CASE STUDY

CGAP

Scaling Inclusive Insurance through Government Systems

Lessons from the World Food Programme

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This case study is part of a CGAP series examining how inclusive insurance can be scaled while preserving consumer value, amid challenges in using insurance effectively to strengthen the resilience of vulnerable populations. The series addresses the core barrier to scale—economic viability—and examines practical pathways that help distribution partners and insurers extend coverage to vulnerable populations, especially women. By spotlighting new models and partnerships, the series offers actionable insights for expanding access and strengthening resilience. Each case study highlights a particular aspect of the inclusive insurance industry where disruption is needed and feasible.

Specifically, CGAP has identified four pathways leading to customer centric, scalable solutions:

Anticipatory Action and Disaster Risk Reduction	Climate risks threaten insurability; early action and risk reduction can reduce the costs of providing protection to vulnerable populations.
Premium Financing Mechanisms	Affordability is a key barrier to uptake, and premium financing has the potential to drive uptake and enable customers to access necessary protection solutions.
Distribution Networks	Distribution is the biggest challenge to scale; networks are needed to reach customers and maintain trust, ensuring customers understand the value of the products.
(Re)insurance Facilities	New types of facilities could lower costs enabling customers to access protection, with more evidence on when and how it works, keeping in mind the effects on the end consumer.

Each of the case studies in this series addresses one or several of these pathways by highlighting existing programs that are testing new innovations and overcoming challenges to provide customer centric, scalable solutions.

THIS CASE STUDY ADDRESSES THE anticipatory action/risk reduction, premium financing, and distribution pathways present in the climate risk financing programs of the World Food Programme (WFP). It targets distribution networks, particularly ministries of agriculture and their extension networks, as well as insurers, and aims to answer the following questions:

- How can public-private partnerships be effective for scaling inclusive insurance whilst preserving customer value?
- How can insurability be preserved through risk reduction and anticipatory action?
- How can risk reduction help lower premium costs and lead to more affordable products?

Insights were gathered through a literature review and field interviews conducted between August 2024 and February 2025 with WFP and partners.

WFP's climate risk financing approach combines savings, credit, insurance, and anticipatory action to help countries mitigate the impact of climate shocks and act early, before disasters turn into food crises. WFP also implements anticipatory action ahead of predicted hazards to prevent or reduce impacts on lives and livelihoods. By unlocking funding in advance, WFP can protect lives, livelihoods, and food security more effectively and at a lower cost. The table below gives an overview of the WFP insurance programs covered in this case study.

Highlights

- **Embedding insurance in government systems is an effective path to scale.** It lowers distribution costs, increases uptake, and—with long-term political and fiscal commitment—reshapes economies of scale.
- **Linking premiums to risk-reducing behavior is a powerful lever for affordability.** It lowers the underlying risk—and thus claims costs—which is the most effective lever for ensuring product affordability. It also improves the long-term viability of coverage by managing affordability and sustainability challenges at their source.
- **Forecast-based payouts can outperform traditional insurance.** When well designed, they enable earlier action, protect livelihoods more effectively, and reduce humanitarian costs.
- **Risk reduction and anticipatory action are becoming prerequisites for insurability**. In climate-exposed agriculture, insurance cannot function sustainably without them.
- **WFP acts as a market shaper and system integrator, not merely an implementer.** These roles are difficult to replicate but critical for achieving scale.

THE OPPORTUNITY
Building food-secure nations by leveraging insurance

Governments require food-secure nations, but grapple with climate shocks and tighter budgets

Food security remains a pressing challenge for governments worldwide, as climate shocks, conflict, and economic instability threaten the reliability and affordability of food systems. Governments face mounting pressure to build food-secure nations while navigating intensifying climate shocks and shrinking public budgets. Smallholder farmers—who produce around one-third of the world's food and are predominantly based in low- and middle-income countries (LMICs)—sit at the heart of this challenge (Lowder et al., 2021). Yet they are often the most vulnerable to these very disruptions, facing limited access to finance, technology, and markets. Building their resilience is not just a moral imperative but a strategic necessity. Empowering smallholders with adaptive tools, climate-smart practices, and stronger value chains will be critical to securing sustainable food systems and safeguarding global nutrition in an era of increasing uncertainty.

