

Unprecedented
ARC's 23 **GROWTH**
JOURNEY

Executive SUMMARY

For the ARC Group, 2023 was a year of unprecedented growth on many fronts, showcasing the organisation's journey to scaling up its reach and impact across the African continent. This annual report showcases significant progress in the fulfilment of the Group's mandate: to help African Union member states plan, prepare and respond to climate-induced threats and disease outbreaks. This work contributes to advancing the continent's efforts towards Sustainable development Goals of no poverty, zero hunger, good health, reduced inequality, climate action and partnership for goals. Importantly, it also speaks to several key objectives of Africa's own Agenda 2063: a high standard of living, quality of life, and well-being for all citizens; healthy and well-nourished citizens; transformed economies; modern agriculture for increased productivity and production; and environmentally sustainable and climate resilient economies and communities.

Amongst other things, the annual report provides a summary of ARC's impact in numbers, starting with notable progress made in the diversification of the ARC product offering with the introduction of the Flood Model and the innovative Anticipatory Insurance solution. An additional 4 countries signed the ARC Treaty in 2023, bringing to 39 the number of countries to do so, an indication of the confidence of the continent in the ARC value proposition which brings together four critical elements of preparedness: capacity building, early warning, risk pooling and risk transfer.

The annual report also showcases how the ARC's capacity building programme has been instrumental in empowering technical teams in member states with contingency planning, risk assessment and risk modeling skills. Many more countries transferred their climate risks to international markets through ARC's risk pooling facility, with Pool 10 premiums surpassing the previous pool by 125% and coverage increasing from \$127,824,133 to \$264,414,986 in 2023. Most importantly, payouts to countries and Replica partners increased significantly from \$11,889,266 to \$47,972,281 due to the prevailing El Niño phenomenon causing drought conditions in the Southern Africa region.



INTRODUCTION

A YEAR OF EXPANSION AND IMPACT

In a year marked by both persistent challenges and groundbreaking achievements, the African Risk Capacity (ARC) has once again demonstrated its vital role in safeguarding the future of our continent. The year 2023 stands as a testament to ARC's unwavering commitment to its mandate of helping member states plan, prepare and respond to climate threats and outbreaks and epidemics, witnessing the largest insurance pool in history, significant growth in membership, and innovative strides in product development. This annual report showcases our dedication to supporting member states through strategic planning, diligent preparation, and robust response mechanisms to weather-induced disasters and disease outbreaks. As we chart the course of our journey through the year, we invite you to explore how our collective efforts have culminated in enhanced resilience against the varied impacts of climate threats across Africa.

GROWING
OUR MEMBERSHIP

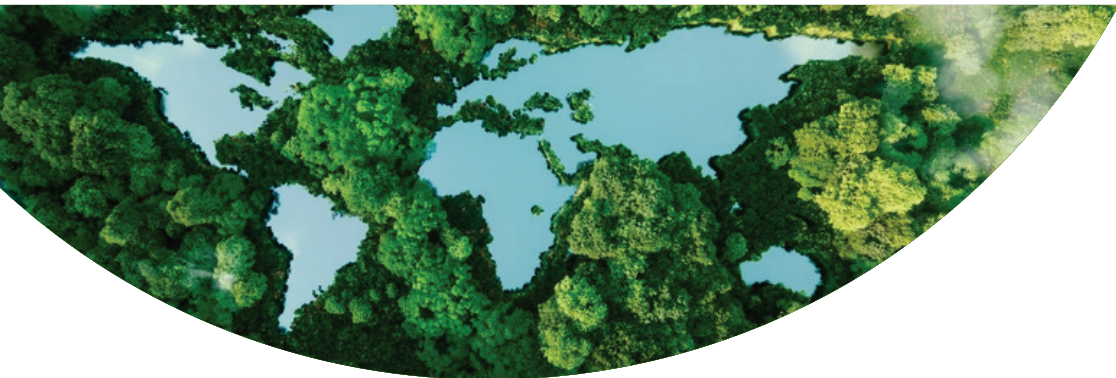
GROWING OUR CAPACITY BUILDING STRATEGY:
STRENGTHENING CAPABILITIES FOR BETTER ACTION

GROWING IN OUR RISK FINANCING INSTRUMENTS
MOBILISING RAPID RESPONSE FOR DISASTER-HIT COMMUNITIES

GROWING
INNOVATION

GROWING
OUR RESEARCH,
THE FOUNDATION
OF OUR ACTION

GROWING
THE NUMBER
OF POLICIES
SUBSCRIBED



MESSAGES

MESSAGE from The Chairman



To Our Esteemed Stakeholders,

As we reflect on the past year, I am filled with a profound sense of pride in what we have accomplished together. The year 2023 has been one of unprecedented challenges, yet through collaboration and shared resolve, ARC has reached new heights.

Our largest insurance pool to date is not just a number—it represents the trust and commitment of our member states and partners. We stand at a pivotal moment, ready to transform the landscape of Disaster Risk Management (DRM) across Africa. I am immensely grateful for the continued support that has fuelled our mission and look forward to forging even stronger bonds in the years ahead.

MESSAGE from The Vice-Chairman

Dear Members, Partners,

The story of 2023 is one of extraordinary strides in ARC Group's journey, a narrative highlighted by our expansion and reinforced commitments to resilience-building across the continent.

Our record-setting growth in 2023 has been both a cause for celebration and a clarion call for continued innovation. As we embrace the year 2024, we carry with us the momentum of our achievements and the lessons they have taught us. Together, we are crafting a resilient future that stands on the pillars of partnership, leadership, and an unwavering dedication to the communities we serve.





MESSAGE from the ARC's Group Director-General

Dear Partners in Resilience,

The narrative of 2023 is one of innovation and growth, mirroring the evolving landscape of risk we navigate. At ARC, we recognise that our mandate goes beyond mere response; it is about anticipating future challenges and acting with foresight. The expansion of our membership and the successful launch of pioneering insurance products reflect our proactive stance. As we enhance our capabilities, our focus remains steadfast on equipping our member states with the tools to weather adversities. This report not only marks our achievements but also symbolises a commitment to a resilient future for participating member states.

As we embark on the next phase of our journey, I am filled with optimism and excitement for the opportunities that lie ahead. Together, we will continue to innovate, grow, and make a meaningful difference in the lives of millions across Africa.

I extend my heartfelt gratitude to our dedicated team, esteemed partners, and valued stakeholders for their unwavering support. Your commitment to our vision fuels our passion and propels us toward even greater heights of success. Let us celebrate our achievements, embrace our growth, and chart a course for a future filled with prosperity and strengthened resilience.



MESSAGE from the ARC Limited Chief Executive Officer

Dear Colleagues and Stakeholders,

As we reflect on another year of growth and achievement at ARC Limited, I am thrilled to share our remarkable progress in expanding insurance coverage and advancing ARC's trajectory. Our commitment to innovation and strategic partnerships has fuelled our growth, allowing us to reach new heights in providing crucial insurance solutions across Africa.

I am immensely proud of the strides we've made in expanding both sovereign and non-sovereign insurance coverage, bolstering ARC's presence in the market. Our collaborative efforts have not only strengthened our position but also empowered communities to mitigate disaster risks and thrive under challenging conditions.



