Celebrating Dr. Ngozi’s appointment to head WTO

This week was a momentous occasion for Africa when Dr. Ngozi Okonjo-Iweala was appointed Director General of the World Trade Organisation (WTO), a body tasked with ensuring global trade flows efficiently. As the first woman and the first African to hold office, this appointment is groundbreaking on many fronts and confirms Africa as a significant player on global platforms.

For the ARC family, the run up to this announcement was a particularly anxious wait for us as we rooted for our very own Dr. Ngozi in the background. Up until December 2020, Dr. Ngozi had been the chairperson of ARC Agency since 2012, and a key part of the many milestones we have achieved to date, contributing immensely to shaping the organisation to what it is today. One of our key focus areas has been to drive for gender mainstreaming throughout the ARC programme and ensure that this is prioritised throughout the Disaster Risk Management landscape. Dr. Ngozi’s appointment confirms possibilities that exist for many women, men and children and paves the way for Africans who aspire for greater heights.

The ARC Group is so proud of Dr. Ngozi and can’t wait to see the difference she will make in her new role as she leads the mammoth task of global trade recovery efforts from the devastation caused by COVID-19. The WTO is lucky to have her!

G7 meeting

On another note, this week, we were honoured to be invited as a speaker at the G7 initial working group meeting consisting of senior representatives from the G7 members on 17 February 2021, ahead of the up-coming June 2021 summit. With the UK holding presidency of the G7 Summit this year, it has set out disaster risk financing as a priority theme and deliverable, and sees value in bringing this important topic to the forefront as part of the summit discussions.

This was an opportunity for ARC to speak on the impact of disasters in Africa and how they erode development gains already made on the continent. Importantly, it was also an opportunity to highlight the need for support to grow Disaster Risk Management in Africa and the vital role that ARC plays in the expansion vision, including the need for additional financing to scale-up and drive for comprehensive solutions for AU Member States. The good news is that we were able to present a good case for premium support to facilitate insurance uptake, particularly during this tough period when countries are challenged by the effects of the COVID-19 pandemic.

One of our goals as the ARC Group is to be able to lend our voice on global platforms such as this one and influence the positioning of DRM as key to protecting the lives and livelihoods of our populations and improving food security on the continent. Since being in operation, we have come to be convinced that along with social and economic needs of their populations, governments have to prioritise DRM in order to build resilience against the increasing threats of natural disasters and disease outbreaks.

Côte d’Ivoire payout

Following rainfall deficits that triggered a drought in the northern region of Côte d’Ivoire in the last agricultural season, we are pleased to announce that we have just made payout towards the country’s response and recovery efforts. The payout of USD $2,185,100 will benefit 15,750 affected households (about 78,818 people).

As the reality of increased disasters continues to challenge many parts of the continent, the ARC insurance policy comes in handy in funding Member States’ early response measures to mitigate the effects of such disasters. We will continue to work with Côte d’Ivoire to ensure that the country is best positioned to ensure that vulnerable populations receive the help they need.

The ARC Replica programme

Last week, I attended a crucial 2-day workshop with our Replica partners, World Food Programme and Start Network, where we reflected on the important role of humanitarian actors in enabling parametric insurance uptake. Through the Replica initiative, humanitarian actors have an opportunity to “replicate” or take-out policies on behalf of a country, therefore providing much needed cover against a peril.

In the meeting, we reviewed the successes and challenges of the programme and agreed that we all see value in this initiative towards enhancing Member States’ abilities to respond to shocks. To date, the Replica policies have seen over 1.5 million additional vulnerable people covered by climate risk insurance, enabling our Member States to better meet their disaster financing needs. A detailed overview of the programme follows as part of this newsletter.
Following extensive discussions and formulation, the Replica programme received a financial commitment in the form of a grant of 10 million Euros from KFW (the German government) in 2019. The German Government became the first Donor Partner to support the pilot Replica programme, an innovative disaster risk financing tool which offers Replica partners (World Food Programme (WFP) and the Start Network) the opportunity to purchase insurance policies with the same terms of a policy taken out by Sovereign African Member States. In 2020, USAID also provided funding to WFP for premium support, further strengthening the programme.

**ARC Replica programme defined**

ARC Replica is an insurance product offered by ARC Ltd, the insurance affiliate of the ARC Group, to humanitarian partners as an innovative approach to expand climate risk insurance coverage to more people and improve the effectiveness of emergency humanitarian response in vulnerable African countries prone to climate risks. In essence, partners have an opportunity to “replicate” a policy for a country on its behalf.