Factsheet

Country	Zambia	Ethiopia	Cuba	Guatemala
Insurance Products	Area Yield Index Insurance (drought, rainfall, pests, diseases) Weather Index Insurance	Area Yield Index Insurance	Agriculture insurance linked to farmers' vulnerability levels	Forecast Index Insurance
Lead Actor	Farmer Input Support Programme (FISP)	Government Input Voucher System	Empresa de Seguros Nacionales (ESEN), a national insurance company	World Food Programme (WFP)
Partners and Roles	Technical Support: WFP WFP World Food Programme			
	Area Yield: • Underwriter: ZSIC General Insurance • Product Design: Pula Advisors Weather Index: • Underwriter: Mayfair Insurance • Product Design: ACRE Africa	Product Design: Pula Advisors and Ethiopian Agricultural Transformation Institute	Vulnerability Analysis: The Group for Hazards, Vulnerabilities, and Risks, a multidisciplinary team led by the Ministry of Science, Technology, and Environment	Insurance Company: Aseguradora Rural Implementation Partners: International Research Institute (IRI); Microinsurance Catastrophe Organization (MiCRO); Howden
Target Beneficiaries	Smallholder farmers			
Years Active	2021	2022	2021	To be piloted in Q3 2026
Pathway Connections	#3 Distribution	#1 Anticipatory Action and Disaster Risk Reduction; #3 Distribution	#1 Anticipatory Action and Disaster Risk Reduction; #3 Distribution	#1 Anticipatory Action and Disaster Risk Reduction;

Climate-responsive financial services can support governments in building food-secure nations

Among the strategies able to build the resilience of food systems, inclusive insurance has a crucial role to play. Evidence shows insurance payouts following climate shocks offer households a vital source of income, enhancing households' capacity to absorb shocks in the short-term. These payouts enable households to maintain consumption levels and manage expenses. For those engaged in farming, insurance allows for the expansion of cultivated land and a modest increase in input use, such as fertilizers (World Bank 2020).[1]

Despite its potential, insurance is not sufficiently leveraged in government approaches to build resilience. Embedding insurance within government systems—combined with risk reduction and anticipatory action—is not just a pathway to scale, but a prerequisite for maintaining insurability and affordability in climate-exposed agricultural systems.

THE EVIDENCE
Implementing climate risk insurance through government networks

Over the past 15 years, WFP has provided access to climate-responsive financial services to nearly 15 million people. This work developed initially through the Rural Resilience Initiative (R4), which was designed in 2011 to provide communities with an integrated package of climate risk management strategies, including financial services to strengthen their capacity to withstand climate shocks and stressors. In 2024, a study carried out by Tetra Tech found that R4 has positively impacted households by improving their food security, coping capacity, and food consumption in the context of the climate crisis (WFP 2024).

Building on more than a decade of experience and evidence, WFP in 2025 transitioned the R4 Initiative into a streamlined Inclusive Risk Financing (IRF) approach, designed to strengthen resilient food value chains. This shift marks a move toward a more integrated strategy, drawing on past learnings to strengthen the sustainability and resilience of food systems in the face of increasing climate and economic shocks.

As governments face a double challenge of ensuring national food security whilst grappling with tightening budgets, WFP's approach demonstrates how insurance can be used to help governments increase the impact and resilience of food chains globally.

1. Using Government Systems as Distribution Networks

This section examines how government delivery systems, such as agricultural input programs, farmer registries, and social assistance schemes, can function as distribution platforms for inclusive insurance at scale.

LEVERAGING GOVERNMENT INPUT PROGRAMS FOR SCALE IN ZAMBIA

Zambia is an important success story in WFP's climate insurance work. Since 2021, climate insurance has been embedded in the government's Farmer Input Support Programme (FISP), a national program established in 2002 to provide subsidized agricultural inputs and extension services to smallholder farmers, reaching over a million farmers. It serves as a landmark example of scaling agricultural insurance.

