



# **African Risk Capacity**

**Eighth Climate Change and Development in Africa Conference  
(CCDA-VIII)**

**Addis Ababa, August 2019**

## ARC Context: Current State



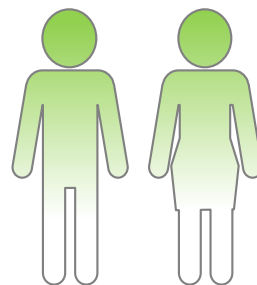
**\$200  
billion**

Global economic losses  
from  
natural disasters in past  
decade

200

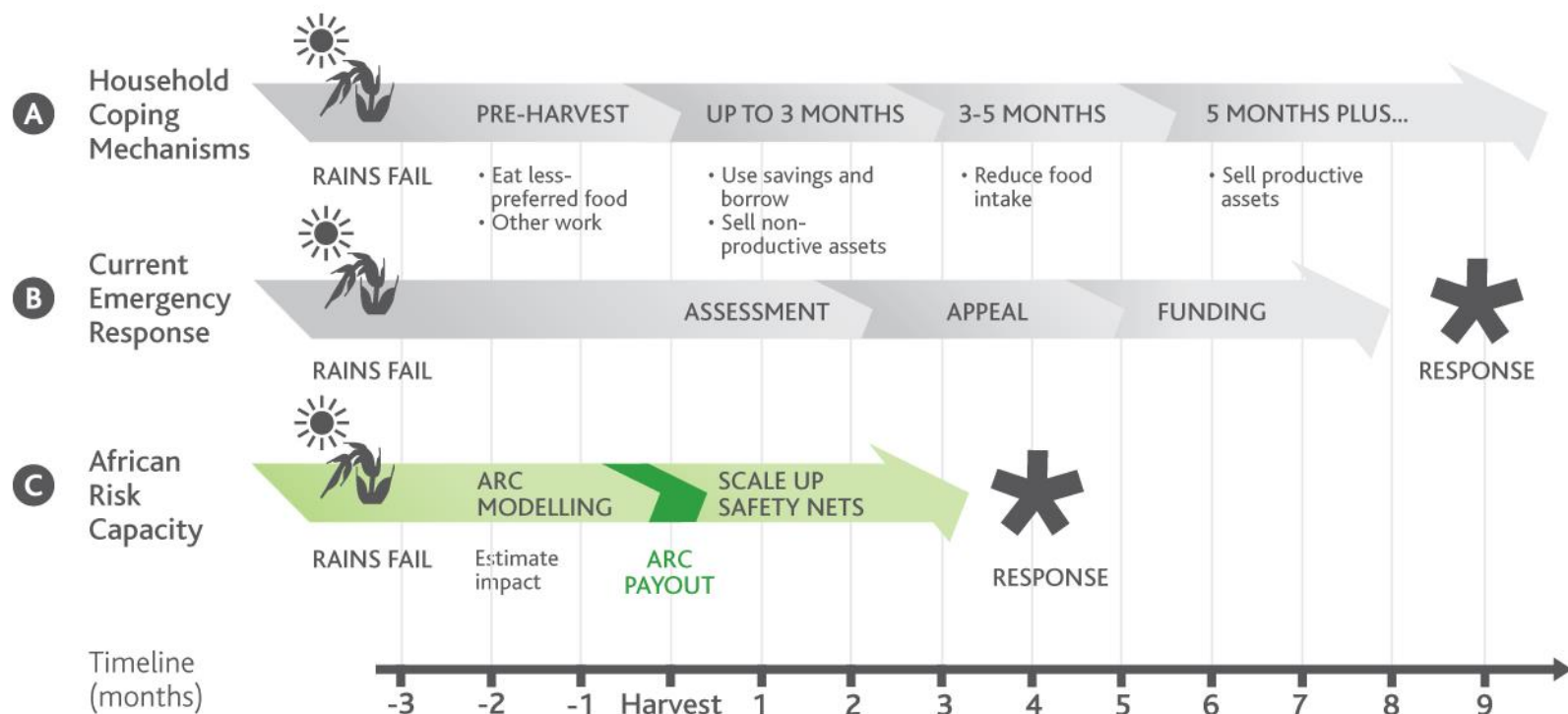


Losses attributable to  
extreme weather events



100 million people pushed  
into extreme poverty by  
2030 due to climate  
change

