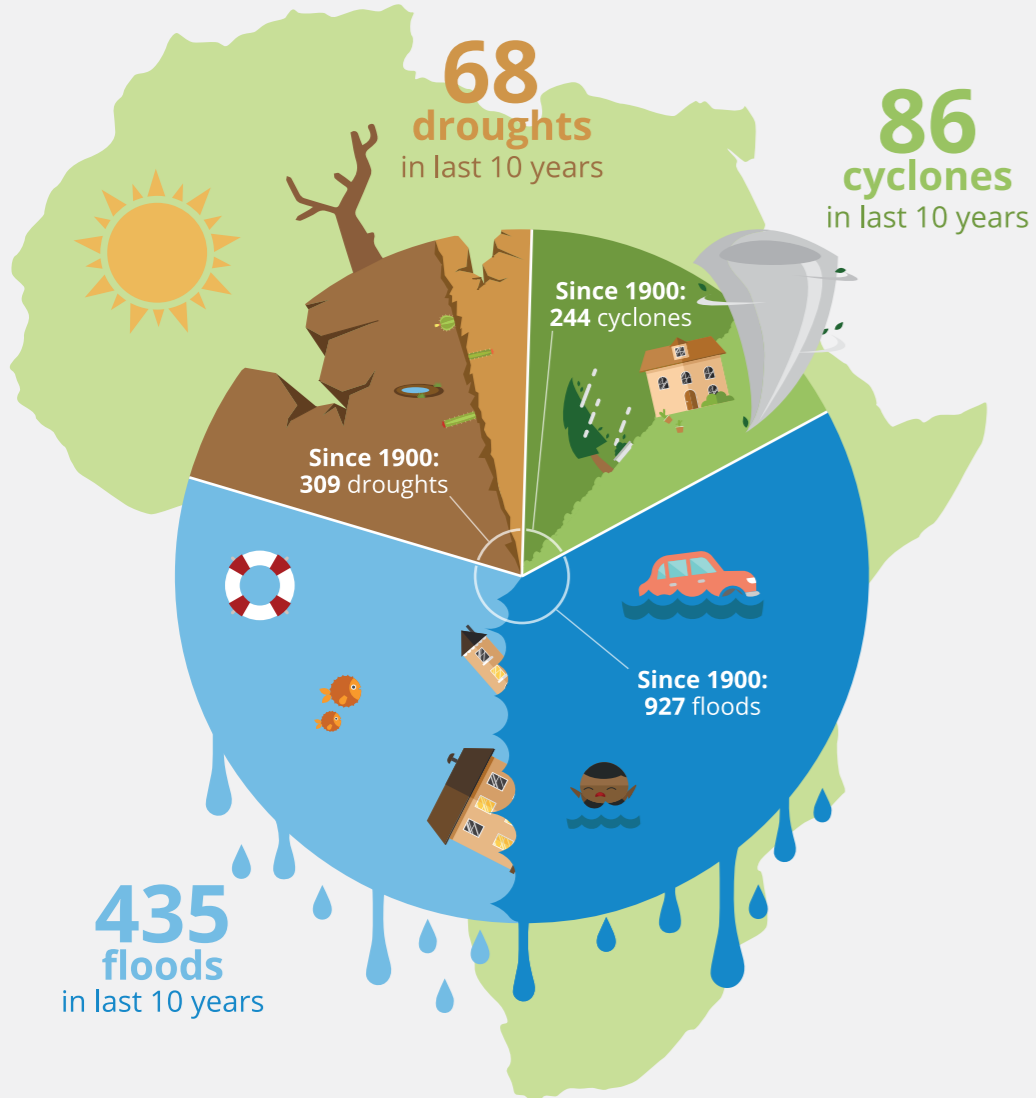


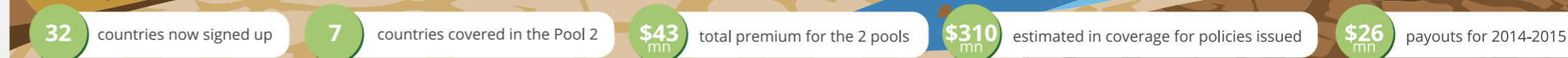
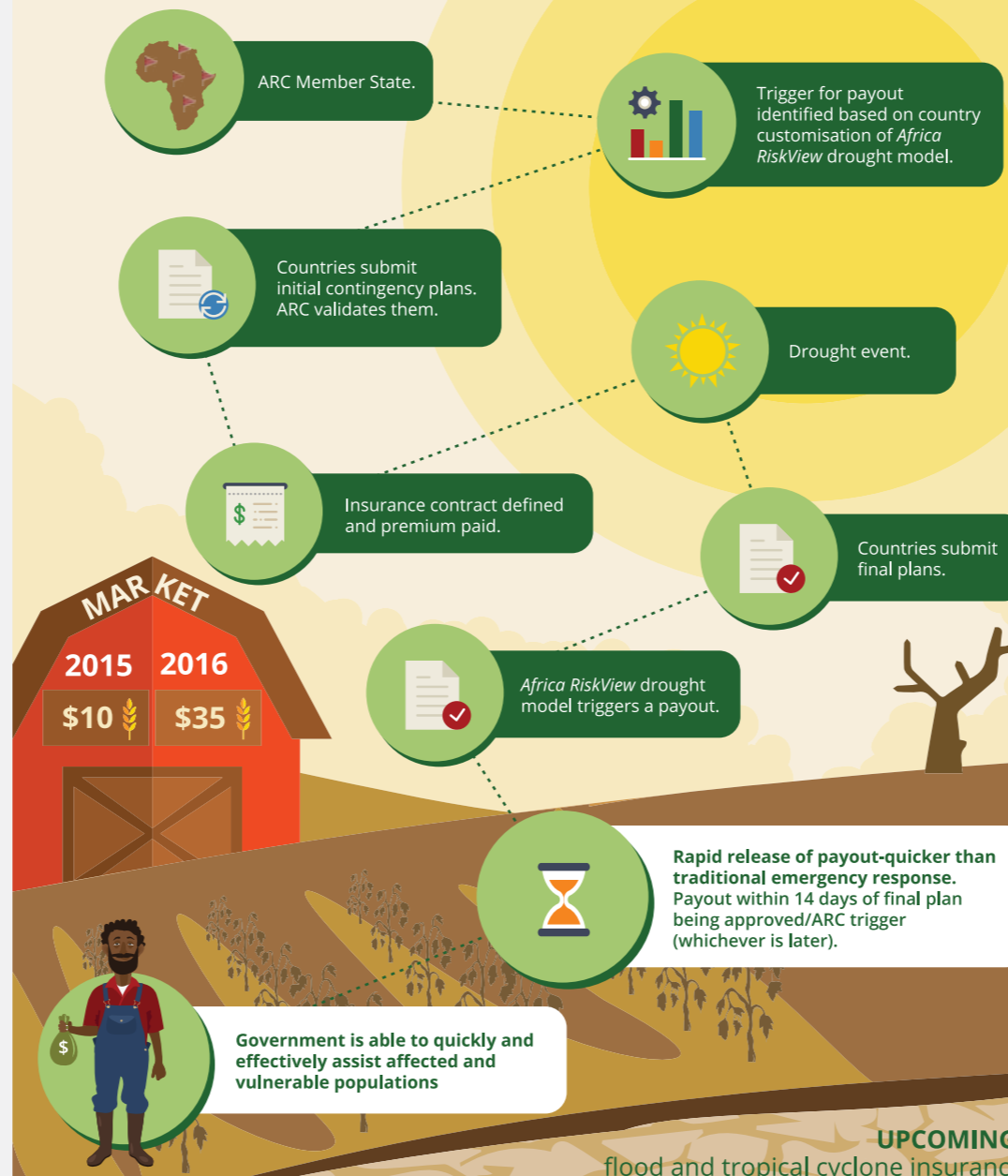
Sovereign insurance to adapt to climate change in Africa

Increasing climate risk → it will not be enough to rely on response to extremes – requires proactive adaptation and risk reduction.



