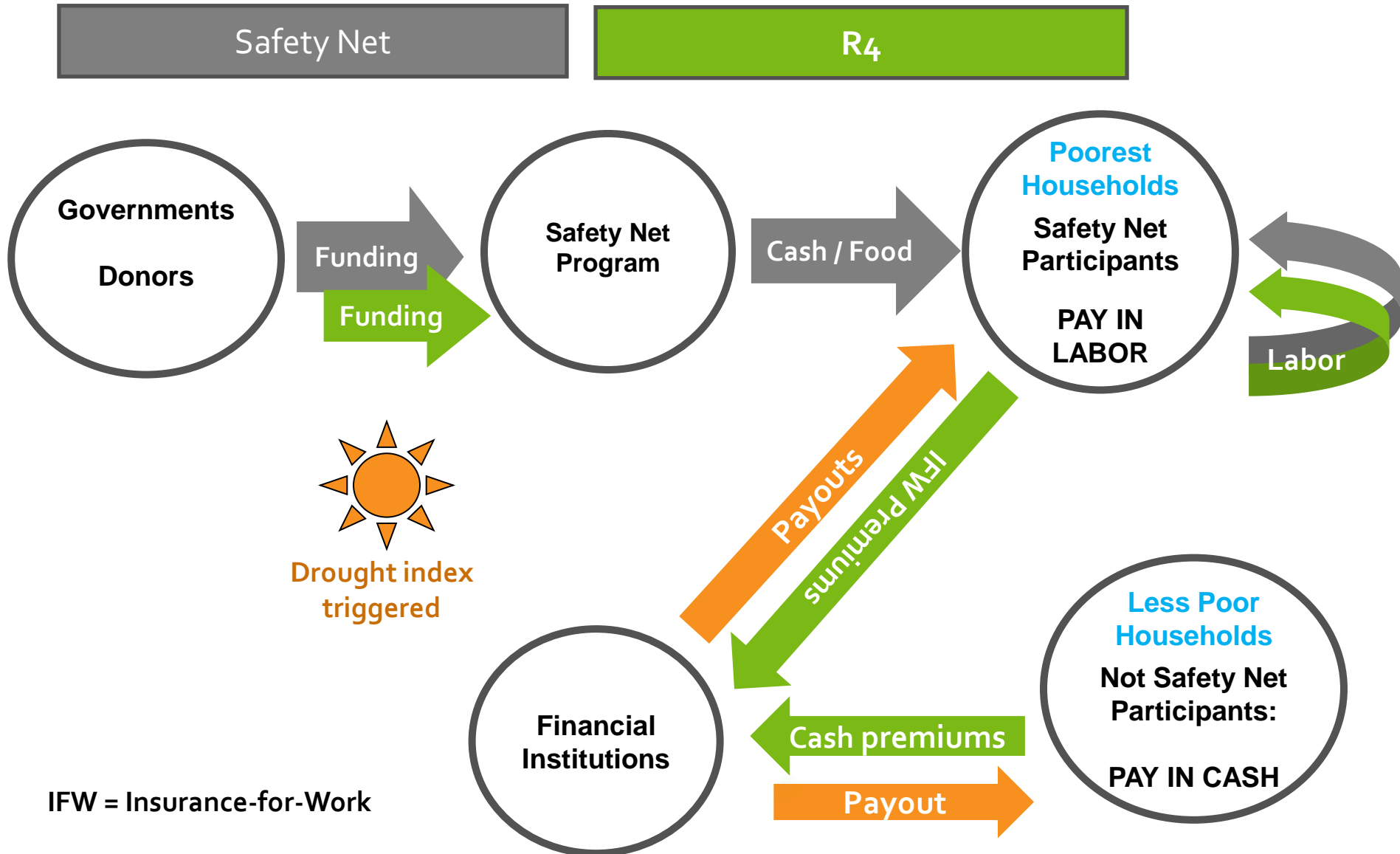
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**Risk reduction, insurance and savings provide a resilient set of risk management tools to protect the food security that the household is building**