However, this program began on a much smaller scale. In 2017, when the Zambian government decided to integrate agriculture insurance with FISP, WFP had already been implementing agriculture insurance in the country since 2015 as part of its R4 Rural Resilience Initiative. The initial product was weather-index

1 Additional information on insurance as a pathway to climate resilience is available in the CGAP Impact Pathfinder: https://cgap.pub/4bWi4F7.

insurance designed in partnership with the Columbia Climate School International Research Institute for Climate and Society (IRI), based on extensive participatory research with farmers. The initiative had shown that there is demand for agriculture insurance in the country if insurance programs are well designed to meet farmers' needs. People enrolled in the initiative grew from about 2,500 in 2015 to 39,000 in 2020.

The Zambian government built on the existing experience of agriculture insurance in the country to provide an insurance product through FISP. It brought in WFP and IRI to apply a similar participatory approach to the product design, but on a much greater scale. In 2020, IRI trained agriculture extension officers from the Ministry of Agriculture to carry out focus groups with farmers in a total of 1,000 villages. The process benefited from the extension officers' good relationships with the farmers and knowledge of their communities, as well as a digitalized process with results captured on tablets in real time.

Embedding insurance in a large-scale existing government program has been crucial to the success of agriculture insurance in Zambia. Farmers who enroll in FISP automatically receive insurance coverage when they make their partial contribution to access the subsidized inputs, reaching 1 million farmers by 2021. The government pays 50 percent of the premium, while farmers contribute the other 50 percent (approximately ZMW 100 or USD 5.2[2]). The sum insured corresponds to the value of the inputs. The subsidy is provided annually, and farmers must make their contribution before accessing the inputs.

Currently, two insurance products are offered under FISP:

- Area Yield Index Insurance (AYII), developed by Pula Advisors and provided by ZSIC General Insurance, covers risks such as drought, excessive rainfall, pests, and diseases; and
- A weather index insurance (WII) product, developed by ACRE Africa and offered by Mayfair Insurance, is designed to protect against weather-related losses.

LEVERAGING THE GOVERNMENT'S INPUT VOUCHER SYSTEM IN ETHIOPIA

Ethiopia's agricultural insurance landscape has historically been marked by numerous pilot initiatives that failed to scale. However, WFP's interventions have defied this trend by demonstrating the potential of public-private partnerships (PPPs) for promoting financial inclusion and climate resilience. As of 2024, WFP's insurance efforts in the country have resulted in 859,444 farmers enrolled in various schemes, including both direct and indirect beneficiaries.

The R4 Rural Resilience Initiative was launched in Ethiopia to help smallholder farmers manage climate risks through a holistic risk management approach. Established in 2011 through a partnership between WFP and Oxfam America, it combines climate risk insurance, savings mechanisms, credit access, and nature-based solutions, enabling farmers to build resilience against recurrent climate shocks. In October 2018, Oxfam America transitioned into an advisory role with WFP taking the lead on the management and scale-up of R4 operations.

To enhance the scalability and sustainability of insurance, WFP redesigned its R4 microinsurance program, in collaboration with Pula Advisors and the Ethiopian Agricultural Transformation Institute (ATI), and turned it into a meso-level scheme during the 2022-2023 agricultural season. Insurance has been linked to the government's Input Voucher System (IVS)—a national program providing farmers with access to agricultural inputs, such as fertilizers and seeds — and introduced an AYII product. This integration enables farmers to access insurance when obtaining inputs, while offering broader protection against multiple production risks through the AYII product.

2 USD values are based on the Bank of Zambia April 1, 2026, exchange rate (ZMW 19.2638 = USD 1) rounded up

The redesign leverages robust PPPs to address both demand and supply challenges in Ethiopia's agricultural insurance landscape. As a result, WFP-supported coverage grew from 20,000 households in 2022 to nearly 250,000 in 2024, helping farmers transition beyond subsistence farming.

By integrating insurance with the IVS, the government facilitated broader farmer participation, ensuring scalability and sustainability for the scheme. Between 2023-2025, the scheme has provided over USD 868,000 in compensation for losses caused by pests and diseases, risks not covered under previous weather-based schemes.

WFP plays a critical role as a technical advisor in advancing agriculture insurance in Ethiopia, supporting the integration of this initiative into an existing national program in support of farmers. As a result, it helped strengthen public sector capacities and facilitated effective coordination between stakeholders. Also, WFP has worked closely with government institutions to develop data-driven tools for product design, training programs for government officials, and frameworks for scaling insurance through PPPs. This technical support has enabled the government to transition from relying on externally managed pilots to leading and expanding insurance initiatives within its agricultural and rural development policy.