# ARC Context: Disaster Management Response



Source: Clarke/Hill, Cost-Benefit Analysis of the African Risk Capacity Facility,

**ARC aims to provide cost-effective contingency funding to protect livelihoods and development gains**

## ARC , an African Response to DRM



**A Specialised Agency of the African Union, established in 2012, is governed by a Conference of the Parties, a Governing Board and a Secretariat.**

**ARC was established by the AU to help Member States to improve their capacities to better plan, prepare and respond to extreme weather events and natural disasters.**

**ARC bring together three critical elements to create a powerful value proposition for it Members and partners:**

- **Early Warning:** *Africa RiskView*
- **Preparedness:** Contingency Planning
- **Insurance:** Index-based insurance and risk pooling
- **Accountability:** Evaluation of the response delivery

**The ARC Agency's first financial affiliate, ARC Insurance Company Limited, was established in early 2014 domiciliated in Bermuda.**

## 33 Current ARC Agency Member States



- 33 countries Signatory to the ARC Treaty
- These countries constitute the ARC Conference of Parties (COP)

## Member State's Participation Process in the ARC



Countries become Members of ARC Agency through signing the Establishment Agreement

Member States Signs an MoU to receive capacity building and a component of which is to work with ARC Agency to Customize *Africa RiskView* and develop Contingency Plans for the use of potential insurance payouts

The Board of ARC Agency reviews the Contingency Plans and issues Certificates of Good Standing once a Member Country has met all requirements

The Certificate of Good Standing will allow the ARC Agency Member to participate in the ARC Ltd risk pool (i.e. take out insurance coverage with ARC Ltd)

# Programme Achievements to Date

Prog. Devel. : **20 countries with Technical Working Groups**

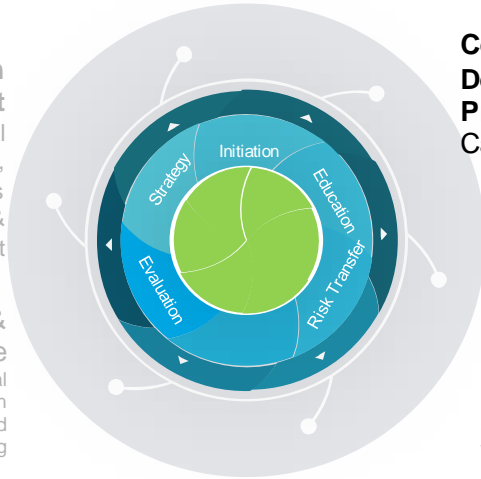
**Initiation**  
Country Strategy & Scoping

