



World Food  
Programme

SAVING  
LIVES  
CHANGING  
LIVES

## **Gender & Risk Finance**

How climate risk insurance can turn  
four women's lives around

March 2022



**“Gender equality** is a must for a world of Zero Hunger; where all **women, men, girls and boys** can exercise their human rights, including **the right to adequate food.**”

*WFP Gender Policy*

# Introduction

**In 2021, 283 million people were acutely food insecure, 811 million were chronically hungry and 45 million were on the edge of famine.**<sup>1</sup> These dire numbers are a result of a confluence of crises, from the now two-year-old COVID-19 pandemic that led to disruptions in food supply chains and limited access to adequate food for vulnerable people across the globe to the escalating impacts of the climate crisis that is intensifying disasters such as storms, floods, and droughts, wiping out crops and livestock and furthering disrupting global supply chains. Helping people build their resilience to survive and thrive after these shocks is vital to ensuring this alarming trend is reversed.

The Paris Agreement,<sup>2</sup> an international treaty signed to tackle climate change, acknowledges that climate change is a common concern for all humankind. And yet, many women are disproportionately and negatively impacted by climate change as existing inequalities and gender roles are intensified. However, women are known to play a vital role in climate change adaptation and mitigation,<sup>3</sup> and so the Paris Agreement also states that climate action should promote gender equality and the empowerment of women.

WFP pursues gender equality and women's empowerment in all its projects as hunger cannot be eradicated without equality. Women's empowerment is the process whereby women obtain and exercise agency in their lives and have equal access to resources, opportunities and power as men. To be empowered, women must have not only capabilities and equal access to resources and opportunities that equal those of men, but also the ability to use them to make choices and decisions as full and equal members of society. For WFP, this means that food assistance policies and programmes must create conditions that facilitate, and not undermine, the possibilities for women's empowerment.

An important element of women's empowerment is **women's economic empowerment**. Economic empowerment is a cornerstone of gender equality that refers to both women's ability to succeed, advance economically, and their power to make and act on economic decisions.<sup>4</sup> A significant number of institutions, researchers and practitioners have started developing approaches and methodologies to measure women's economic empowerment in financial inclusion initiatives, as economic empowerment remains one of the most powerful routes for women to achieve their potential, while advancing their rights. Women's economic empowerment is not the result of a chronological chain of events, such as savings, followed by access to credit, then

insurance, trainings and technical assistance that would eventually lead to income generation, better decision making and finally economic empowerment. It is, rather, non-linear and multidimensional, depending on structural circumstances at the community, household and individual level.

For a decade, WFP has been utilizing climate risk insurance to advance the protection and resilience of communities affected by extreme climate events. More recently, it has become a priority to integrate insurance into a broader bundle of risk financing instruments that are accessible for governments and smallholders in climate risk hot spots across Africa, Asia and in the Latin American and Caribbean region. Evidence gathered over the years shows that insurance for food insecure households can be effectively used to manage climate risks and ensure sustainability of livelihoods. As climatic events occur, for women, and the families they take care of, this insurance acts as a safety net that they can count on to help them through the difficult times. Furthermore, insurance is the most effective when integrated with other risk management tools that improve productivity and the household asset base while reducing their underlying risk to disasters and increasing saving opportunities that help people absorb idiosyncratic and less extreme shocks. This gives women the possibility to think ahead, invest in improving their situation and not live in fear of the next extreme event or shock.

We now present four women in different situations in Latin America and the Caribbean and Africa: **Khadija** takes care of her family and land in Malawi, **Herlinda** lives with her family in Alta Verapaz, in the dry corridor of Guatemala, **Denise** is a single mother of two children in Southern Madagascar, and **Maria** lives in Nueva Segovia, Nicaragua with her family, where they survive on subsistence agriculture.

Despite their differences, these four women have proved unstoppable against the extreme weather events that hit their countries and climate risk insurance not only helped them survive but grow stronger, especially when linked to other economic empowerment and financial inclusion activities. The tangible aspects of economic empowerment such as asset ownership and income diversification can be easier to measure, yet, the intangible, subjective and context-specific aspects, like decision making, can be challenging to assess. By listening to our beneficiaries, we learn more and more on how we can improve and adapt programmes to save lives and change lives, everywhere.