Together, the experiences from Zambia and Ethiopia suggest that collaboration with governments not only expands distribution networks but also strengthens the connection between insurance mechanisms and national agricultural policies, creating holistic systems that enhance food system resilience.

2. Aligning Government Priorities and Insurance: Risk Reduction and Anticipatory Action for Stronger Insurability and Policy Delivery

ADDRESSING PREMIUM AFFORDABILITY THROUGH RISK REDUCTION IN CUBA

In collaboration with the state-owned national insurance company, Empresa de Seguros Nacionales (ESEN), WFP introduced an innovative agricultural insurance model in Cuba. It integrates disaster risk reduction measures with insurance by tying premium costs to farmers' climate vulnerability levels to promote long-term resilience.

This model employs a matrix of 28 indicators developed by the country's Environment Agency, Agencia de Medio Ambiente (AMA), to assess vulnerability, incorporating factors such as climate risk exposure and resilience capacity. The assessment is conducted by a multidisciplinary team led by the Ministry of Science, Technology and Environment. Farmers with lower climate vulnerability levels pay reduced premiums, creating a direct incentive for adopting practices that decrease their risk. Farmers participating in the program receive targeted training from WFP and donor support to enhance their knowledge of climate-adaptive techniques, along with agricultural equipment and resources to implement these measures. These actions not only empower farmers to improve their lives and livelihoods, but also contribute to lowering premiums, insurance losses, and payouts over time. Early results suggest that two years after applying the matrix, 80 percent of participants experienced a decrease in vulnerabilities, and reduced crop losses from 15 percent to 7 percent, suggesting the intervention's strong potential.

This product is a traditional AYII that covers losses due to cyclones and droughts. The product was launched in February 2023 in the municipalities of Manatí and Niceto Pérez, chosen as pilot locations due to their historically low insurance uptake and high vulnerability to climate-related risks. The program has since expanded to 19 municipalities across the eastern provinces of Las Tunas, Granma, Santiago de Cuba, Holguín, Guantánamo, and Villa Clara, where the WFP implements projects that support small-scale farmers. The insurance program is currently being implemented with 1,533 farmers (including 587 women), with a total sum insured exceeding USD 4 million. Its localized approach allows for tailored interventions, ensuring the model's effectiveness in addressing specific regional challenges. With continued success, the initiative has the potential to expand to other regions, with additional funding.

To ensure consumer protection in the Cuba model, WFP applies transparency and accountability by clearly communicating how vulnerability assessments are conducted and how premiums are set, ensuring farmers understand the process and have an incentive to participate. Premiums are differentiated across three layers, but this differentiation is carefully designed so that socio-economic vulnerability is not penalized. Farmers with higher climate vulnerability should not automatically face higher costs without support from WFP.

Continuous project monitoring and follow-ups through sensitization workshops and diagnostic activities validate whether the more vulnerable farmers are treated fairly. Importantly, all farmers who purchase insurance are supported by WFP through disaster risk reduction activities to reduce their vulnerability, and they are linked to social safety nets to ensure a reliable market for their products.

The Cuban government has shown strong support for this initiative, recognizing its potential to transform the insurance sector and strengthen food security. By linking insurance premiums to vulnerability levels, the program not only provides financial protection to farmers but also fosters a culture of proactive risk management. This integrated approach aligns with Cuba's National Plan for Economic and Social Development and contributes to its broader goals of climate resilience and inclusive development. WFP also sees potential in adopting similar approaches in other countries to incentivize actions that reduce climate vulnerability, while protecting farmers in case of shocks.

WORKING WITH THE GOVERNMENT IN GUATEMALA ON ANTICIPATORY ACTION TO COMPLEMENT INSURANCE

As climate shocks become more frequent and less predictable, anticipatory payments are gaining attention as a way to deliver faster, more inclusive climate risk financing, especially where traditional insurance mechanisms face limitations.

Anticipatory support, which involves providing aid before disaster strikes, is emerging as a more effective approach than traditional post-disaster assistance. By enabling vulnerable communities to take preventive measures, such as securing essential supplies or reinforcing infrastructure, anticipatory actions can significantly reduce the impact of impending hazards. This proactive approach not only safeguards lives and livelihoods but also offers substantial economic benefits.