**Improvement**

Global Learning, Process Evaluation & Final Audit

**Pay-out & Response**

Final Implementation Plan and Monitoring

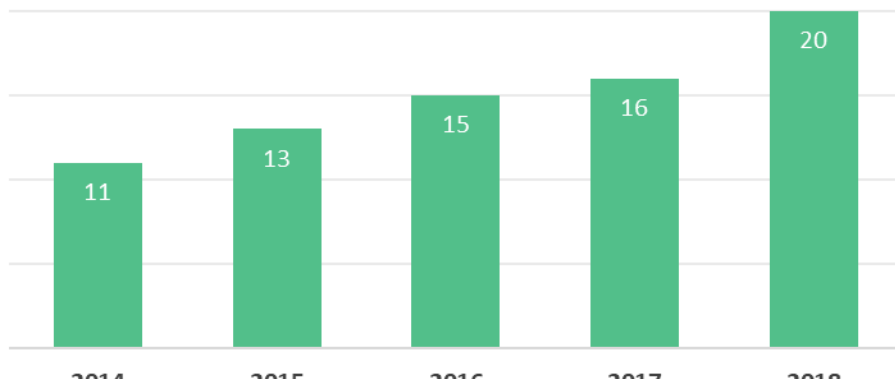
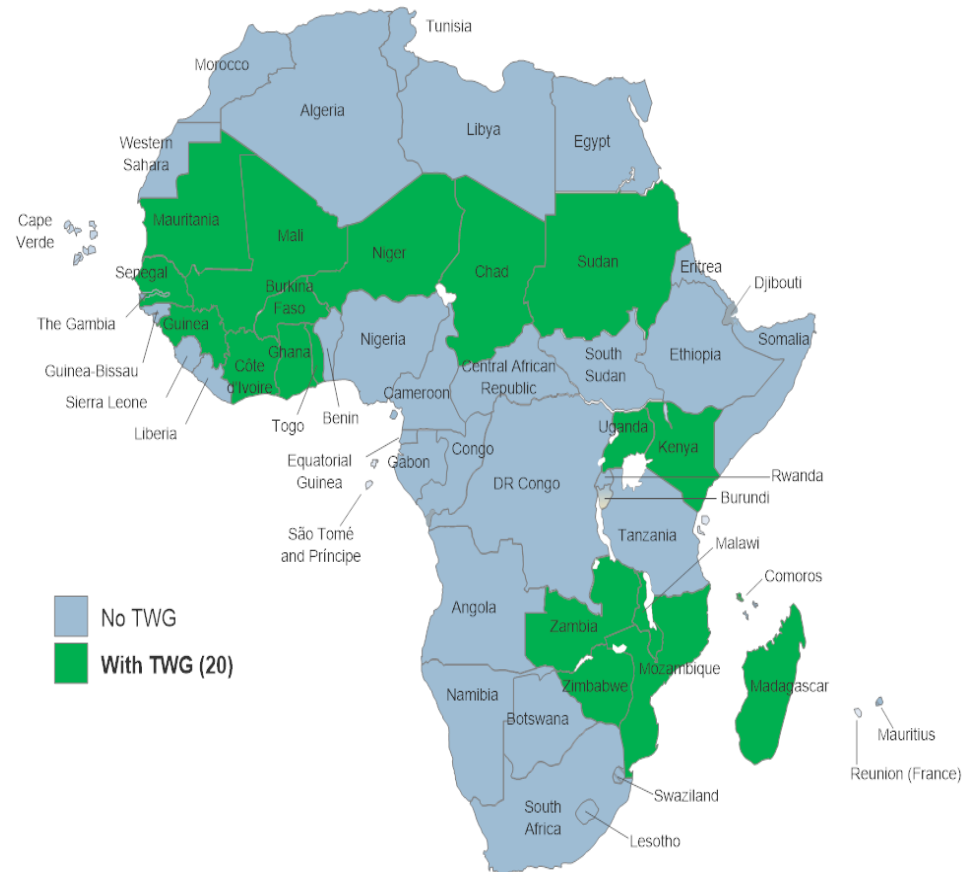


**Country Development Programme Capacity Building**

**Risk Pool Participation**

Specify when each feature will be delivered

## Countries with TWG



# Programme Achievements to Date

Prog. Devel. : **19 countries with capacity building**



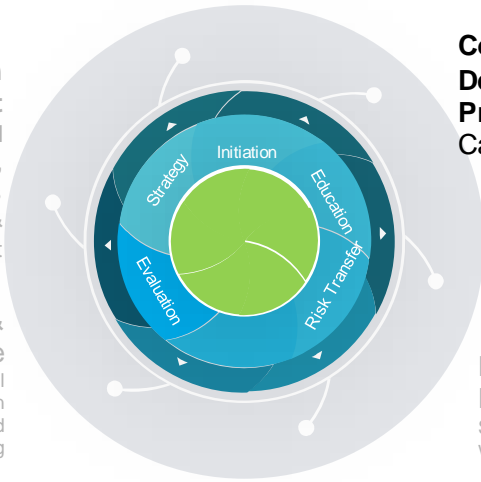
**Initiation**  
Country Strategy & Scoping

