

## What are the commitments associated with signing the MoU for Capacity Building Services with the ARC?

### Upon entering a MoU the Government agrees to:

- Commit to carrying out technical work required under the Capacity Building Programme for a period of one year
- Avail relevant technical experts who form a core government team and act as focal points within their department for specific work streams of the programme
- Allow these staff members to retain their office space and to dedicate the necessary time to ARC activities

### Upon entering a MoU the ARC agrees to:

- Provide resources that would enable the government team to complete the activities of the programme
- Provide training inside and outside the country for the government team in various aspects of the programme, transferring knowledge and capacity
- Provide technical expertise and guidance throughout the programme
- Provide the government with access to the *Africa RiskView* software and adequate training to the government team in the use of this software
- Supporting experts in country with training in drought, flood and/or tropical cyclone modelling.

Member States interested in learning more about the ARC Capacity Building Programme should contact:

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## African Risk Capacity (ARC) Memorandum of Understanding for Capacity Building Services Participation Guide for Member States

**ARC's mission is to help African Union Member States improve their capacities to better plan, prepare and respond to extreme weather events and to assist its Member States to protect the food security of their vulnerable populations**

**Through its unique structure, ARC brings together three critical elements to achieve its mission and create value for its Member States:**

**Early Warning:** *Africa RiskView*, the software application developed to define the country's drought risk, manage the risk pool and trigger early disbursements of funds. Flood and tropical cyclone models will soon be incorporated in this model

**Insurance:** Index-based insurance and risk pooling (*Africa RiskView* software is the index used to objectively trigger an ARC payout)

**Response:** Contingency Planning (by linking contingency financing to contingency planning, ARC catalyses the process of emergency response, protecting lives, livelihoods and preventing development set backs).



### **What is the ARC Capacity Building Programme?**

A critical part of the work of the ARC Agency Secretariat includes engagement and consultation with ARC Agency member states to determine how and if ARC could create efficiencies for countries and to determine what type of instruments are most appropriate for allowing governments to access the funds they need to manage natural disaster risks. To this end, member states can opt to sign a Memorandum of Understanding with the ARC Agency committing to a 9-12 month Capacity Building Programme. Through this programme government experts are provided with training in three key areas; risk modelling, contingency planning and risk transfer.

**The ultimate objective at the end of the programme is to enable governments to make an informed decision regarding transferring the country's natural risks to ARC and therefore participation in the ARC risk pool.**

**Risk Modelling:** Technical experts in key ministries and departments are provided with training in the use and customization of *Africa RiskView*, the software application developed to define the country's weather risk profile, manage the risk pool and trigger early disbursements of funds. This key step allows governments to develop a risk profile and through this to determine the relevance and appropriateness of a risk management tool such as the ARC.

**Contingency Planning:** Working with in-country technical experts in emergency response and social safety nets, the ARC Capacity Building Programme explores existing contingency funding mechanisms in the country that could be complemented by the ARC and support scale up of existing social protection programmes protecting gains made under these regular programmes from being wiped away by weather-related risks.

**Risk Transfer:** Finance and disaster management experts in key government departments will be provided with an introduction to risk transfer concepts and how to determine optimal levels of risk transfer. Particular emphasis will be put on building an understanding on how risk transfer fits into the broader risk management framework for the country and the relationship between the country's risk profile and the considerations a government will need to take into account when making a decision to transfer risk to a facility such as the ARC Insurance Company Ltd.

### **What are the steps towards participating in ARC?**



In 2012 seven ARC member states entered a MoU with the ARC Agency, five of these member states completed the program and in May 2014, these member states took out an insurance policy with the ARC Insurance Company Ltd. In June 2014, a further eight member states entered a MoU with the ARC Agency and are expected to complete the Capacity Building Programme by April 2015, at that stage it is expected that most of these countries will join the initial five countries in taking out an insurance policy in May 2015.