ARC Replica coverage provides matching premium financing to that paid by African Member States and results in matching payouts when triggered. Moreover, Replica partners must draft a contingency plan in close consultation with and endorsed by the Member State. As such under ARC’s Replica coverage, Replica partners can increase the ARC insurance coverage for eligible ARC Member States by purchasing a ‘Replica policy’. This mechanism improves the country’s capacity to plan, prepare and respond to extreme weather shocks, thus protect lives and livelihoods of their populations.

**Impact**

Since the beginning of the pilot, the Replica policy has proven its value in improving resilience in African Member States. In 2019 and again in 2020, the Replica partners provided coverage for over 1.5 million vulnerable people against drought risk, with over USD $50 million in insurance coverage paid for with approximately USD $8 million in premiums per year.

During the 2019 agricultural season, six drought-prone countries were selected to benefit from Replica insurance coverage. To this end, Start Network purchased insurance policy for Senegal while WFP purchased for Mali, The Gambia, Mauritania, Burkina Faso and Zimbabwe with the following impact:

- Following failure of the agriculture season in Senegal in 2019 due to low rainfall, a payout of US$ 10.6 million was triggered and disbursed to Start Network based on pre agreed parameters. Through its partner organisations and along with the Government of Senegal, this payout provided assistance to around 217,000 vulnerable populations through cash transfer interventions in 7 regions in the country.

- In Mauritania, a total sum of US$165,000 was also disbursed to the WFP to assist vulnerable populations due to crop failure in the Targant region. This amount was utilised to make cash transfer interventions to 3,897 vulnerable people.

- In addition, the WFP insurance policy for Zimbabwe also triggered a payout for an amount of approximately US$ 290,288 used to provide in-kind food assistance to 40,351 vulnerable people in Beitbridge and Rushinga districts.

To ensure pay-outs reached vulnerable people timeously, Replica partners developed contingency plans (operational plan and final implementation plan) in close consultation with and endorsed by the government of each covered country which identified how resources and assistance will be moved and delivered. It is expected that the pay-outs generated by ARC Replica will prevent vulnerable targeted communities from falling into crisis levels of hunger as support is provided before circumstances force them to resort to negative coping mechanisms such as selling off valuable assets such as livestock or moving away from their land in search of more fertile pastures.

**Way forward**

With the pilot phase of the Replica programme coming to an end, recently, we held a two-day workshop with our Replica partners to review the success of the programme to date. This was an opportunity to discuss lessons learnt and decide on improvement areas.

There is no doubt that we see value in this programme in helping Member States improve their resilience against natural disasters. The Replica pilot has proven the value of the synergy between ARC, its partners and governments in pooling expertise and providing innovative financing to enable early and coordinated response in the face of shocks, thereby contributing to national preparedness and response efforts.

The help provided to Senegal, Mauritania and Zimbabwe proves the value of the Replica initiative where early interventions before the peak of the lean season reduced human and livelihood costs of droughts. This confirmed that when policies are in place before a disaster strikes, a lot of value can be delivered in food security and towards livelihoods for vulnerable populations.
On 11 February 2021, the Finance and Audit Committee convened its ninth meeting to consider the 2021 ARC Group Programme of Work and the provisional 2021 budget. The committee also reviewed the current financial status of ARC Agency, including partner contributions.

During this session, the committee recommended that the Board endorse the 2021 Programme of Work and budget, and subsequently submit it to the Conference of Parties for consideration. This is a testament to the amount of work that went into developing this plan and its ability to deliver on the Group strategy. It also recommended to the Board that ARC Agency should raise funds for the medium and long term and develop strategies to mobilise resources from Parties to the ARC Treaty and other interested Member States. The committee has further recommended immediate funding for the ARC O&E product.

The history of the Finance Committee dates back to the second meeting of the Board held on 7 June 2013 in Abuja, Nigeria when it was formed with a mandate to oversee the finances of the ARC Agency. This mandate was later expanded to include the review of audit reports, hence the renaming to the Finance and Audit Committee.

Since its formation, the Finance and Audit Committee meets on a yearly basis to review the ARC Agency provisional Programme of Work and provisional budget of the ARC Agency for the forthcoming year and prepare recommendations for the Board. Where necessary, the committee may also meet to review the audits of ARC insurance payouts and other issues relevant to the finances of ARC Agency. From 2020, the committee started inviting a member of the ARC Ltd Finance Committee to its meetings to ensure alignment of activities within the Group in view of the OneARC Programme.

On Thursday 18 February, the Insurance arm of our Group, ARC Ltd, unveiled a payout check of USD 2,185,000 to the benefit of the Government of Cote d’Ivoire, following last year’s drought in the North of the country. It is estimated that 15,750 vulnerable households, namely 78,818 people will benefit from this payout. The ceremony was presided over by His Excellency Mr. Adama Coulibaly, Minister of Economy and Finance of the Republic of Côte d’Ivoire.