**Country Development Programme Capacity Building**

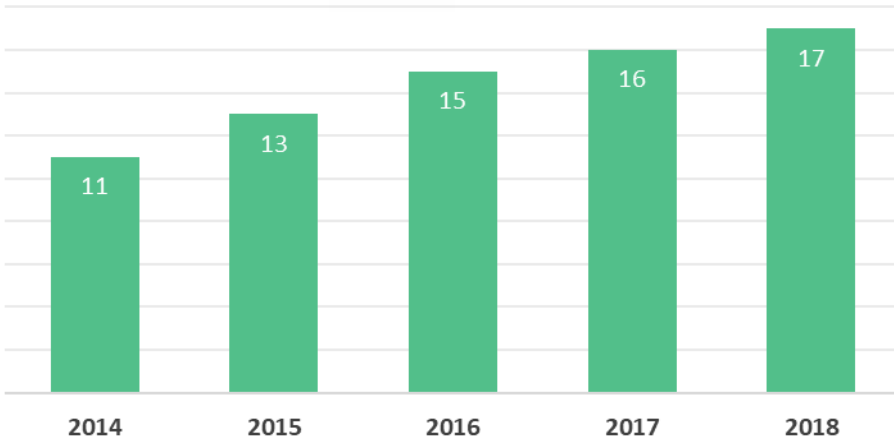
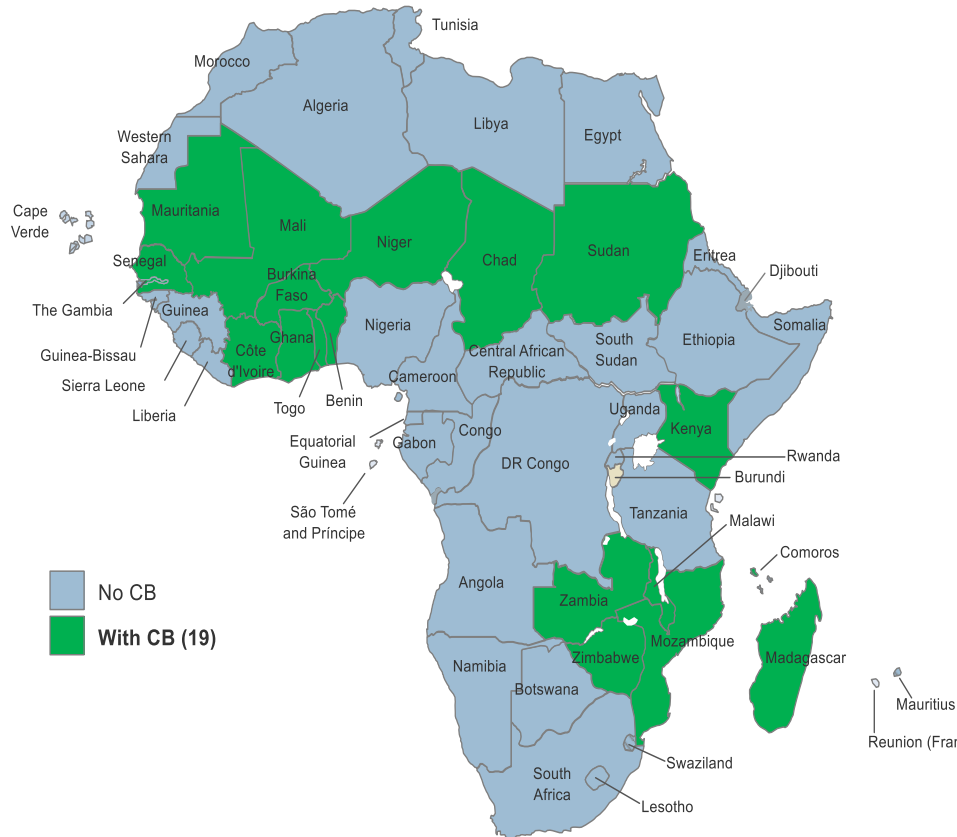
**Risk Pool Participation**  
Specify when each feature will be delivered

