



Independent Evaluation of African Risk Capacity (ARC)

General Points

This summary has been produced by Evidence on Demand for the UK Department for International Development (DFID) Adaptation Knowledge and Tools programme.

The Adaptation Knowledge and Tools programme is a DFID-funded programme intended to maximise the effectiveness of UK and international investment in climate change adaptation and resilience. The knowledge and tools generated through this programme are expected to promote greater understanding of what constitutes best practice in adaptation, as well as better international cohesion and coordination around adaptation. Through these entry points the programme expects to increase the quality of international and UK adaptation programming and reduce its risk.

The views expressed in this summary are entirely those of the author and do not necessarily represent DFID's own views or policies.

DFID welcome comments and suggestions, and any feedback on this document should be sent to the ICF Secretariat (ICFSecretariat@DFID.gov.uk).

Summary

African Risk Capacity (ARC) is an African-owned climate risk insurance pool and early response mechanism that is intended to enable participating African governments to insure themselves against drought and respond early when their citizens experience harvest failure. It is an innovative initiative in climate risk management, designed to be highly scalable. Up to now, five African countries are eligible to participate in drought insurance and, in coming years, insurance cover is expected to be extended to other countries and hazards, such as floods and tropical cyclones.

The programme is implemented by the African Risk Capacity Specialised Agency of the African Union (ARC Agency) and an independent mutual Insurance Company, the African Risk Capacity Insurance Company Limited (ARC Ltd.). DFID has provided over £30m to ARC Agency and ARC Ltd., until 2015 and up to £70m may be provided over the next 20 years. Other donors include Germany's KfW to ARC Ltd, and the Swedish International Development Cooperation Agency (SIDA), Swiss Development Agency for Development and Cooperation (SDC) and the Rockefeller Foundation to ARC Agency.

Evidence on Demand provided expertise to undertake an Independent Annual Review of ARC at the end of its first full year of operations. This performance review was designed to be in line with DFID's Smart Rules, assessing progress reported by ARC against an agreed logframe, as well as reviewing any changes to the programme's risk and value for money and cost benefit analysis. Main tasks included:

- Reviewing ARC's performance, based on reporting by ARC, independently verified through interviews and secondary sources.
- Update the DFID ICF report on ARC's actual and forecast annual performance against the ICF's Key Performance Indicators
- Produce recommendations for the management and evaluation of DFID's investment and/or improvements or adjustments if necessary to ARC structures or mechanisms considered necessary for ARC to meet its objectives.

Outputs

- One Annual Review report
- An updated ICF reporting spreadsheet on ARC's actual and forecast annual performance against the ICF's Key Performance Indicators
- An updated DFID project Delivery Plan, including an update to the risk matrix