For instance, the Food and Agriculture Organization (FAO) estimates that every USD 1 invested in anticipatory action can generate a return of more than USD 7 in avoided losses and added benefits for farming families (FAO 2021). By acting early, it is possible to mitigate the devastating effects of disasters and promote resilience within communities.

Early evidence: Leveraging experience in anticipatory action for forecast-based insurance

WFP is designing Forecast Index Insurance (FII) in Guatemala to finance anticipatory action against drought. FII triggers payouts based on climate forecasts allowing entities such as WFP, and potentially local governments and governmental agencies, to finance and scale up their respective predefined anticipatory actions before shocks take place.

In Guatemala, the product will focus on providing payouts to WFP to ensure that larger sources of funding are available to adopt and implement anticipatory action that reduces the impact of the forecasted event on food security in the departments of Zacapa, El Progreso, and Chiquimula. By proving the concept and showcasing it to governments and other stakeholders, this instrument has the potential to be integrated into national systems to finance anticipatory action protocols.

WFP has developed a robust anticipatory action system that serves as the foundation upon which future FII can be built. Through anticipatory action, WFP works closely with governments and local actors to deliver humanitarian assistance before a climate shock occurs, reducing losses and protecting livelihoods. When a climate event is forecast, WFP issues alerts to at-risk communities and provides practical preparedness guidance. As the probability of the event increases, WFP activates pre-agreed triggers and delivers cash transfers that enable households to take risk-reducing measures, such as purchasing essential supplies, acquiring drought-resistant seeds, or relocating ahead of an approaching hurricane.

This approach is currently implemented in partnership with the Government of Guatemala and is fully funded by donors. However, the experience gained through anticipatory action, given the use of scientifically defined triggers, pre-agreed action plans, and early disbursement mechanisms, offers valuable insights for designing insurance solutions. These lessons can help shape financial instruments that not only provide compensation after shocks take place but also enable earlier, more predictable, and more cost-effective risk management.

For example, insurance payouts could be made in part or fully based on the forecast of climate events. This would allow the policyholder, whether WFP, local governments, or municipalities, to receive claims payouts in time to take anticipatory action to protect themselves, their families, and their farms (or other economic activities) from potential disasters in the future.

In this way anticipatory payments could be achieved through an insurance mechanism, which has the potential to be made more commercial and less dependent on donor funding, in comparison to anticipatory payments of humanitarian aid.

WFP is preparing to pilot an anticipatory climate insurance mechanism in Guatemala, building on the ongoing work of the country office around anticipatory action and risk-transfer solutions. The objective is to develop a financing instrument that bridges climate forecasts with insurance payouts, enabling resources to be released before a shock occurs. By securing pre-event financing, the country office aims to scale up anticipatory responses and reach more people when early action is most effective.

Leveraging the existing disaster risk financing work with IRI, INSIVUMEH (Guatemalan National Institute For Seismology, Vulcanology, Meteorology and Hydrology), and MiCRO, WFP is working with Howden, who will lead the design of the forecast-based risk transfer model and support WFP in determining the most adequate and sustainable approach and model.

KEY ENABLERS

What it takes to make inclusive insurance viable at scale

The lessons from Zambia, Ethiopia, Cuba, and Guatemala demonstrate three key enablers for making inclusive insurance viable.

1. LINK INSURANCE TO EXISTING GOVERNMENT INITIATIVES

Linking climate risk insurance to existing government input programs—such as agricultural input subsidy schemes or voucher systems—has proven to be one of the most effective pathways to scale. By embedding insurance within large, established distribution channels that already reach millions of farmers, governments can dramatically reduce customer acquisition costs, streamline enrollment, and ensure broad, equitable access to protection. WFP's experience in Zambia's FISP and Ethiopia's IVS shows that when insurance is integrated into programs that farmers already know and trust, uptake increases, operational processes become more efficient, and insurance standalone pilots are better positioned to transition into a systemwide service. These government programs not only reduce the marginal cost of insurance distribution but, by embedding climate risk financing directly into national agricultural development strategies, they also create opportunities for participatory product design, stronger public–private collaboration, and long-term sustainability.

