

African Risk Capacity funds assisted at least 2.1 million people affected by drought

The African Risk Capacity is a Specialized Agency of the African Union helping Member States better plan, prepare, and respond to disasters efficiently and sustainably through continental risk pooling and rapidly disbursed contingency-linked financing.

Since 2014 and over four risk pools, the African Risk Capacity Insurance Company Limited (ARC Ltd) has paid out over US \$36 million to countries affected by drought.

In 2015, three countries in the Sahel – Mauritania, Niger and Senegal – received a US \$26.3 million payout from ARC Ltd. The governments paid a combined premium of US \$8 million for drought insurance coverage, and the payout benefitted an estimated 1.3 million people and over half a million livestock. The funds, disbursed ahead of the UN appeal, were used to deliver quick and much-needed relief to affected populations.

In 2017, Malawi received a US \$8.1 million payout from ARC Ltd and had paid a premium of US \$4.7 million for drought coverage. The Government of Malawi used the funds to support over 800,000 Malawians by filling gaps in the scale-up on cash transfers and replenishing its strategic grain reserves.

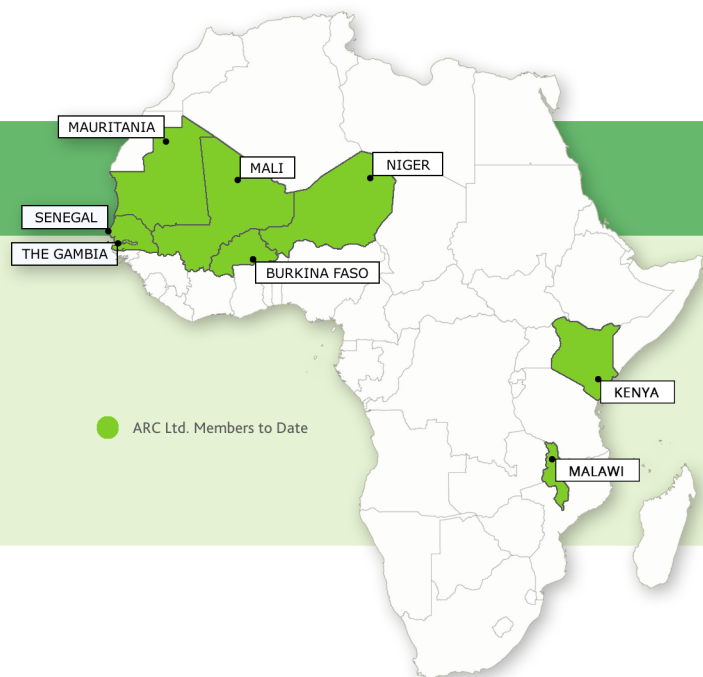
In 2018, ARC Ltd disbursed US \$2.4 million to the Government of Mauritania, which paid a premium of US \$1.4 million for drought coverage. The ARC Ltd payment was the first international funding the Government of Mauritania received in response to a progressively severe drought, and the funds subsidized livestock feed for pastoralists in the most affected areas.

Prior to taking out insurance, ARC Members already put in place peer-reviewed contingency plans which facilitate fast response to disasters when they occur. Use of payout funds are audited after implementation, to ensure appropriate use and to enable learning from each implementation to feed back into updated and improved contingency plans.

US \$ 36.8 million
disbursed

4 countries
Senegal, Niger
Mauritania, Malawi

**>2.1 million people &
>900,000 livestock**
assisted



Case Studies



Senegal

- Received **\$16.5 million** for food distribution and subsidized sales of animal feed
 - Total beneficiaries: **927,416 people**, with **600,000 cattle** benefitting through subsidized sales of animal feed
 - More than **3,200 metric tonnes of food commodities** pre-positioned in food insecure areas
 - Procurement processes for cattle feed complemented with six local companies to provide **14,180 metric tonnes of food commodities**
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Mauritania

- Received **\$6.3 million** for food distribution to families in food insecure areas where livelihoods have been negatively affected in 2015
 - Total beneficiaries: **250,000 people**
 - Procurement of **11,000 metric tonnes of rice** from local suppliers
 - Received **\$2.4 million** for livestock feed subsidies in 2018
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Niger

- Received **\$3.5 million** for conditional cash transfers and food distribution in support in drought-affected regions of the country
 - Total beneficiaries: **157,000 people**
 - Cash transfer programme to 115,000 people and rice distribution to 42,000 people
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Malawi

- Received **\$8.1 million** for replenishing depleted strategic grain reserves and scale-up of cash transfer programme with humanitarian partners
 - Total beneficiaries: **over 800,000 people**
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