MESSAGE from Chief Operating Officer of ARC Group

Colleagues and Collaborators, Colleagues and Collaborators,

The operational successes we celebrate this year are a direct result of the meticulous planning and preparation undertaken by our dedicated teams. The strides we've made in country engagement and product development are a testament to our methodical approach to operational excellence.

As we present this annual report, it is important to recognise that each milestone achieved is a step towards a larger goal – the empowerment of our member states to manage and recover from disasters effectively. Our operational advancements are in building a more resilient Africa.

MESSAGE from Chief Operations Officer of ARC Limited

To our Stakeholders,

As we celebrate ARC Limited's 10th anniversary and our number-one ranking in ESG standards, I am reminded of the dedication and excellence that our team has consistently demonstrated. This dual achievement underscores our decade-long commitment to resilience and sustainability throughout Africa.

As we look to the future, we are invigorated to continue this journey, empowered by the trust and collaboration that have been the hallmarks of our success.

Each milestone we have achieved is a building block for a more secure and resilient Africa.



IMPACT By the NUMBERS :

With ARC's support, millions of people were impacted in 2023

In strengthening member states' preparedness to respond to the increasing climate threats and disease outbreaks, ARC achieved the following in 2023 :

CAPACITY BUILDING

29 Member States provided with training on ARC risk modelling tools

870 people trained in Drought (Agricultural and Rangeland), Rangeland, Tropical Cyclone, Outbreaks and Epidemics

Over **320** gender experts trained in more

than **18** African countries

15 Countries benefited

from **30** Early warning and season monitoring reports

14 countries trained in Operational Plan & Final Implementation Plan

21 Countries with valid OP

42 Agricultural and Rangeland Customisations

in **18** countries

18 Risk Transfer Parameters workshops organised

PREMIUM
(Drought ; Tropical Cyclone)
\$47,767,771

COVERAGE OF
the ARC sovereign parametric insurance product for O&E risks
\$18,032,473

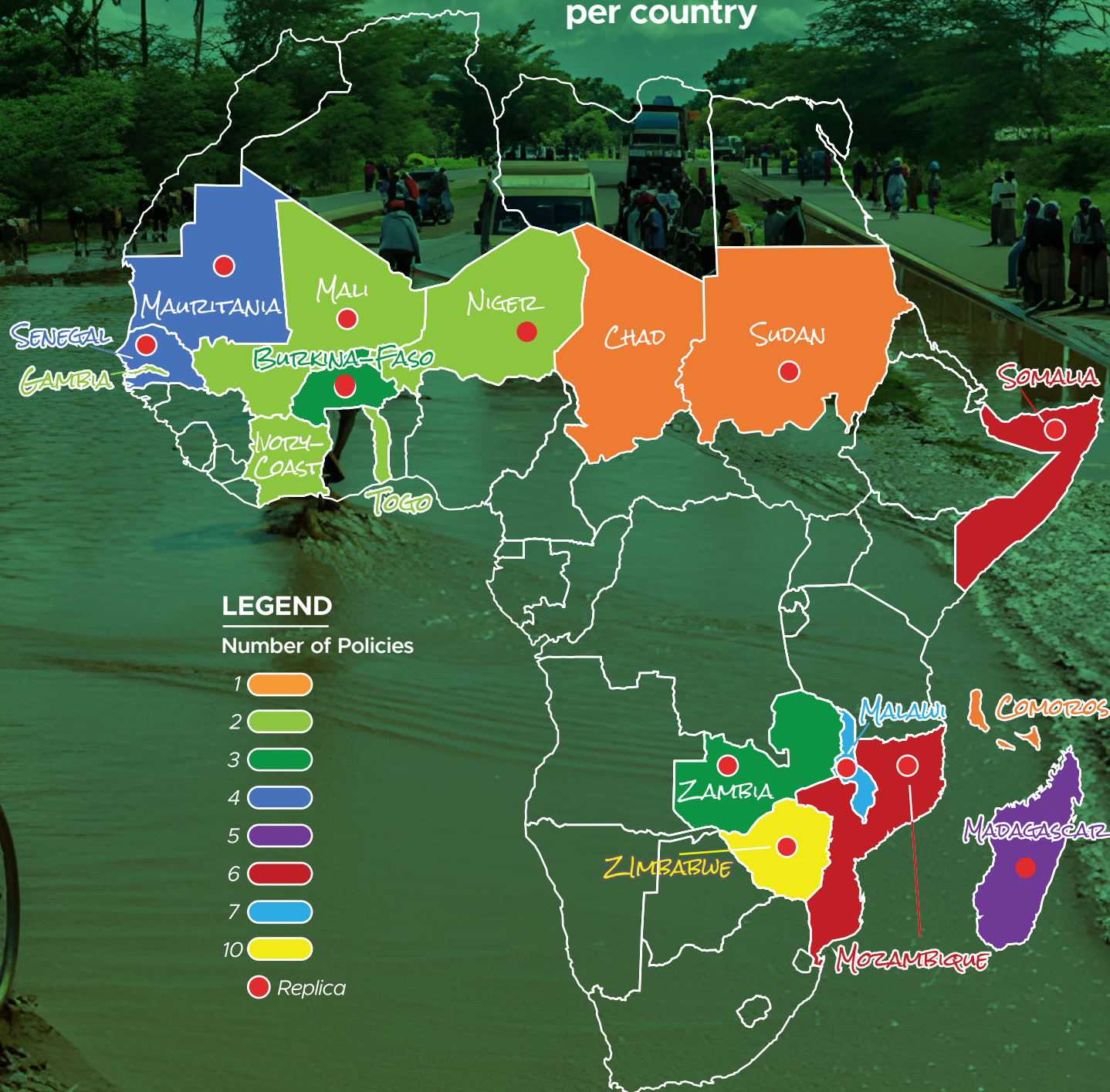


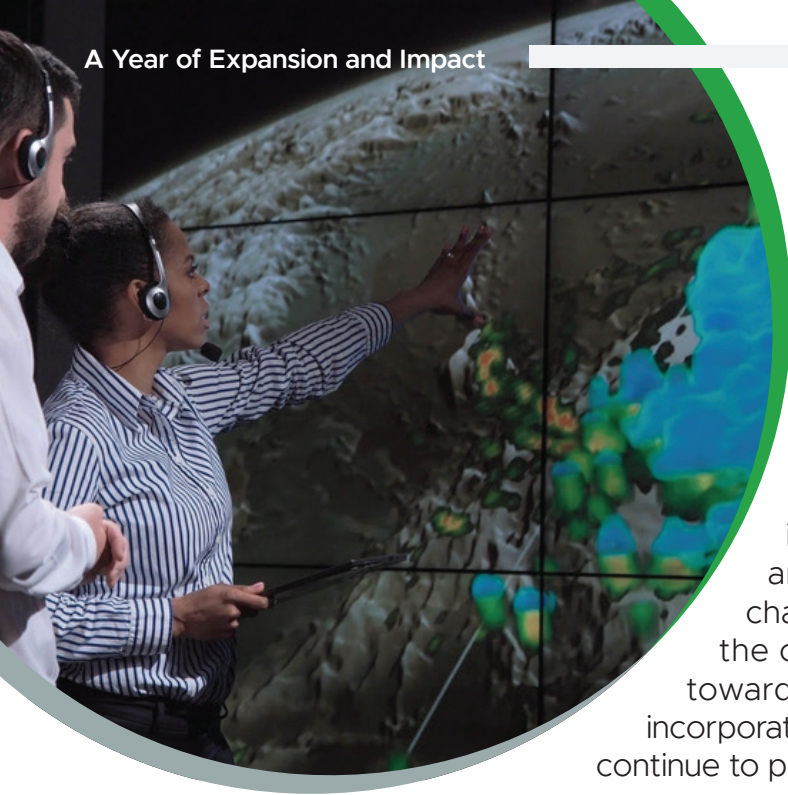
PREMIUM
(Outbreaks & Epidemics
Filovirus & Meningitis)
\$500,000