2. BUILD LOCALLY OWNED SOLUTIONS THROUGH PARTICIPATORY DESIGN

WFP's climate risk financing programs have demonstrated repeatedly the central role of participatory processes with all stakeholders. Even if government partners are committed to an insurance program, it will fail without the buy-in of local insurers, aggregators, and customer groups.

For example, in the case of the insurance program developed in Zambia, it was important for WFP that the initiative be locally owned, so a participative process was put in place to design the original agriculture insurance product. This was challenging given the complexities of the agricultural sector in the country, which lacks infrastructure and data and is ill-prepared for any shock. In addition, insurers in the country had little experience with insurance lines outside of life and funeral insurance. Insurers and other actors were, therefore, initially reticent to explore insurance for the agricultural sector.

Nonetheless, the participatory approach proved successful with WFP working closely with insurers and with farmers' associations. Farmers provided input on designing the product, improving it, and validated the final version. Insurers also learned about the sector and played a key role in the program development.

3. BUNDLE INSURANCE WITH COMPLEMENTARY FINANCIAL AND NON-FINANCIAL TOOLS

As seen in the example of Guatemala, the success of the climate insurance program depended on the ability to embed it within other work to improve the incomes and resilience of communities. WFP's experience in multiple countries confirms this example: insurance should not be implemented as a standalone initiative to reduce vulnerability but needs to be nested within wider support.

Without complementary support—such as savings, loans, risk reduction initiatives, and support to increase and diversify income—insurance is insufficient to build resilience. Insurance should focus on providing protection against catastrophic and rare weather events, while more frequent and less severe occurrences are addressed through other financial tools, such as savings and loans. Furthermore, without support to improve their income and finances, it is unlikely that vulnerable populations, who are most in need of risk protection, will be able to afford part or all of the premium costs.

Key challenges to scaling inclusive insurance

1. TRANSITIONING FROM PILOTS TO GOVERNMENT SYSTEMS TAKES TIME

Experience from WFP's climate risk financing work shows that moving from small, donor supported pilots to insurance schemes that are embedded in national policies—such as government farmer input or voucher systems—is inherently a long-term process. In countries like Zambia and Ethiopia, insurance first developed through relatively small, programmatic initiatives before being gradually adapted, expanded, and aligned with large-scale government systems. This transition requires time to build evidence, strengthen institutional capacity, align public and private stakeholders, and integrate insurance into existing policy and budget frameworks. As a result, donor support often needs to extend beyond short project cycles to allow pilots to mature into nationally integrated schemes. WFP's experience across multiple contexts suggests that a gradual, multiyear approach is essential, particularly in fragile settings, where embedding climate risk insurance within national systems cannot be rushed without undermining sustainability and effectiveness.

2. ACHIEVING FINANCIAL SUSTAINABILITY REMAINS DIFFICULT

Achieving financial sustainability remains one of the most persistent challenges for inclusive climate insurance schemes. Many schemes begin with heavy donor or programmatic subsidies, but transitioning toward market based or government-funded models is a slow and complex process—particularly in fragile contexts where public budgets are constrained and farmers' ability to contribute to premiums is limited. WFP's experience shows that while subsidies can successfully unlock initial demand and demonstrate value, long-term viability requires multiyear funding commitments, realistic timelines, and clear plans for gradually shifting premium costs to governments or beneficiaries. In models like Zambia's largely farmer-funded scheme, premiums must remain extremely low, which can limit payout adequacy and undermine perceived value. In other countries, governments face administrative and fiscal hurdles to absorbing premium payments into national systems. These dynamics illustrate that without predictable financing, supportive policy frameworks, and coordinated donor engagement, inclusive climate insurance struggles to scale sustainably and deliver robust, reliable protection.

3. ENSURING PAYOUTS ARE ADEQUATE AND VALUED BY FARMERS

Another significant challenge is ensuring that payout amounts are adequate and perceived as valuable by farmers, especially in schemes where premiums must remain extremely low. In Zambia, for example, payout levels often do not fully cover farmers' input costs for the season, leading to concerns about whether the insurance provides sufficient protection when shocks occur. This gap between expectations and actual compensation can undermine confidence in the insurance product, reducing future uptake and threatening overall program sustainability. More broadly, determining "rightsized" payouts that balance affordability, actuarial soundness, and meaningful risk coverage remains a technical and operational challenge across many country contexts.