<sup>1</sup> World Food Programme, 2021

<sup>2</sup> UNFCCC, 2015

<sup>3</sup> IUCN, 2015

<sup>4</sup> World Food Programme, Gender Policy (2022-2026), 2021

# KHADIJA

## COUNTRY BACKGROUND

In Malawi, more than 90% of farming households depend on rainfed agriculture, making them extremely vulnerable to weather and climate. The climate crisis is driving increases in extreme weather events, which is making rainfed agriculture, and the lives of those depend on it, more difficult and risky. Women, who take on unpaid work like childcare and housework, are further affected by growing climate impacts which exacerbate existing gender inequalities. To deal with the changing climate and the increasing livelihood risk for most of the country's population, climate risk insurance is an option that can increase resilience.

## MEET KHADIJA



Khadija, 52, lives in Chibwanasamala village, in the Balaka District in Malawi, an area severely affected by drought and pests. She currently takes care of her husband who is ill, four children and farms the land. The weight of taking care of her family falls solely on her shoulders.

*"In a good year, I usually harvest 10 to 15 bags of 50kg of maize (500/750kg) but last year it didn't rain for 3 weeks in the middle of the rainy season. The maize dried up and it was attacked by worms. I harvested one bag only (50kg)."*

In 2015, WFP piloted index insurance in this district with 500 beneficiary farmers. These farmers, many of which have never heard of insurance before, paid a premium for their crop insurance coverage, which, in case of a climate hazard, triggered a payout. In a good season, when no payout is triggered, farmers are still improving their capacity to cope with weather shocks as a result of the assets created in the forms of savings. Since this initial pilot, WFP has expanded the programme in 2020 to provide over 66,000 households with access to index insurance policies that protect farmers from different risks that can result in yield losses.

If the farmers are not able to pay, they can access the premium by working on risk reduction activities for 14 days, during the off season. This is beneficial to farmers in two ways, it allows all farmers in the area to have equal access to climate risk tools, no

## Malawi



- 2021
- Balaka
- Khadija, 52 years old
- US\$53
- Adaptation Fund, Flanders, Germany, Switzerland, United Kingdom (FCDO), and United States of America (USAID BHA)

### Legend

- Year of payout
- Location of interview
- Beneficiary
- Amount of payout received

*"I'm very grateful for this immediate relief but I am also hopeful that with the different farming techniques I am learning through the project, I will not be vulnerable to climate shocks overtime"*

matter their current situation, and the area becomes more resilient to future weather shocks. In the case of Khadija, she did not have the cash to pay for her insurance premium, so she worked on reducing risk in her area by planting trees and making organic fertiliser.

In 2021, Malawi suffered from record low rainfall and an ongoing drought. This, combined with damage from pests, triggered the largest insurance payout the country has seen in its six years of implementation and one of the largest payouts on the African continent to date, benefitting more than 65,000 farmers across the country with a value of US\$2.4 million. This payout helped compensate farmers for yield loss of maize, beans, sorghum, rice, groundnuts, cotton and pigeon peas. This prompt assistance also prevented farmers from resorting to desperate measures, such as selling their livestock or taking their children out of school, which can exacerbate an already critical situation and dramatically prolong their recovery.

For Khadija, this payout of 43,200MK (US\$53), means that her family will survive this drought. The payout was enough to pay for the food the family needed, and to look towards the future. Khadija decided to save some of the money to buy tomato seeds for her garden but also to buy improved seeds later in the year.

There are many other women and men like Khadija that have witnessed first-hand the advantages of insurance and have become better equipped to manage and adapt to the various risks they face through an integrated approach that also builds resilience over time.

### Credits

Interviews conducted by: Badre Bahaji  
Interview translated by: Franck Kamwendo

Interview language: Yao  
Country/region of interview: Malawi  
Date: October 2021

# HERLINDA

## COUNTRY BACKGROUND

Guatemala is prone to natural hazards and is one of the countries in Central America that is most affected by climate variability and climate change. Increasing frequency and intensity of droughts, as well as excessive rains, severe flooding and landslides have led to chronic food insecurity in recent years, with the COVID-19 crisis exacerbating the situation. In 2020, 47 percent of Guatemala's population are under the national poverty line.<sup>1</sup> Pervasive poverty, high rates of stunting and socioeconomic and political inequality threaten people's food security, with many of the most vulnerable being women, children, rural and indigenous groups.