COVERAGE
(Drought ; Tropical Cyclone)
\$264,414,986



Type and Number of policies taken per country





GROWING OUR RESEARCH, THE FOUNDATION OF OUR ACTION

In 2023, research stood as the foundation of ARC's endeavours, supporting all facets of our operations and strategic endeavours. Through research and development, we acquired insights into emerging trends, pinpointed potential risks, and cultivated inventive solutions to meet the changing requirements of our stakeholders and the communities we support. Efforts were directed towards improving all ARC tools and solution to incorporate the latest technologies and data, ensure they continue to perform at world-class standards.

ADVANCING RESILIENCE

ARC's Cutting-Edge Solution Against Natural Hazards

- Africa RiskView, ARC's technical tool and Early Warning System : The Eyes of Africa In the Sky: Africa RiskView is a comprehensive tool designed to estimate the impact of agricultural and pastoral droughts in Africa. Leveraging satellite-based rainfall and NDVI data alongside country-specific socioeconomic information, Africa RiskView provides near real-time assessments of drought impacts in the form of estimated of the number of people affected by drought and the corresponding response costs. What sets it apart is its integration of four established disciplines : crop monitoring, vulnerability assessment, operational response, and financial planning. This holistic approach enables governments and partners to conduct customised risk analyses and implement tailored risk management strategies, thereby enhancing resilience to drought events.

- ARC Tropical Cyclone Explorer, an innovative Tool for Disaster Resilience : This tool integrates cyclone hazard characteristics with exposure and vulnerability data to model the population affected and economic losses. The ARC Tropical Cyclone Explorer stands out for its comprehensive approach, combining hazard characteristics, exposure data, vulnerability assessments, and insurance. This enables stakeholders to anticipate better and prepare for cyclone events, facilitating informed risk management and disaster response strategies.

- ARC's River Flood Explorer, dynamic Solution for Water Hazard Management : The Flood Explorer integrates the Global Flood Model for probabilistic flood risk assessment and Flood Foresight for real-time monitoring. The Global Flood Model informs parametric index design and trigger threshold assessment, while Flood Foresight facilitates live contract monitoring by notifying trigger conditions. This innovative approach utilises a catastrophe model framework to estimate risk globally, accommodating various exposure data sets and vulnerability relationships for different risk types.



GROWING OUR MEMBERSHIP

18

As a Treaty-based organisation, much effort is directed towards increasing the number of countries that are signatory to the ARC Treaty as this reflects the number of countries that can benefit from the ARC offering. In this regard, ARC's goal is to extend membership to all AU member states.

NUMBER OF COUNTRIES

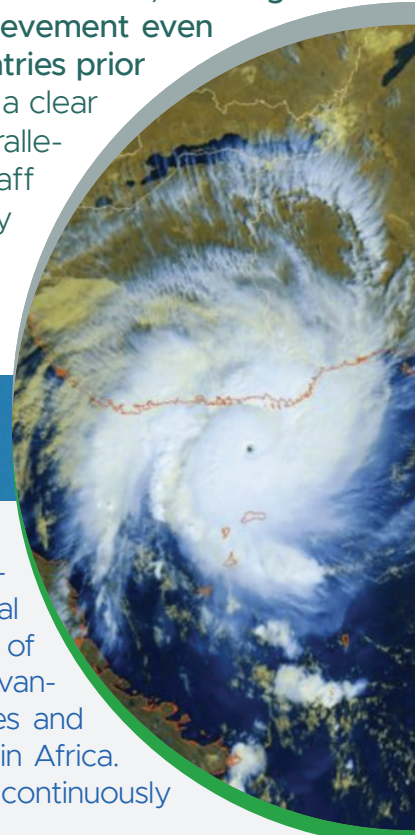


In 2023, ARC experienced a significant breakthrough after facing six years of stagnation. Despite the challenges, the organisation successfully onboarded four new countries, marking a remarkable milestone in our expansion efforts. What makes this achievement even more noteworthy is the fact that it took six years to mobilise three countries prior to this period. This exponential growth within the span of a single year is a clear indication of the effectiveness of our management strategies and the unparalleled commitment and relentless effort demonstrated by our dedicated staff members. This demonstrates an effective implementation of the ARC Country Engagement Strategy and underscores our collective resilience and determination to overcome obstacles while pursuing our goal of promoting disaster resilience and sustainable development across Africa.



Tropical Cyclone Explorer

ARC's risk tools are customisable to national and sub-national contexts, allowing governments and partners to conduct risk analyses and define management strategies. They incorporate local expert knowledge for specific national contexts, enhancing accuracy and effectiveness in capturing the impact of hazards on vulnerable populations. ARC's approach represents a pioneering advancement in the management of weather disasters : drought, tropical cyclones and flood risks, as well as a strengthened response to outbreaks and epidemics in Africa. The organisation now offers a diversified product offering, and efforts to continuously improve this in line with world-class standards are ongoing.

