The Africa RiskView Bulletin is a monthly publication by the African Risk Capacity (ARC). ARC is a Specialised Agency of the African Union designed to improve the capacity of AU Member States to manage natural disaster risk, adapt to climate change and protect food insecure populations. ARC relies on Africa RiskView, a drought modelling platform that uses satellite-based rainfall information to estimate the costs of responding to a drought. These modelled response costs are the underlying basis of the insurance policies issued by the ARC Insurance Company Limited, the financial affiliate of the ARC Agency, which pools risk across the continent.

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ments of the reference crop were satisfied to varying degrees across the country. Higher WRSI values were recorded in the south-western parts of Burkina Faso, while the water requirements were satisfied to a lesser degree in the more arid north. This is in line with climatological patterns, as the southern parts of the country usually receive more rainfall than the north. Compared to the benchmark chosen by the country as an indicator of normal conditions (5-year median), normal WRSI conditions prevailed throughout the country. Only in parts of north-eastern (Sahel region) and south-western Burkina Faso (Sud-Ouest region), were the end-of-season WRSI values below the benchmark.

Affected Populations
Burkina Faso: Given the overall normal performance of the 2016 agricultural season in Burkina Faso, Africa RiskView estimates that drought impacts on vulnerable populations were limited. Based on the customisation of Africa RiskView, up to 6.8 million people in the country are vulnerable to drought. Of these, an estimated 255,000 people are affected at the end of the 2016 season, in the south-western parts of Burkina Faso (Sud-Ouest region) where the end-of-season WRSI was below the benchmark. At national level, the figure remains well below the modelled historical average of around 600,000 people.

ARC Risk Pool
Currently, six countries form the 2016/17 ARC Risk Pool, namely Burkina Faso, The Gambia, Mali, Mauritania, Niger and Senegal. In West Africa, including Burkina Faso where the season just ended, no payouts were triggered during the 2016/17 ARC Risk Pool, given that the modelled drought impacts in all countries remained below the attachment levels selected by participating Governments.

ARC has been working with countries throughout the continent on drought insurance since 2014/15. Three countries benefitted from a combined payout from ARC Ltd of over USD 26 million during the first ARC Risk Pool in 2014/15, namely Mauritania, Niger and Senegal. In addition, ARC announced in November 2016 a payout of over USD 8 million to support Malawi’s response to the drought which resulted from the poor 2015/16 agricultural season. The payout, which has been disbursed in January after approval of the country’s Final Implementation Plan (FIP), will be used to distribute pulses to drought affected communities.

In addition to drought, ARC is currently developing additional risk insurance products for floods and tropical cyclones together with its Member States. Countries interested in joining the ARC Risk Pool usually go through a year-long engagement process which involves the customisation of Africa RiskView by in-country technical experts with support from the ARC Secretariat, the definition of an Operations Plans that outlines the assistance to be provided to vulnerable populations in the case of a payout by the ARC Insurance Company Limited, as well as the creation of structures and processes that allow for the quick disbursement of the payouts and the activation of the pre-defined Operation Plans.
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ABOUT ARC:
The African Risk Capacity (ARC) is a specialised agency of the African Union designed to improve the capacity of AU Member States to manage natural disaster risk, adapt to climate change and protect food insecure populations.

Africa RiskView is the technical engine of ARC. The software uses satellite-based rainfall information to estimate the costs of responding to a drought, which triggers a corresponding insurance payout.

ARC Insurance Company Limited is the financial affiliate of the ARC Agency, which pools risk across the continent through issuing insurance policies to participating countries.

NOTE ON AFRICA RISKVIEW’S METHODOLOGY:

Rainfall: Africa RiskView uses various satellite rainfall datasets to track the progression of rainy seasons in Africa. Countries intending to participate in the ARC Risk Pool are required to customise the rainfall component by selecting the dataset which corresponds the best to the actual rainfall measured on the ground.

Drought: Africa RiskView uses the Water Requirements Satisfaction Index (WRSI) as an indicator for drought. The WRSI is an index developed by the Food and Agriculture Organisation of the United Nations (FAO), which, based on satellite rainfall estimates, calculates whether a particular crop is getting the amount of water it needs at different stages of its development. To maximise the accuracy of Africa RiskView, countries intending to take out insurance customise the software’s parameters to reflect the realities on the ground.

Affected Populations: Based on the WRSI calculations, Africa RiskView estimates the number of people potentially affected by drought for each country participating in the insurance pool. As part of the in-country customisation process, vulnerability profiles are developed at the sub-national level for each country, which define the potential impact of a drought on the population living in a specific area.

Response Costs: In a fourth and final step, Africa RiskView converts the numbers of affected people into response costs. For countries participating in the insurance pool these national response costs are the underlying basis of the insurance policies. Payouts will be triggered from the ARC Insurance Company Limited to countries where the estimated response cost at the end of the season exceeds a pre-defined threshold specified in the insurance contracts.

Disclaimer: The data and information contained in this bulletin have been developed for the purposes of, and using the methodology of, Africa RiskView and the African Risk Capacity Group. The data in this bulletin is provided to the public for information purposes only, and neither the ARC Agency, its affiliates nor each of their respective officers, directors, employees and agents make any representation or warranty regarding the fitness of the data and information for any particular purpose. In no event shall the ARC Agency, its affiliates nor each of their respective officers, directors, employees and agents be held liable with respect to any subject matter presented here. Payouts under insurance policies issued by ARC Insurance Company Limited are calculated using a stand-alone version of Africa RiskView, the results of which can differ from those presented here.

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