The Next Frontier

WHAT IS UNIQUE TO WFP'S MODEL:

- WFP's work on inclusive climate risk financing is unique in its global reach and its relationship and mandate with government actors. Its programs have unlocked climate insurance markets and resulted in programs embedded at scale in national programs, such as the cases of Zambia and Ethiopia explored above, as well as those in the process of being transitioned fully to government actors, as in the case of Guatemala. Across programs in numerous countries, WFP has learned multiple lessons about how to work with government partners and implement climate insurance that is impactful, scalable, and sustainable.

- These conditions are not easily replicable, but they illustrate what is achievable when insurance is embedded within national systems instead of being implemented as standalone projects.

WHAT IS REPLICABLE ACROSS OTHER CONTEXTS:

- **Embed insurance within national agricultural development policies and frameworks.** Rather than treating it as a standalone intervention or add-on, embedding insurance within broader agricultural strategies—such as input subsidy programs, extension services, productivity initiatives, and sector-wide development plans—ensures it becomes a structural component of how governments support farmers. This approach creates coherence across policy priorities, aligns incentives for resilience, and enables insurance to complement investments in climate-smart agriculture, market access, and value chain strengthening. By positioning insurance within these wider policy architectures, governments can drive sustainability, improve coordination with private insurers, and mobilize resources at scale—transforming climate risk financing from a project-based solution into a nationwide resilience mechanism.
- **Invest in and enable risk reduction as a foundation for sustainable insurance markets**. Governments should use risk analytics to prioritize public investments in disaster risk reduction, data infrastructure, and early warning systems and align these efforts with insurance and risk-transfer mechanisms. By reducing underlying risk and providing a supportive policy and regulatory environment, governments can crowd in private insurance, lower the cost of coverage, and ensure financial protection remains accessible as climate risks rise. Insurers should use risk analytics to incentivize and support risk-reducing behaviors and investments. This can be done through premium differentiation, bundled services, or partnerships that link insurance coverage with early warning systems, resilient infrastructure, or climate-smart practices, while preserving consumer protection. This helps preserve portfolio insurability as climate risk increases while opening pathways to sustainable growth in high-risk markets.

WHAT REMAINS UNRESOLVED:

- **Calibrating the correct pricing for anticipatory insurance—paying out before an event (based on triggers or forecasts)—increases underwriting risk and premiums.** There is a fundamental trade-off between speed of action and price. Insurers and humanitarian agencies should co-develop forecast-based pricing approaches, supported by shared data and stress-testing, to optimize early action while managing basis risk and affordability
- **Modeling under climate volatility remains challenging**. Pricing grounded in historical loss data underperforms as climate risk escalates, affecting insurability and affordability. Integrating forward-looking climate scenarios, investing in risk reduction and resilience, and adopting adaptive, modular products can help sustain coverage. Yet traditional actuarial models and reinsurance structures remain under strain as risk intensifies

Embedding inclusive insurance in public programs can unlock scale and catalyze systemic change, but only with sustained commitment, strong government ownership, and patient capital. Securing policy alignment and budgetary support, structuring phased rollouts, and investing in data and delivery systems are critical to move from pilots to durable, nationwide coverage. With governments as anchor partners and long-term financing in place, inclusive insurance can evolve from isolated interventions into a core pillar of social resilience.

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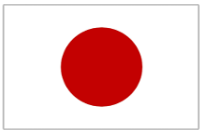

CGAP members and strategic partners as of January 2026

CGAP Members (continued)

MetLife Foundation

Ministry of Foreign Affairs and International Cooperation

Ministère de l'Économie, des Finances et de la Souveraineté industrielle et numérique — Direction générale du Trésor

Ministry of Foreign Affairs of the Netherlands

Norad

PROPARCO Groupe AFD

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs, Education and Research EAER
State Secretariat for Economic Affairs SECO

Sida

Swedfund

The World Bank
IBRD • IDA | World Bank Group

WFP
World Food Programme

UKaid
from the British people

UNCDF
Microfinance • Capital Development

UNDP

CGAP Strategic Partners

AXA

BaillieGifford

citi

Fundación BBVA Microfinanzas

CGAP members and strategic partners as of January 2026

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