

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



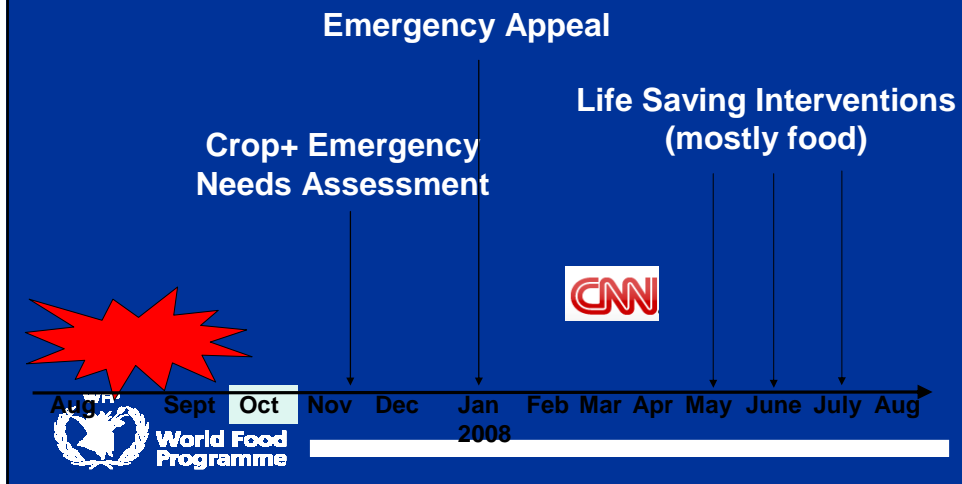
Ulrich Hess, Chef des Politiques de réduction des risques et d'atténuation des désastres, PAM

## Financial Innovation: Index Based Risk Transfer

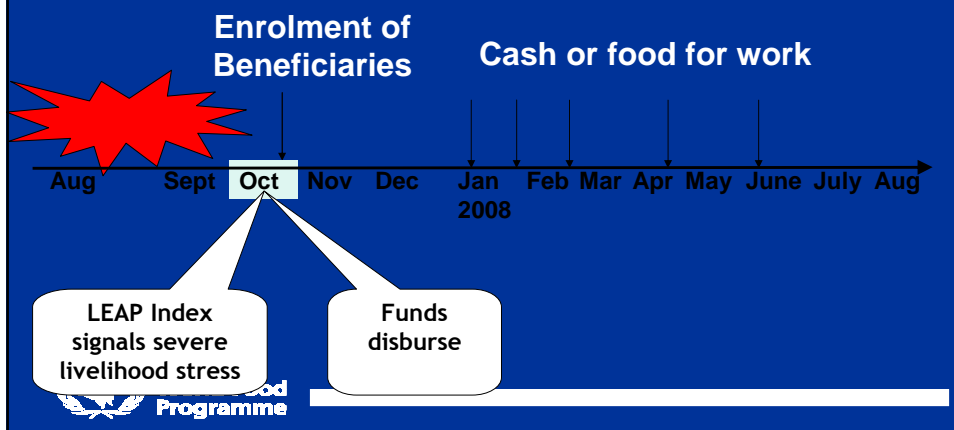
Index based risk transfer

- ✓ 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?



# Solution: guaranteed early recovery



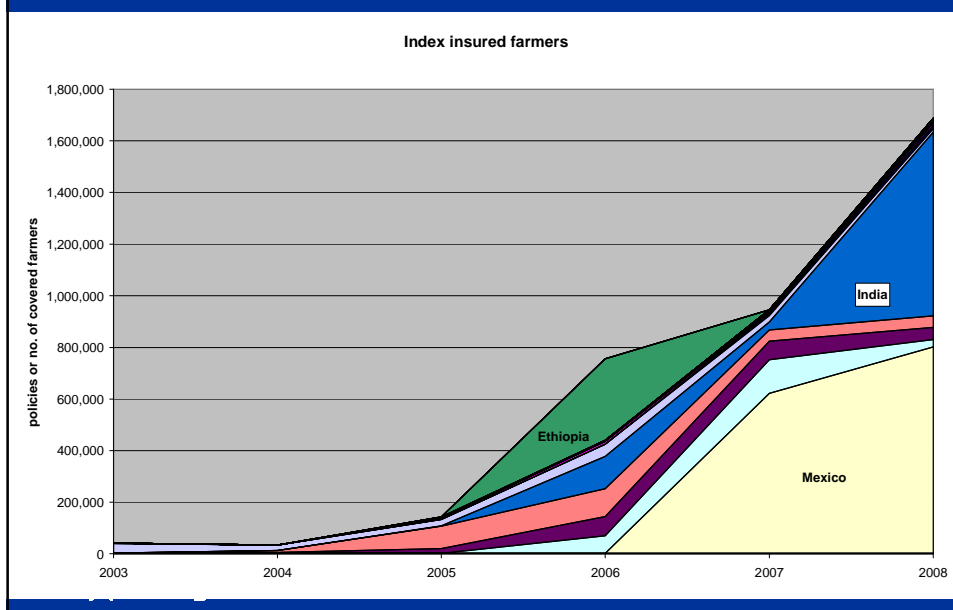
## WFP-IFAD Background research

- 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)**



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## Index Insured/protected smallholders



## Lessons Learnt - Promotion

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



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## 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**



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# 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



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