



Schweizerische Eidgenossenschaft
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Federal Department of Foreign Affairs FDFA
Swiss Agency for Development and Cooperation SDC

SDC Experiences with the Africa Risk Capacity



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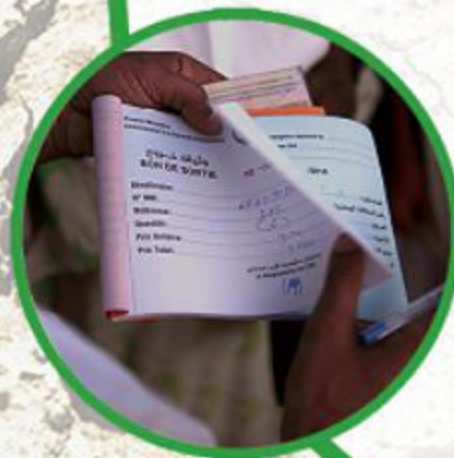
Swiss Agency for Development and Cooperation

Climate Change , DRR & Humanitarian aid Focal Point

**Risk Modeling
& Early Warning
Technology**



\$1
spent through
African Risk Capacity
saves \$4.40
in post-disaster
response costs



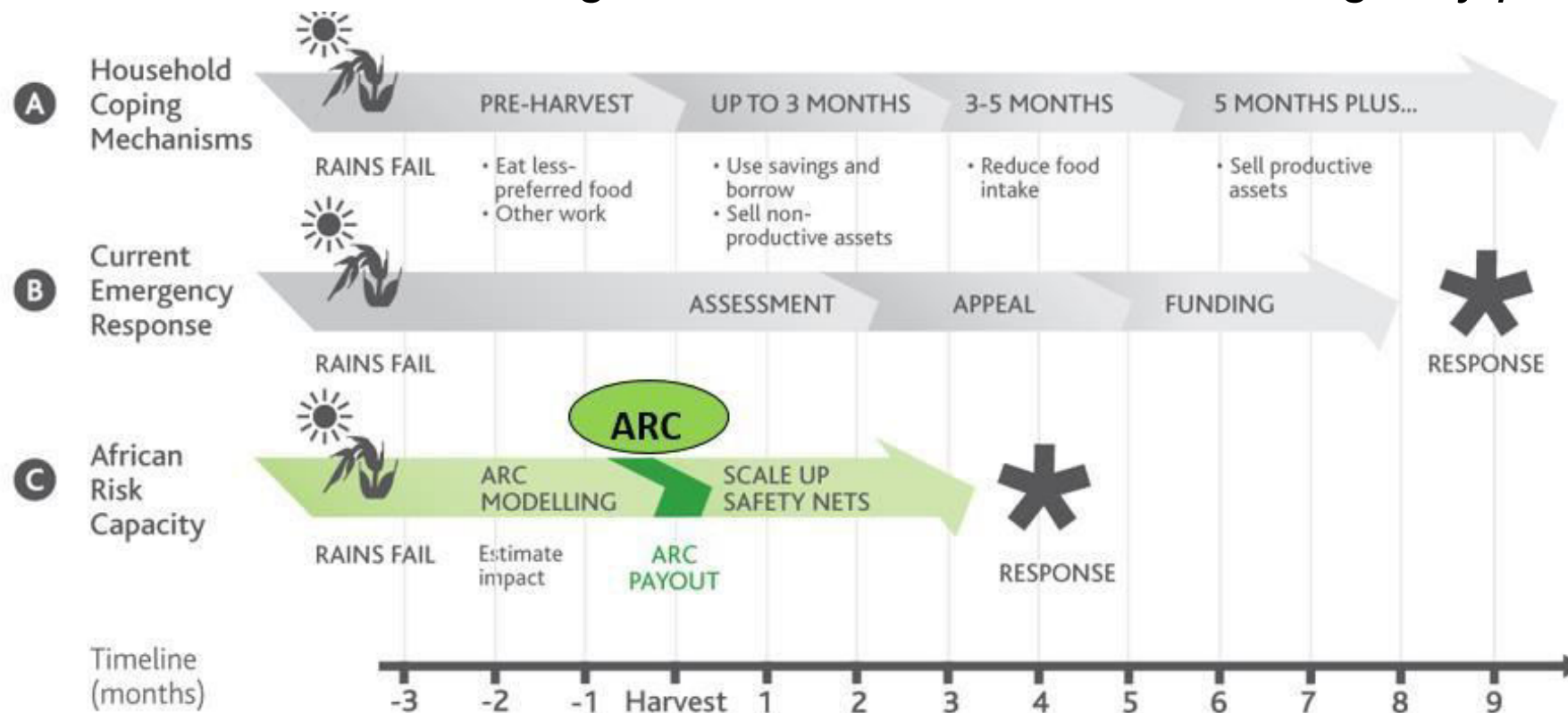
**Contingency Planning
& Linked Financing**



**Risk Pooling
& Index Insurance**

The Value Added of ARC's Drought Product

Proactive DRM for Drought – Immediate funds for contingency plans



Source: Clarke/Hill, Cost-Benefit Analysis of the African Risk Capacity Facility,

Early release of funds, through existing safety nets, reduces the impact of a drought.

CHALLENGES & SOLUTIONS

Challenges

- i. Narrow fiscal space
- ii. COVID-19 pandemic impacts
- iii. Limited political commitment
- iv. Limited parametric insurance culture
- v. Political instability
- vi. Continuous government turnover
- vii. Inadequate policies to enforce
- viii. In-country bureaucracies
- ix. Competition between DRM/F actors



Solutions

- i. Continued premium resource mobilisation from development partners (e.g. KfW, MDTF, ADRiFi, etc.)
- ii. Legal/Regional Workshops (e.g for ARC Treaty signature & ratification, etc.)
- iii. Products diversification (e.g, flood, micro-meso insurance)
- iv. High-level political buy-in
- v. Advocacy/capacity building on Climate & Disaster Risk Financing
- vi. Strategic partnership with critical stakeholders in DRM/F

The End