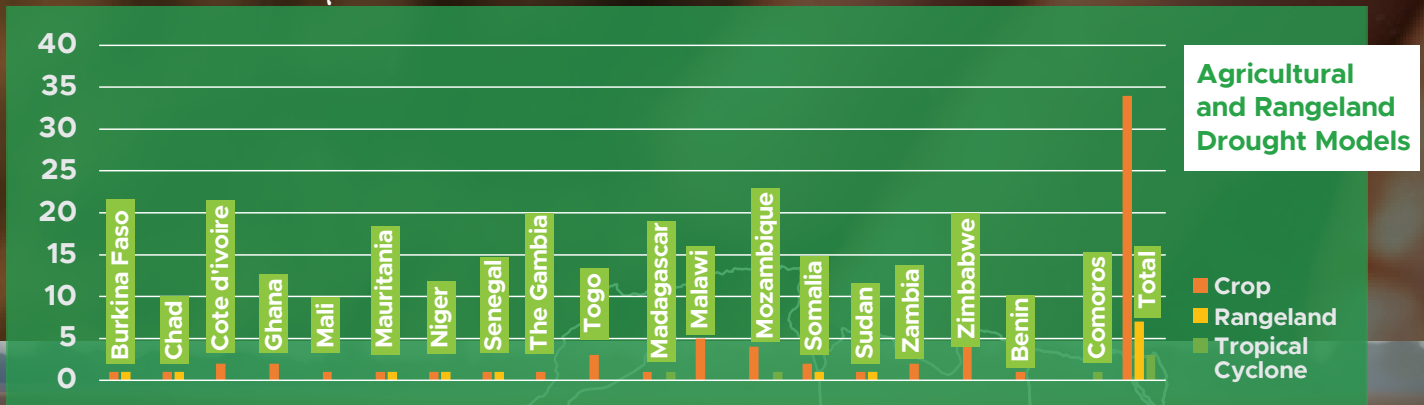


GROWING OUR CAPACITY BUILDING STRATEGY: STRENGTHENING CAPABILITIES FOR BETTER ACTION

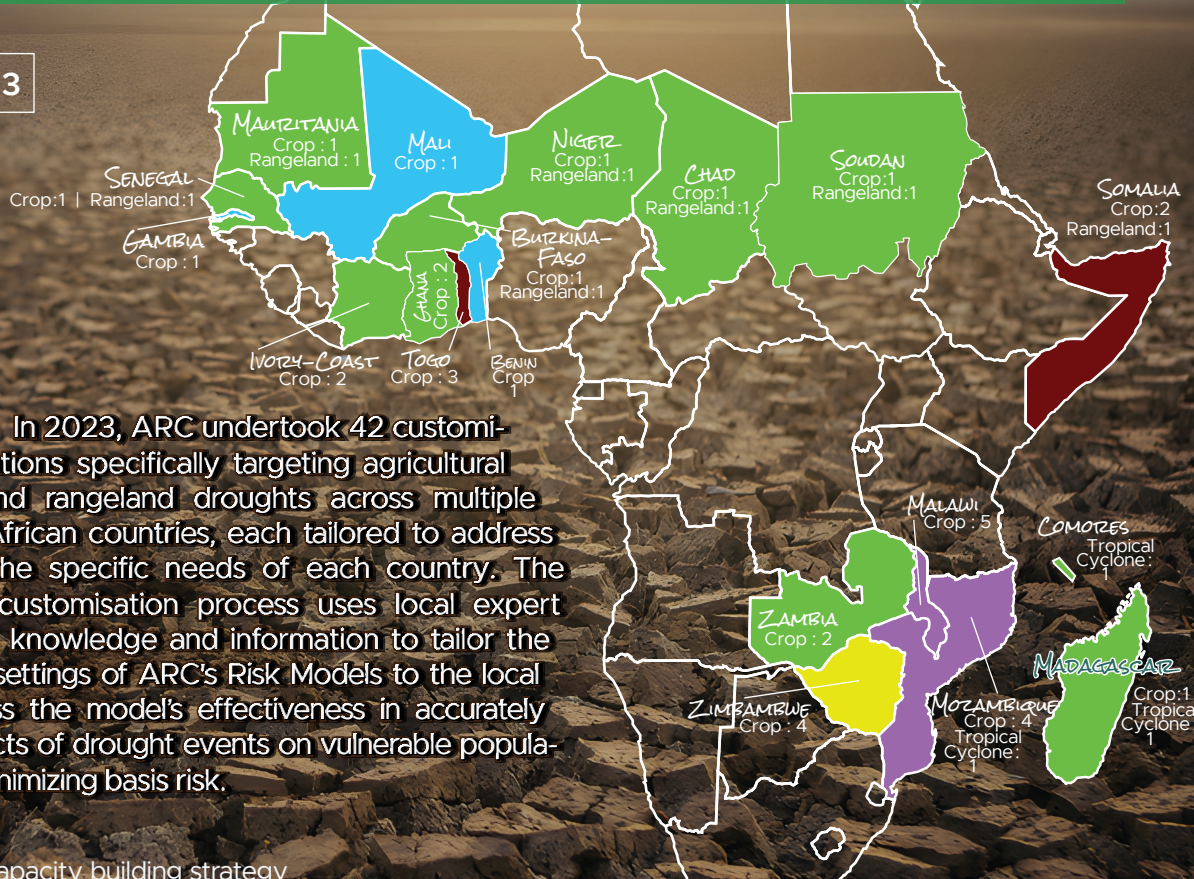


THE ARC PROGRAMME LIFECYCLE

In working with member state, ARC follows a standard process that takes member states through defined steps, referred internally as the ARC Programme life cycle. The ARC programme lifecycle guides interaction with the member states and showcases the ARC value proposition which brings together four critical elements of disaster risk response : contingency planning, early warning, risk profiling and risk pooling as depicted in the figure below.



Risk Models 2023

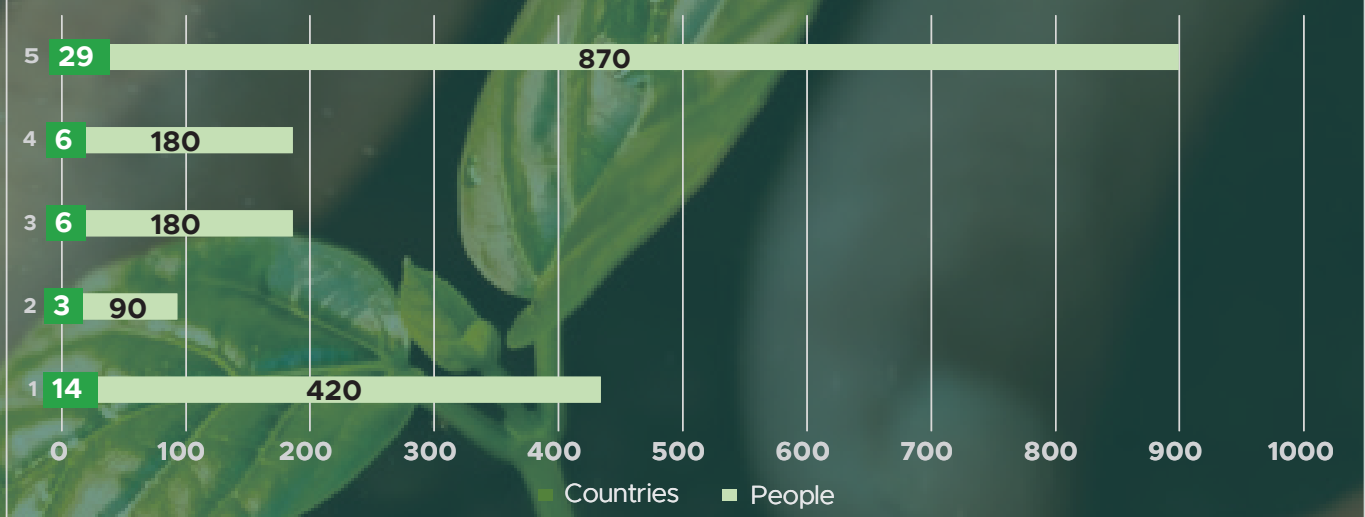


In 2023, ARC undertook 42 customisations specifically targeting agricultural and rangeland droughts across multiple African countries, each tailored to address the specific needs of each country. The customisation process uses local expert knowledge and information to tailor the settings of ARC's Risk Models to the local context and assess the model's effectiveness in accurately depicting the effects of drought events on vulnerable populations, ultimately minimizing basis risk.