AFRICAN RISK CAPACITY (ARC) DROUGHT INSURANCE

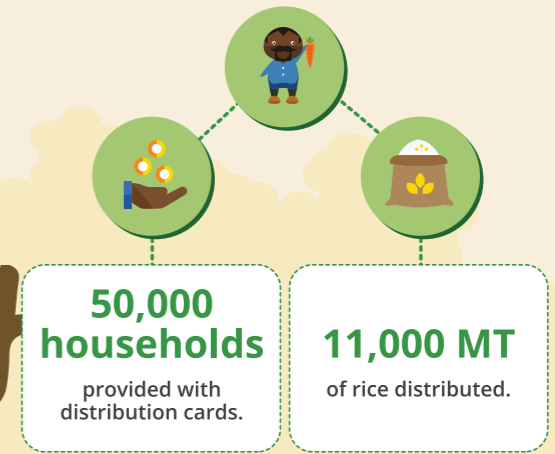
EARLY RESPONSE TO DROUGHT



ARC payouts to Mauritania after drought in 2015

\$6.3 million
Government used payout for food distribution to families in food insecure areas.

250,000 people
Total planned beneficiaries.



Source: EM-DAT The International Disaster Database

NEW ARC INSURANCE PRODUCT: EXTREME CLIMATE FACILITY (XCF) SUPPORTING ADAPTATION AND RISK REDUCTION



EMERGENCY RESPONSE TO EVENTS IS NOT ENOUGH IN THE CONTEXT OF A CHANGING CLIMATE.



ADAPT AND PROTECT CRITICAL DEVELOPMENT GAINS, INVESTMENTS AND LIVELIHOODS.



Introduce Early Warning Systems to enable community-based adaptation.



Communicate weather forecasts and climate information so people can plan for changing conditions.



Rehabilitate degraded ecosystems to maximise availability of environmental services.



"Climate-proof" design of infrastructure (buildings, roads, irrigation schemes).



Encourage climate-smart agriculture.

EXTREME CLIMATE FACILITY (XCF) SUPPORTING ADAPTATION AND RISK REDUCTION



Countries receive XCF if already enrolled in ARC insurance.



Trigger for payout identified based on Extreme Climate Index.



Countries submit initial investment plans based on national adaptation priorities (as outlined in NAPs, NAPAs, climate change policies/strategies).



Increase in intensity / frequency of extreme events tracked by the Extreme Climate Index.



Countries submit final plans if XCF payout is imminent. ARC validates them against criteria of good practice in adaptation and fiduciary and project management standards.



Technical assistance provided upon request.



Funds from donors/capital markets flow down to government.



Funds used to implement proactive adaptation priorities that reduce future risk, NOT event response.



ARC insurance premium reasonable in the long run



Helps member countries **manage their climate risk** through **support to adaptation.**

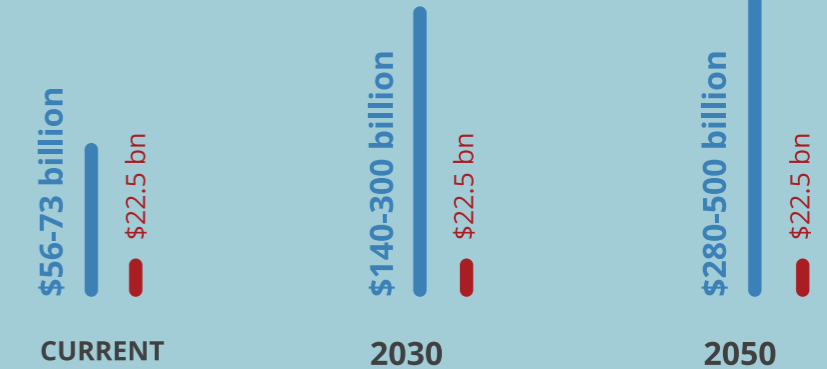


Brings in new **private sector finance sources** – contributing to reduction in the **adaptation finance gap.**



Protects ARC's **value proposition** and insuring the sustainability of **current risk management systems.**

— Estimated adaptation costs
— Current international public finance available



XCF contributes to the adaptation finance gap by leveraging additional private sector funds.