**Improvement**  
Global Learning, Process Evaluation & Final Audit

**Pay-out & Response**  
Final Implementation Plan and Monitoring



## Countries with capacity building





# Programme Achievements to Date

## 40 Insurance Policy Signed (5 replica)



### Insurance Uptake



Total Number  
of Policies  
signed

40



Cumulative  
Insurance  
Coverage

\$580 M



Cumulative # of  
people insured

58 M

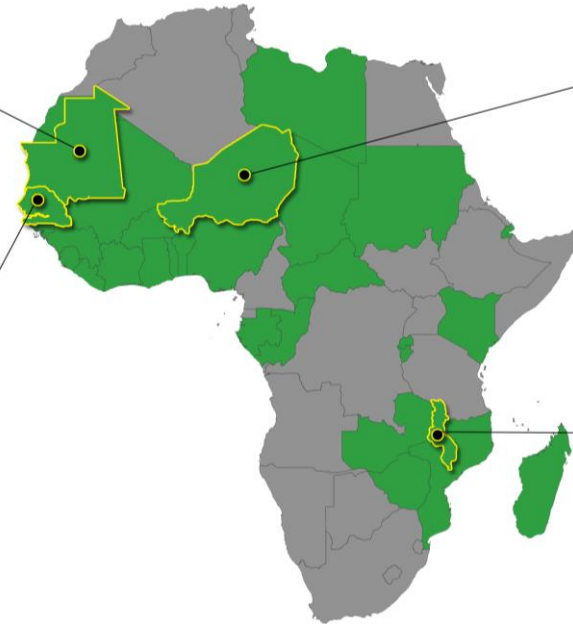
### Insurance Pay-Out

Mauritania  
  
\$6.3 million

Niger  
  
\$3.5 million

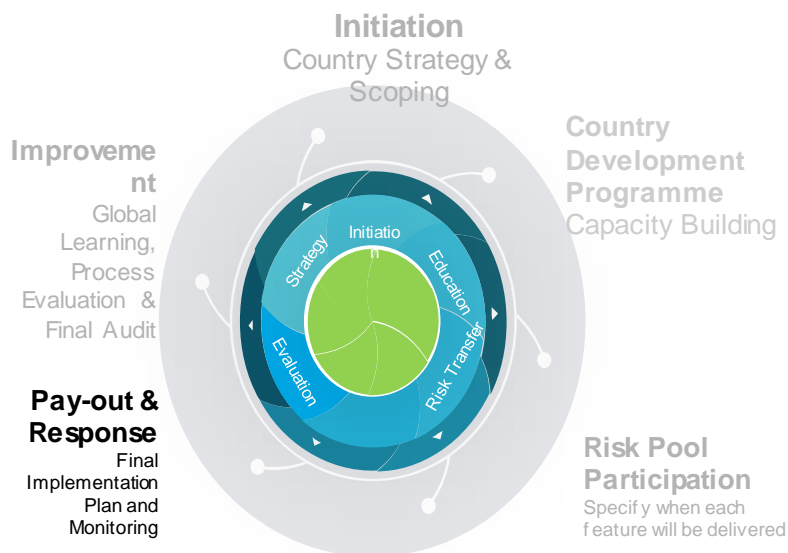
Senegal  
  
\$16.5 million

Malawi  
  
\$8.1 million



# Programme Achievements to Date

## Evaluation of the Pay-Out



- ❖ Institutionalized Payout process evaluation.
- ❖ Result-Based Management in place (strengthen accountability and support management decision making)
- ❖ Logframe revised to better reflect technical and institutional supports to Member States

# Key Challenges



- 1 Lack of alignment between ARC Agency and ARC Ltd
- 2 Difficulties for Government to keep up with the payment of the premiums.
- 3 High turnover in governments;
- 4 Limited regulatory framework for DRR in the countries; Limited insurance culture in member states.
- 5 Varying understanding of parametric insurance by member states policy makers.
- 6 Competition with other instruments supported by some key partners.

# Way Forward



## Research and Development

- Research needs to be dynamic, applicable and cost efficient
- **Simplify and Improve (SIM) strategy** is being implemented

## Premium Financing

- Mobilise financial resources towards (ADRFi) programme
- Identify active role for partner engagement strategy
- Donors have been approached to reallocate resources to premium support

## Insurance Product

- **Dynamic and Diversified** Product offering to respond to client need:
  - ARC will begin offering localised insurance contracts on a pilot basis
  - Co – Insurance: Scheme for risk sharing with local insurance companies will also be investigated and piloted where feasible.

## Capacity Building

- **Tailored and Improved** capacity building programme which includes
  - Enhanced Sensitisation of senior political and policy government members
  - Multimedia interactive platform designed to host a holistic training programme; **ARCademy**

# Donor Support



Global Affairs  
Canada

Affaires mondiales  
Canada

Website: [www.africanriskcapacity.org](http://www.africanriskcapacity.org)

Twitter: @ARCapacity