EARLY WARNING AND SEASON MONITORING

ARC also conducted season monitoring activities, generating both mid-season and end-of-season reports for all countries with active policies. Additionally, the organisation collaborated with other on-the-ground entities involved in season monitoring efforts to enhance the accuracy of assessments and responses.

Member States provided with training on ARC risk modelling tools



In 2023, ARC implemented several measures to enable early action aimed at saving and protecting lives, livelihoods, and assets of people at risk. These actions were designed to anticipate and respond to potential crises proactively.

Customisations for Agricultural and Rangeland Droughts : ARC conducted a total of 42 customisations specifically targeting agricultural and rangeland droughts across various regions. These customisations involved tailoring interventions to address the specific needs of vulnerable populations in affected areas, including providing early assistance to farmers and pastoralists.

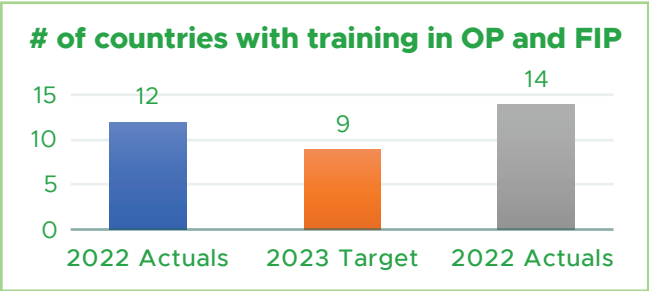
Other Model Implementations : ARC implemented models to address other hazards. This included the Tropical Cyclone Model, which was deployed in Comoros, Madagascar, and Mozambique, and the Flood Model, which was piloted in Ghana, Cote d'Ivoire, Togo, Malawi, Madagascar, and Mozambique. These models enabled early warning and preparedness measures to be put in place ahead of potential disasters, thereby saving lives and minimising damage to livelihoods and assets.

Anticipatory Action (AI) Product : In addition to customisations and model implementations, ARC developed Anticipatory Action products to enable early response to impending crises. For example, in Malawi and Zambia, AI products were implemented to allow for timely interventions to protect agricultural livelihoods in anticipation of drought conditions.

Season Monitoring and Early Warning : By integrating season monitoring and early warning into its operational framework, ARC enhanced its ability to anticipate and respond to emerging risks proactively. This proactive approach facilitated early action initiatives, enabling member states to implement timely interventions aimed at mitigating the impacts of hazards and safeguarding the well-being of vulnerable populations.

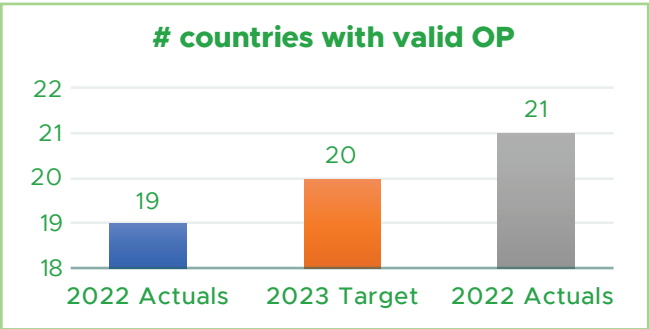
These actions demonstrate ARC's commitment to addressing the specific needs and challenges posed by agricultural and rangeland droughts in various African countries, and its efforts to enhance preparedness and response capabilities for other natural disasters such as cyclones and floods.

Contingency Planning Activities



During 2023, activities continued to focus on strengthening in-country capacity for Member States by providing them with technical guidance to elaborate country-owned and country-led contingency plans to enhance preparedness.

Out of the 22 countries that ARC has signed MOUs with, 21 have had Certificate of Good Standing; these countries completed all the technical requirements with regards to drought and tropical cyclone (Cote d'Ivoire, Ghana, Togo, Burkina Faso, The Gambia, Mauritania, Mali, Niger, Chad, Senegal, Malawi, Somalia, Madagascar, Zimbabwe, Zambia, Mozambique, Benin, Sudan, Djibouti, Comoros, Kenya), enabling them to participate in ARC risk pools. 18 of these eligible countries were able to participate in Pool 10 A and 10 B for the 2023/24 agriculture season.



Support on Operations Plan development :

Through the Technical Working Groups, training and technical support were provided to 11 Member States : Mauritania, Mali, Senegal, Zambia, Zimbabwe, Djibouti, Comoros, Somalia, Mozambique, Malawi, and Comoros. The training enhanced collaboration between in-country institutional partners by jointly developing the operations plans for Anticipatory and Early Action.

Support on Final Implementation Plans Development :

Following the crop season failure due to rainfall deficit leading to payouts, 3 countries (The Gambia, Niger, and Togo) received technical support to elaborate their Final Implementation Plans, which is a prerequisite for the fund's disbursement.

The 3 countries that benefited from ARC payout succeeded in ensuring the full implementation of the payout to benefit the population most in need. Countries submitted comprehensive implementation reporting documents, including the financial expenditures.

The technical trainings equipped Member States with necessary contingency planning approaches and tools in readiness for their participation in the ARC insurance risk pools and to deploy an effective disaster response. A total number of around 270 participants from government departments and other partners benefited from the training sessions.

Risk Transfer Parameters :

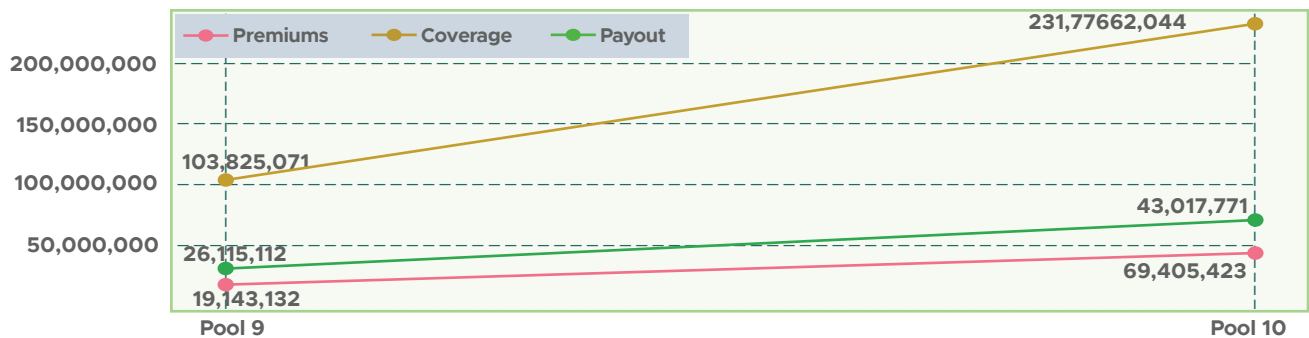
In 2023, 18 countries benefited from Risk Transfer Parameters training, which enabled them to make financial decisions for their respective governments to transfer or retain risk based on the risk profile and available financial instruments for risk management and financing.