## Guatemala



- 2021
- Alta Verapaz,
- Herlinda, 54 years old
- Q720 (US\$100)
- Government of Canada

## MEET HERLINDA



Herlinda, 54, lives in Corazón de Maíz, a small community in Panzós, Alta Verapaz that is located in Northern Guatemala where 83 percent of the population lives in poverty and 56 percent in extreme poverty. She lives with her son, husband, and a grandson.

Herlinda is the president of a savings and loans group that WFP started in 2016 as part of the Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women with IFAD, FAO and UN Women. In addition to their traditional subsistence maize production, the 12 members of her group have embraced entrepreneurship and savings and loans management in order to meet the basic needs of their families, improve their well-being, and promote the participation of women in the indigenous Mayan community.

After back-to-back tropical storms Eta and Iota made landfall in November 2020, Herlinda was faced with her harvests being washed away by the ensuing floods. The savings and loans group methodology introduced in 2016 enabled Herlinda and her community to cope with their crop losses by borrowing from the savings group, and selling some of the small animals raised from the non-farm income diversification activities promoted by WFP.

In 2021, WFP piloted a parametric insurance product in Guatemala, covering smallholder farmers and entrepreneurs against business interruption due to drought or excess rain.

*"With the trust in God and in the insurance, we are going to be able to confront whatever comes next, so we don't run out of food and we are able to provide for our families"*

Herlinda and her savings group were excited to be offered a microinsurance policy that would provide protective coverage in the case of a major disruption to their productive activities.

When Alta Verapaz suffered from almost four weeks of drought, the microinsurance policies triggered, activating a payout process for Herlinda and other members of her group. Herlinda received an SMS notification on her mobile phone that communicated the amount that she was going to receive and her transaction code. She was then able to visit the nearest bank branch and received a timely and rapid influx of cash to support herself.

Herlinda and the other 35 smallholder farmers and entrepreneurs (34 women) in the region of Alta Verapaz (Santa María and Corazón de Maíz communities) received a payout of Q720 each, a value of US\$100.

She used the money to invest in her future, buying a pig. Other members of her group decided to buy fertilizers or composts to improve their maize crops. They also saved some of the money within their savings group.

Herlinda and her group "Corazón de Maíz" in Alta Verapaz are among the 1,292 participants in the microinsurance pilot that had access to one or more risk finance solution that will help strengthen their resilience over time. Herlinda has seen the advantages of insurance in guaranteeing food security for herself, her family and her community in case of future events.

### Credits

Interviews conducted by: Alejandro Arriola and Alejandra Samayoa  
Interview translated by: Alejandra Samayoa

Interview language: q'eqchi and Spanish  
Country/region of interview: Guatemala  
Date: January 2021 and December 2021

<sup>1</sup> World Bank Group, 2021



# DENISE

## COUNTRY BACKGROUND

Madagascar is classified as one of the countries that is most vulnerable to climate change and regularly hit by various natural hazards from droughts to cyclones. Scientific evidence shows that global climate change has likely contributed to higher temperatures and increasingly erratic rainfall in the country's semi-arid Deep South, which has seen below average rainfall for five years in a row. Drought, sandstorms, and locust invasions are common threats faced by smallholders of the southern region, leaving them in a dire situation. Strengthening resilience against adverse effects of the climate crisis is hence crucial to overcome food insecurity in Madagascar.

## MEET DENISE



Denise, 26, is a single mother of two children with whom she lives in Anjahamavelo, a small locality in Southern Madagascar. Denise is also a smallholder farmer but recurrent and consecutive droughts have badly affected her land and crops.

