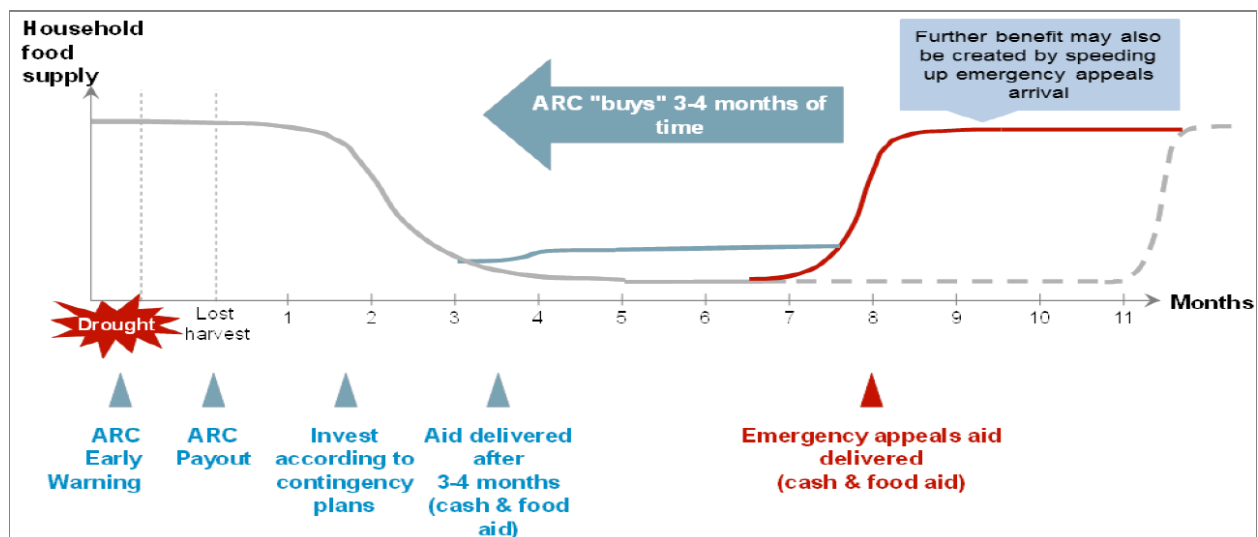


Title: African Risk Capacity (ARC)

Background

African Risk Capacity (ARC) enables participating African governments to insure themselves against natural disasters and respond rapidly when their citizens experience harvest failure.

ARC uses satellite information to track rainfall during a country's growing season, comparing this with the local crop's water requirements. At the point of harvest, the model can predict whether the harvest is likely to have been successful, or failed, and the likely humanitarian response cost. When an insured event occurs, the insured government uses the ARC payout to launch early response activities as set out in their pre-agreed contingency plan. This should accelerate the receipt of aid by citizens by around 4 to 6 months.



Importantly, by pooling their risk – that is joining together to insure a group of drought risks from East and West Africa – participating African countries reduce the cost of insurance by about half as drought is very unlikely to affect the whole of Africa at any one time.

Theme Adaptation:

The world's climate and weather patterns are changing. Global temperatures are rising, contributing to more extreme weather events, like heatwaves, droughts and flooding.

'Adaptation' involves changing the way we do things to prepare for and protect against the potential negative impacts of climate change.

In ARC's case there is strong evidence that by responding at the point of harvest failure, or when livestock are no longer thriving, families do not have to reduce their food intake or lose/sell their assets. This protects their livelihoods and allows them to bounce back

faster from the shock. ARC is a new way of managing future climate impacts. By providing early-warning and building government capacity to understand and manage climate risk, ARC is enabling countries to prepare for and protect against negative human and financial impacts of climate change.

Local Context

35 African countries have signed the African Union (AU) treaty establishing ARC and are eligible to participate in the programme.

What is being done?

In early 2014, the UK agreed a Development Capital investment of up to £90 million, as well as a grant of up to £10 million for technical assistance and evaluation. Of this, an initial £30 million (matched by Germany) was paid in to capitalise ARC Insurance Company Ltd and allow it to offer insurance. In addition to UK and German support, ARC also receives grants from Sweden, Switzerland and the Rockefeller Foundation.

Four African countries purchased drought insurance, with Senegal, Mauritania and Niger receiving pay-outs totalling \$26.5 million after poor rains. All 3 countries have put this money to use delivering emergency packages including food supplies to local beneficiaries designed to benefit 1.3 million people across the three countries.

Up to 10 countries are eligible for drought insurance this year, and ARC hopes to offer insurance against tropical cyclones also from late 2016.

The impact of ARC will be that African countries are better able to manage extreme climate risk. The outcome will be that ARC member countries develop robust and effective contingency plans for programming early response funds.

Expected results

ARC intends to cover 150m people in 34 countries by 2020, a crucial part of the achievement of the G7's InsuResilience target

Links to further info:

[African Risk Capacity website](#)