A total of 540 national experts were trained, showcasing the impact of ARC's capacity building programme for our Member States and its role in facilitating policy decision-making towards protecting lives and livelihoods.

GROWING IN OUR RISK FINANCING INSTRUMENTS

MOBILISING RAPID RESPONSE FOR DISASTER-HIT COMMUNITIES

DROUGHT SOVEREIGN AND REPLICA

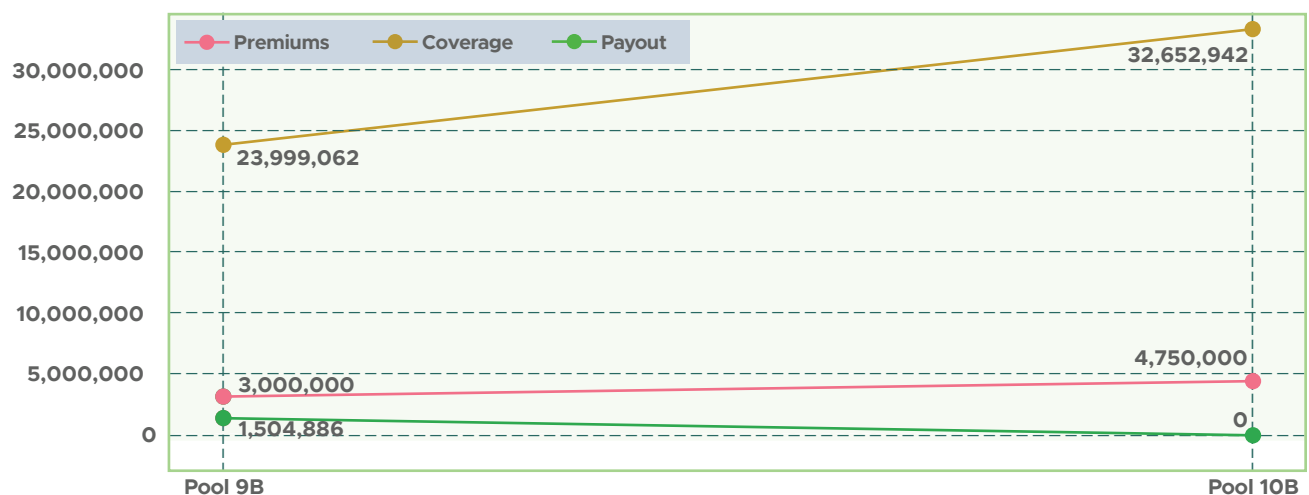


Premiums : Pool 9 reported premiums of \$19,143,132, while Pool 10's premiums amounted to \$69,405,423. Pool 10 exhibits a remarkable increase in premiums, surpassing Pool 9 by more than double (125%). This increase can be attributed to the addition of a new country to the pool and existing countries expanding their coverage.

Coverage : Pool 9 reports coverage of \$103,825,071, whereas Pool 10 reports coverage of \$231,762,044. Pool 10 showcases a substantial increase in coverage compared to Pool 9, indicative of a significant expansion in the pool's insured population. The rise in coverage exceeds 100%, suggesting a substantial increase in vulnerable population covered.

Payout : For the reported figures, a total of \$26,115,112 was paid out in Pool 9, while Pool 10's final payout amounts to \$43,017,771. This indicates a significant increase in payouts for Pool 10, which can be attributed to the ongoing El Niño phenomenon in the Southern Africa region, exacerbating drought conditions and leading to more substantial losses and claims.

TROPICAL CYCLONE SOVEREIGN AND REPLICA



In terms of premiums, Pool 10B shows a noticeable increase in premiums compared to Pool 9B, with premiums totalling \$4,750,000 and \$3,000,000, respectively. This increase is due to Replica members expanding their coverage .

Regarding coverage, Pool 10B also demonstrates a higher coverage level compared to Pool 9B, the biggest pool in East and Southern Africa to date, indicating a larger insured population. Pool 9B reports coverage of \$23,999,062, while Pool 10B reports coverage of \$32,652,942.

However, for payouts, Pool 9B incurred payouts of \$1,504,886, while there have been no payouts for Pool 10B.

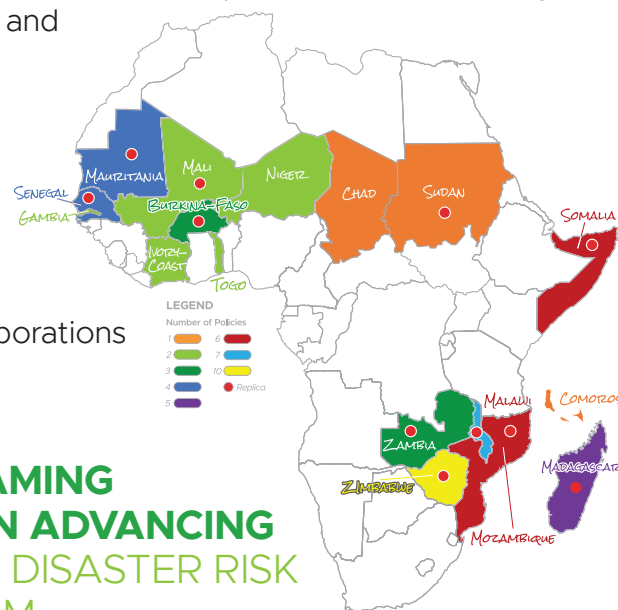
GROWING THE NUMBER OF POLICIES SUBSCRIBED

59 policies in 2023
38 Sovereign
21 Replica policies

The achievement of 61 policies in 2023, with 38 Sovereign and 23 Replica policies, marks a significant milestone. This underscores a historic moment of engagement and commitment among ARC Member States. The substantial rise in policy adoption, notably with a considerable portion being newly implemented, is a clear indication of growing trust and reliance on these measures.

This unprecedented level of activity not only reflects the Member States' increasing confidence in ARC's work but also signifies a collective step forward in addressing complex challenges with coordinated and innovative solutions.

The strong endorsement of both Sovereign and Replica policies illustrates a strategic and diverse approach to risk management and resilience building, setting a promising precedent for future collaborations and policy developments.



GENDER MAINSTREAMING AS A KEY PRIORITY IN ADVANCING GENDER EQUALITY IN DISASTER RISK MANAGEMENT GE FROM

With over 320 gender experts trained in more than 18 African countries, ARC has made significant strides in promoting gender equality within disaster risk management (DRM) through targeted initiatives aimed at institutionalising gender considerations, building capacity, and advocating for gender-transformative policies. This overview outlines the outcomes achieved under ARC's three key objectives, highlighting collaborative efforts with partners such as FAO, AUC DRM Unit, and IFC, as well as the impact of evidence-based studies and training programmes on gender mainstreaming within DRM frameworks.

POLICY DIALOGUES AND GENDER-SPECIFIC TRAINING

ARC uses policy dialogue sessions to engage stakeholders and encourage critical discussions and raise pertinent issues, share opinion and find common ground towards finding policy solutions. As efforts to mainstream gender in the DRMF environment continue, these dialogues are important in influencing the necessary changes at a policy level.