# R4 Operational Model

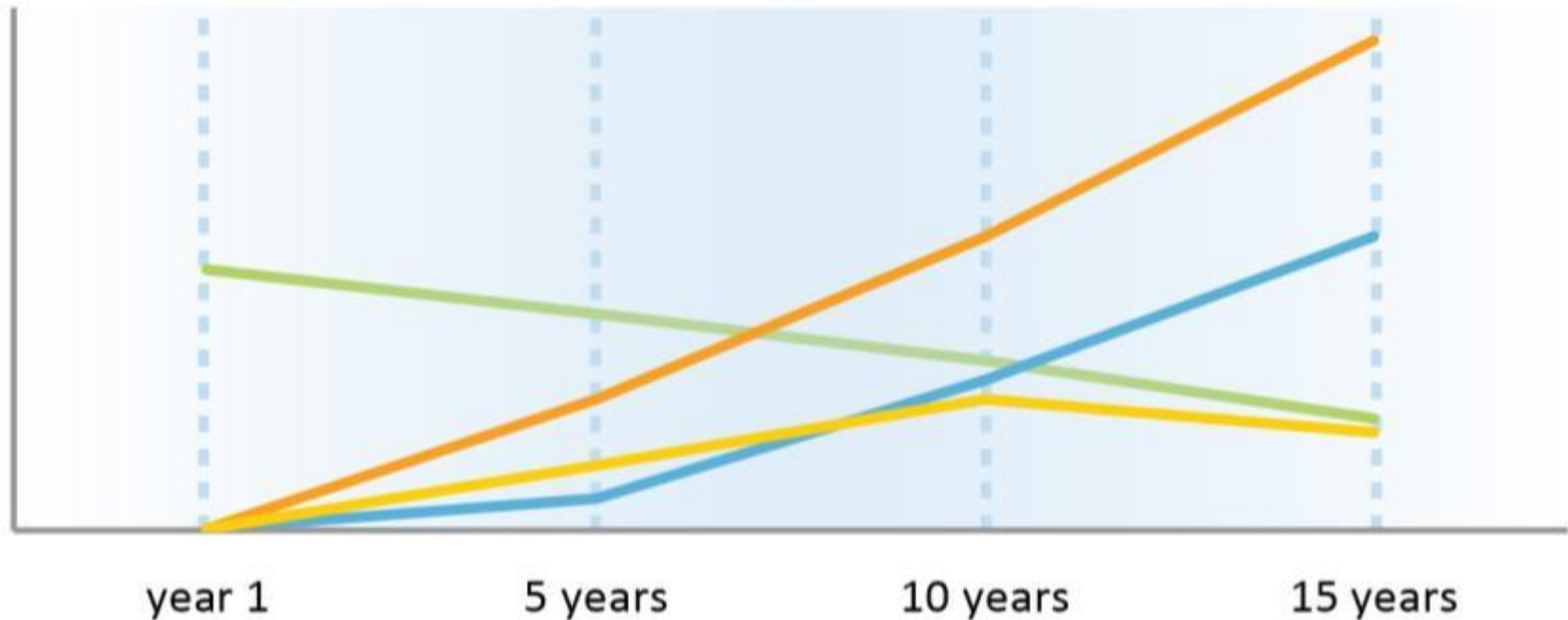
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# Ensuring sustainability, scalability and cost effectiveness over time

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- Number of insured farmers
- IFW/safety net beneficiaries
- Cost of risk transfer and safety nets
- Safety net graduation

## Insurance payouts in 2011, 2012 and 2013 (?)

### 2011:

- About 13,000 farmers in 43 villages purchased insurance
- About 1,800 farmers in 7 villages received a pay out.

### 2012:

- About 20,000 farmers in 76 villages purchased insurance
- About 12,000 farmers in 45 villages got a total payout of US\$323,000 – about US\$26 per person

### 2013 (based on preliminary assessments)

- Payout size (number of people and amount) likely to be similar to 2012



# Lessons from evaluations - Ethiopia

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- In general, index-based insurance is well accepted: in 2011, in areas with no payout, 84% of respondents did not think there should have been a payout, with no variation by location.
- Insurance appears to have a large impact on crop yields, but the data is not consistent.
- Insurance seems to stimulate productive investments most during the 2<sup>nd</sup> year a farmer buys insurance (plant different crops, use more fertilizer, take out loans).
- Insurance impacts labor use: insured farmers are more likely to hire paid labor (rather than rely on family members) and use plow oxen
- Real-value proposition generated through the combination/integration of risk management tools



# Ongoing efforts to improve the model in Ethiopia

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- As part of a larger plan to improve food security through crop diversification, weather index contracts adapted to 5 other crops (wheat, barley, sorghum, maize and beans) have been added, in addition to Teff
- Due to high demand for more tailored weather index options, farmers can now choose between two insurance options: protection against moderate drought, or against severe drought (or both)
- Continued efforts to keep building private sector partnerships, in addition to current local and global partnerships
- Integration with the Livelihoods, Early Assessment and Protection (LEAP) project
- Thorough context and seasonal livelihood analysis, community-based participatory planning approach to establish a broad planning base for the next generation of the PSNP

# Challenges

- Combination with other relevant risk management tools for resilience (assets, savings, credit among others)
- Limited evidence on (complex) cost-effectiveness and efficiency of the integrated R4 approach
- Availability of reliable weather information for index insurance – research of remote sensing for index insurance
- Availability and quality of large scale social protection mechanisms as platforms for scale
- Financial literacy of partners and beneficiaries
- Conducive national regulatory frameworks and limited financial pooling opportunities



## Collaboration

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The World Food Programme is the world's largest humanitarian agency fighting hunger worldwide.

Each year, on average, WFP feeds more than 90 million people in more than 70 countries.

[www.wfp.org/disaster-risk-reduction](http://www.wfp.org/disaster-risk-reduction)

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