



# Making Access to Insurance Happen for People with Disabilities and Small Businesses and Micro-entrepreneurs

## El Salvador: Building the resilience of visually impaired people and businesswomen

### World Food Programme

Most farmers and micro entrepreneurs in El Salvador are exposed to various economic and weather-related shocks threatening their livelihoods and food security. However, they lack adequate and affordable insurance to protect their productive activities. The World Food Programme (WFP) El Salvador is collaborating with local partners to bridge these gaps by piloting an innovative insurance solution that protects farmers, micro-entrepreneurs and small businesses against business interruption due to excess rainfall, drought and earthquake. In 2021, nearly 4,800 people benefited from insurance, including 47% of businesses being led by women.

### Country context

El Salvador is Central America's smallest and most densely populated country. Deforestation and land degradation have adversely impacted the country's agricultural areas, increasing its vulnerability to climate variability and change. According to the ND-GAIN index<sup>1</sup>, the country ranks 108 out of 181 for vulnerability and readiness to adapt to a changing climate. Similar to other countries in Central America, El Salvador is exposed to various extreme hazards that lead to events such as frequent flooding and landslides.

The compounded impacts of the Covid-19 pandemic and the recent climate-related shocks that affected Central America – including tropical storms Amanda and Cristóbal, and Hurricanes Eta and Iota – have negatively impacted El Salvador, leading to significant loss of income, increased food insecurity, reduced access to basic services and increased use of negative coping strategies.

Resource-poor households, micro-entrepreneurs, small-business owners, and smallholder farmers are especially vulnerable, since they are more likely to suffer significant losses while also having very limited access to suitable risk management solutions. WFP recognizes that promoting access to inclusive risk finance can play a significant role in building the resilience, income and wellbeing of the most vulnerable people over the long term. In this context, WFP El Salvador has designed a strategy for the integration of a climate risk insurance solution as part of a holistic climate risk management approach.



### Project description

WFP El Salvador's strategy seeks to integrate insurance into the country's resilience building and market access programmes as a key tool to protect livelihoods and investments, promote increased agricultural productivity and foster resilience. In 2021, WFP El Salvador launched an innovative insurance pilot protecting 964 farmers and micro-entrepreneurs (47% women) from climate-related risks, in its first year. The programme benefited nearly 4,800 people and ensured protection amounting to USD 500,000 for shocks triggering insurance payouts. WFP joined forces with the local cooperative insurer Seguros Futuro to tailor an existing weather-index microinsurance product in order to remove its credit component. This was intended to ensure that the insurance solution properly addresses the needs and specifics of the target population, as the populations that WFP typically supports lack access to credit. The insurance policy provides cover against the interruption of any productive activity due to excess rainfall, drought or earthquake. The pilot phase is currently being monitored and a sustainability and scale-up plan is in place for future expansion in 2022. The efforts of WFP El Salvador to reach the most vulnerable have focused on enabling access to more diverse beneficiary profiles, including women running micro-enterprises and small businesses that are part of the Ciudad Mujer programme, aiming to guarantee the fundamental rights of Salvadoran women. Under this programme, WFP insured 44 women-led micro-enterprises with a total of 209 female employees. As part of the initiative, policyholders were given microfinance and microinsurance training and were capacitated on the insurance product. WFP was also supported by the El Salvador Red Cross in enabling access to the insurance solution for 12 micro-enterprises run by visually impaired people with 60 visually impaired employees.

<sup>1</sup> The ND-GAIN Country Index summarizes a country's vulnerability to climate change and other global challenges in combination with readiness to improve resilience: <https://gain.nd.edu/our-work/country-index/>



Marlene Najera, entrepreneur

Women from the cooperative El Salto Ahuachapán participating in a training session on microfinance and microinsurance.

## Challenges and lessons learned in 2021

Adapting the consumer protection and educational material to the specific target segment has proved fundamental in raising awareness of insurance. One example has been the work with visually impaired people working in the massage industry in urban areas. The impact of drought was not initially identified as a major risk by participants, however when asked to recall experiences of how a large-scale drought had impacted surrounding communities and the local economy, this had a run-on negative impact for their businesses and household incomes.

In addition, WFP was supported by the El Salvador Red Cross in adapting the consumer protection materials to meet their specific needs. This included a description of the insurance policy through audio messages transferred by WhatsApp, organizing games with boards and cards in Braille, and arranging suitable facilities to enable delivery of training sessions. This approach ensured that visually impaired people had appropriate awareness and understanding of the insurance product.

“Before, I had a negative concept of insurance and I thought it was only for people with a lot of money. The training given to me by WFP has made me realize the importance of insurance. I never imagined that I was going to be able to insure my productive activity. I feel very happy now because I have my policy.”

Marlene Najera, entrepreneur

## Weather-index microinsurance

### Hazards covered

Drought, Earthquake, Other

### Product/Solution

Microinsurance business, Microinsurance households

### Objective of the project

The project aims to increase the resilience of vulnerable communities in El Salvador by promoting climate risk insurance as part of a holistic climate risk management approach.

### Impact (envisaged) number of beneficiaries

Approximately 4,800 beneficiaries, scale up to reach additional MSMEs and farmers.

### Involved organizations / parties in the project

WFP El Salvador, Seguros Futuro (Insurer), El Salvador Red Cross, Ciudad Mujer, OXFAM, Asociaciones de Pequeños Productores Agrícolas



Anticipation



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Recovery



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