Policy Dialogues : Two policy dialogues were organised with the participation of 50 professionals, resulting in the development of 2 policy briefs and in-depth reports. These targeted ARC partners and donor organisations, and stakeholder in the DRFM space, including member states, Gender Ministries in member states, academia, the private sector, amongst others.

Training of Regulators : Specialised training for women's insurance was conducted in 2 countries, with 48 participants benefitting from the program.

Gender Analysis in Senegal : 35 professionals actively participated in an in-depth gender analysis in Senegal. The outcomes have far-reaching implications for gender mainstreaming in DRM.

BUILDING INSTITUTIONAL AND INDIVIDUAL CAPACITY

Gender and DRM Training for GCs : A comprehensive event was organised, engaging 15 participants, resulting in the development of key reports facilitating gender mainstreaming practices.

Gender Analysis and Training : This was conducted in 2 countries with the collaboration of 50 professionals, leading to reports that provide valuable insights for DRM policies.

Training of Trainers and Issuance of Certificates : This was conducted in 1 country involving 30 participants and resulted in the creation of a detailed manual and recognition through certificates.

Gender Sensitisation for TWG : This was successfully conducted in 1 country with the participation of 30 technical professionals, highlighting the vital role of gender sensitisation in DRM.

MONITORED IMPACT AND CAPACITY DEVELOPMENT

4 Impactful Policy Reports : Publications that have significantly influenced gender-sensitive DRM policies and practices.

7 Multi-Country Training Initiatives : Training sessions were implemented across 4 countries, effectively enhancing the skills and knowledge of professionals.

5 Comprehensive Gender-Centric Workshops : Engagement in detailed workshops specifically designed to amplify gender-centric strategies in DRM frameworks.

GROWING INNOVATION : A unique revolution in Africa in our services and products offered to member countries

In 2023, the ARC Group expanded its range of products to include a Fluvial Flood model and an Anticipation Action Insurance (AI) product for Agricultural droughts, in addition to the existing offerings of Agricultural Drought, Rangeland Drought, Tropical Cyclone, and Outbreaks and Epidemics (O&E). These additions were made to better cater to the specific needs of our member states.

In collaboration with various partners, ARC implemented several initiatives aimed at enhancing risk profiling :

- **United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)** on Anticipatory Action Insurance (AI),
- **IBM** for flood, Centre de Suivi Écologique (CSE) and Botswana University of Agriculture and Natural Resources (BUAN) on improving the calculation mask,
- **United Nations Office for Disaster Risk Reduction (UNDRR) - The International Center for Environmental Monitoring CIMA Research Foundation** project for risk profiling,
- **Global Centre on Adaptation (GCA)** on severe Weather Risk Preparedness and Digital Climate Early Warning Sere resilience and adaptive capacity.

ARC implemented advanced risk modelling methods by integrating diverse data sources like historical records, scientific research, and near real-time monitoring systems. This facilitated the creation of detailed risk profiles for various scenarios, enabling accurate assessment and prioritisation. Utilising advanced analytical tools, ARC identified patterns and predicted risk scenarios with precision. Sophisticated modelling techniques were applied to simulate potential impacts, aiding in the development of proactive mitigation strategies and contingency plans.



COP28
UAE

The ARC Group at COP28

A COMMITMENT TO CLIMATE RESILIENCE

DISCUSSIONS
AND INSIGHTS

30 NOV - 12 DEC 2023



2023, A YEAR OF SIGNIFICANT MILESTONES

NEWLY FORGED PARTNERSHIPS

The year 2023 has been marked by significant strides in collaborative efforts, as evidenced by the forging of new partnerships with UN Agencies such as UNHCR in supporting refugees in Malawi, and the UNDRR where this partnership is supporting the Government of Niger in its drought response. These partnerships complement our alliances with the World Food Programme (WFP) and Start Network, ARC's Replica partners. The inclusion of these agencies heralds a new era of expanded capabilities and enhanced strategic collaboration. Their global expertise and authoritative presence in humanitarian assistance amplify the strength and reach of ARC initiatives. This evolution of partnerships is a testament to a shared vision of resilience and a concerted commitment to proactive crisis management.

ARC's management and staff were at the forefront at high-profile gatherings like the African Climate Summit and COP 28, leading high-level panel discussions and moderation on Disaster Risk Management and Financing. These involvements highlight ARC's influential role and its commitment to advancing global discourse in these critical areas. The recognition of ARC's leadership at such significant events underlines the trust and esteem in which the organisation is held by the international community, reinforcing its position as a key player in shaping the future of Disaster Risk Management and Financing in Africa.

ARC LTD. CELEBRATES 10TH ANNIVERSARY

In 2023, ARC Ltd., the financial affiliate of the ARC Group, commemorated 10 years of supporting Member States in providing Risk Transfer services in Africa. Since its founding in 2013, with a unique mandate from the African Union to provide insurance and other risk transfer solutions to African countries, ARC Ltd. has paid over US\$170 million in claims to support vulnerable communities.



The company has evolved significantly during this time, from underwriting only drought products in 5 countries in the beginning, to now reaching out to 39 Member States with drought products that include both crops and rangeland. It has also underwritten the perils of, tropical cyclones, and outbreaks and epidemics.

THE AFFILIATE, ARC LTD., RANKS FIRST IN THE GLOBAL INSURANCE INDUSTRY

In an era where sustainability in business is no longer a choice but a necessity, ARC Ltd. is a leading example both on the African continent and the global insurance sector. International ESG research, ratings and data firm Sustainalytics has ranked ARC Ltd. Number 1 in the global insurance industry out of 298 companies for having the lowest risk. The company achieved a negligible risk rating of 8.2 in terms of data privacy and security, corporate governance, human capital, business ethics and ESG integration.



GROWING OUR IMPACT ON THE CONTINENT TO LEAVE NO ONE BEHIND

NUMBER OF VULNERABLE PEOPLE
AND SUM INSURED.

2023	CROP	RANGELAND	RANGELAND SUM INSURED
Senegal	2,778,207		\$29,750,505
Ghana	2,975,292		
The Gambia	388,463		
Burkina Faso	6,039,282		\$184,867,112
Chad	8,262,492	3,709,188	
Mali	4,482,534		
Niger	7,983,385		\$43,102,119
Malawi	7,752,460		
Zimbabwe	11,511,637		
Madagascar	4,034,633		
Togo	6,316,952		
Zambia	4,408,530		
Mozambique	4,722,773		
Benin	3,333,390		
Sudan	5,045,205	1,578,605	
Somalia	7,437,039	11,987,504	
Côte d'Ivoire	4,126,257		
Mauritania	949,500	682,950	
Total	92,548,031	17,958,247	\$ 257,719,736