*"With the drought that has now lasted for a few years, I produce almost nothing on my field".*

Committed to providing her family a decent life, Denise started to look for solutions and other sources of income that would ensure her family's basic needs. She was enrolled in "FAGNAVOTSE", a joint integrated and inclusive social protection programme by the Malagasy Government implemented in three localities of Southern Madagascar, with the technical and financial support of the United Nations namely ILO, UNICEF, UNFPA and WFP. The programme aims to improve the effectiveness of social protection interventions through an integrated package of programmes that protect households from risks and promote human and productive investments, adapted to the needs of the poorest households, including people living with disabilities. The World Food Programme is implementing the component related to the strengthening of livelihoods under two main activities, which are, access to agricultural insurance and enhancing production and access to markets.

By transferring the risks of agricultural loss to a third party, insurance subsidies help stabilize revenues of vulnerable

### Credits

Interviews conducted by: Valerie Rasoahaingo  
Interview translated by: Valerie Rasoahaingo

Interview language: Malagasy

Country/region of interview: Madagascar  
Date: September 2021

## Madagascar



- 📅 2021
- 📍 Anosy
- 👤 Denise, 26 years old
- 💰 US\$100 and US\$45
- 🏦 SDG Fund and GIZ

*"I have been saving for some time but with the agricultural insurance payout I received in June, I was able to buy the roofing sheets. I'm going to build a bigger and more solid home"*

smallholders, who in turn become more inclined to invest in and therefore improve their agricultural production. Under the insurance component, farmers like Denise gain access to Area Yield Index Insurance (AYII) by participating in Post-Harvest Loss training and by adopting post-harvest technologies. In case of a drought, farmers receive compensation based on yield performances. In addition, the programme helped Denise open her first rice and beans store so that she could diversify her sources of income while contributing to improving the market in her region.

In 2021, due to a very dry year, the insurance triggered for both agricultural seasons and 3,500 farmers, of which 75 percent were female farmers like Denise, received a first payout in June worth US\$100. The second payout was triggered at the end of the year and will be distributed in early 2022 for a total of US\$45. With just US\$20 received in the form of premium support, Denise and her family had enough from the first payout to buy food to last through this seasons drought, with even some to spare for her plans to build a new house as their current home is too damaged.

In addition to running her store, Denise continues to work in her field. She says with confidence:

*"At least now we are sure to have some money to buy food and to live on when the land does not feed us".*

# MARIA

## COUNTRY BACKGROUND

Nicaragua has significant disparities between urban and rural areas: 70 percent of the country's poor households live in rural areas. A lower-middle income and food-deficit country, Nicaragua is located in a hotspot for natural hazards and climate change impacts. Low incomes, the predominance of informal employment, economic and social fragility, systemic gender inequalities and extreme weather continue to impede progress in addressing poverty and food insecurity. Despite being highly vulnerable to climate-related risks, smallholder farmers have very limited access to the risk financing tools and services that can provide protection from the resulting financial losses.

## MEET MARIA



Maria, 45, lives in Las Mercedes Community in Jalapa, located in Nueva Segovia department in Nicaragua. The region has been affected by climate variability that generates serious threats, including droughts, floods and water scarcity. Overall poverty affects 44.4 percent of the population<sup>1</sup>.

Maria has four children and one young grandchild. She is a smallholder farmer and produces maize and beans together with her family. At the cooperative, together with another 11 women, Maria is part of a group participating in a new programme that promotes women economic empowerment (WEE). They called themselves "Las Doce Rosas" or "The 12 Roses".

## Nicaragua



2021



Nueva Segovia



Maria, 45 years old



US\$213.55



European Union

*"I feel very privileged that they have taken us into account for the insurance, because this is something one thinks that would never be eligible or have access to"*

by WFP. It works with 20 smallholder farmer organizations in the north of the country to improve the production of basic grains and their access to new markets.

The selected cooperatives provided the participants of the agricultural insurance pilot project with technical assistance and support to carry out environmental protection tasks, such as soil and water conservation works and the reforestation of water sources.

Maria had access to the insurance product when she took her credit with Nuevo Horizonte Cooperative, to produce one *manzana* (1.7 acres) of beans for the *postrera* season (*the second growing season*). Due to lack of rain, her harvest was severely damaged. She contacted the field staff from the cooperative to notify the loss, and received the visit of the loss adjuster to formalize the claim.

For Maria, the payout of US\$213.55 means that she could survive this drought, payback her credit to the cooperative and keep having access to credit for the next season, while saving up

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