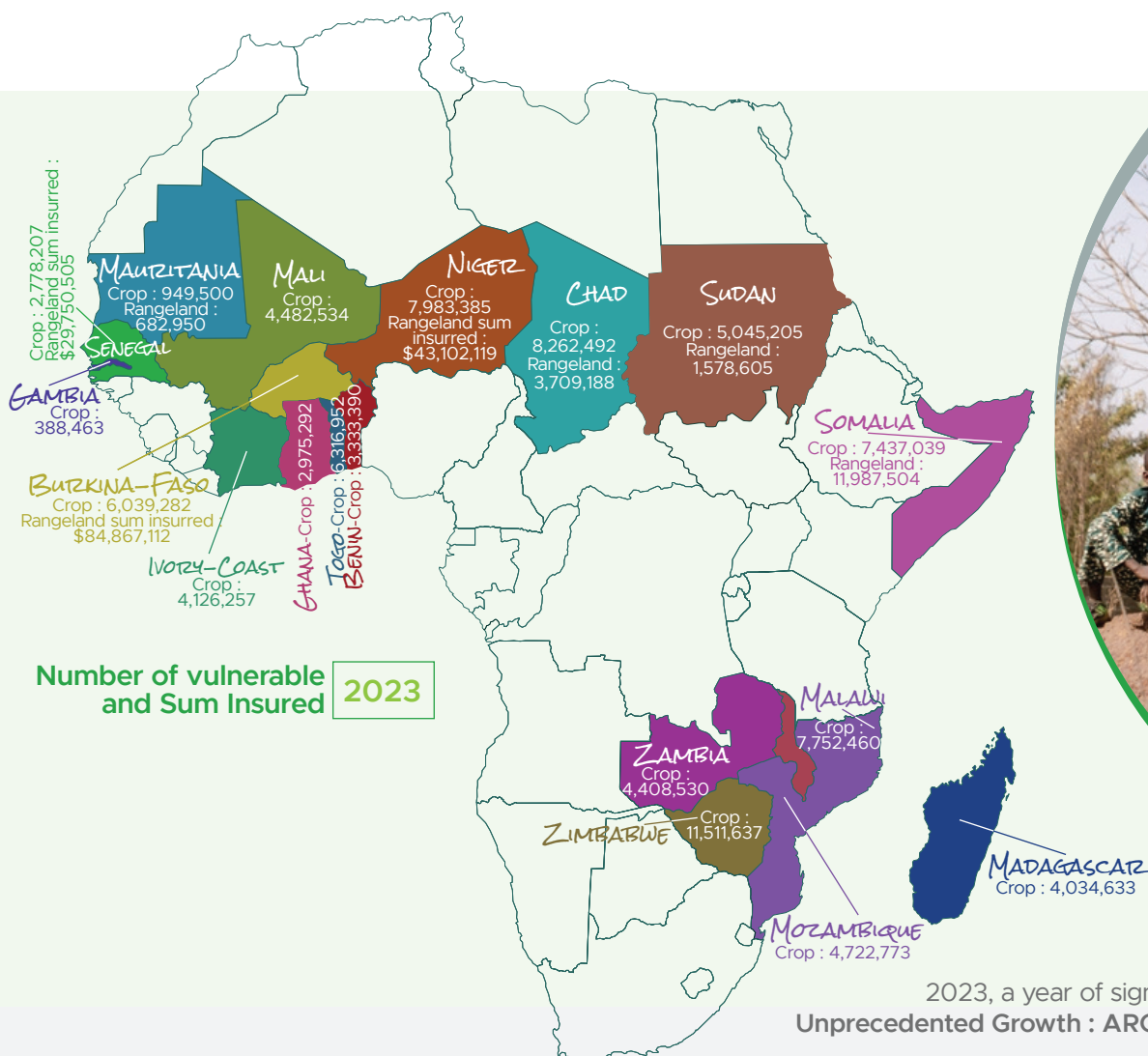
Our efforts protected 110,506,278 people, with an extra sum insured of \$257,719,736 against rangeland drought.

92,548,031 peoples protected for crop drought

17,958,247 people were protected with an additional sum insured of \$257,719,736 for rangeland drought.

This reflects the financial commitment to agricultural risk management in the listed countries, aiming to mitigate losses from crop failure and damage to rangeland resources.

Overall, the data underscores the importance of crop and rangeland insurance as tools for enhancing agricultural resilience and mitigating the impacts of climate change on livelihoods in the listed countries.



TURNING CHALLENGES INTO OPPORTUNITIES

In a world where climate change and disasters affect more African communities, ARC stands as a leader in promoting African solutions to protect lives and livelihoods.

In delivering on its mandate to help member states plan, prepare and respond to weather-induced threats and disease outbreaks, given by the African Union, ARC also encounters some challenges :

POLITICAL ENGAGEMENT

To date 39 countries out of 55 African Union are ARC Member States. For the real African solution in DRM space, ARC should be recognised and supported by all African Union countries by signing and Ratifying the ARC Treaty.

FINANCIAL SUSTAINABILITY

Africa is the most vulnerable continent to climate change impacts under all climate scenarios. Despite having contributed the least to global warming and having the lowest emissions, Africa faces exponential collateral damage, posing systemic risks to its economies, threatening to undo its modest development gains and slip into higher levels of extreme poverty. In 2022 alone, more than 110 million people on the continent were directly affected by weather, climate, and water-related hazards, causing more than US\$8.5 billion in economic damages, and this progressed in 2023.

Consequently, Africans should stand for homegrown solutions to mobilise resources to address existing challenges while welcoming donor support.

DATA AVAILABILITY

ARC's work relies on accurate, credible and actual data, which sometimes proves difficult. In 2023, we explored innovative solutions and engaged in strategic partnerships to address data availability challenges. For example, the inclusion of the TAMSAT3 dataset as an alternative for agricultural drought insurance enhanced the programme's resilience.

PARTNERSHIP RELIABILITY

Disaster Risk Management is multi-dimensional, including climate, economic, health, research and development, etc. This requires diverse knowledge, experience and expertise, hence the need for strong and reliable partnerships to provide sustainable solutions to Member States. In this regard, ARC pursues smart strategic partnerships to support various workstreams.

ARC, CONTRIBUTING TO AGENDA 2063, THE AFRICAN WE WANT

At the heart of the African Union's Agenda 2063 lies a blueprint for transformative change across the continent, and ARC plays a significant role in contributing to several key objectives :

- **A High Standard of Living, Quality of Life, and Well-Being for All Citizens :**

ARC's disaster risk financing and insurance solutions directly support efforts to ensure a high standard of living by safeguarding livelihoods against the financial shocks of climate disasters. These mechanisms aim to address the repercussions of extreme weather events on poverty, inequality, hunger, social security, and the protection of all citizens, including Persons with Disabilities, by maintaining modern and liveable habitats and basic quality services.

- **Healthy and well-nourished citizens :** By providing Member States with the tools to manage the impact of climate shocks on food security, and offering its Outbreaks and Epidemics solution, ARC plays a vital role in ensuring that populations remain healthy and well-nourished during times of crisis.

- **Transformed economies :** Through financial support in the aftermath of natural disasters, ARC helps to sustain sustainable and inclusive economic growth. This enables member states to focus on resilience in key sectors such as STI driven Manufacturing/Industrialization and Value Addition, and Hospitality/Tourism.

- **Modern agriculture for increased productivity and production :** ARC's work underpins agricultural productivity and production, ensuring that modern agriculture can flourish even in the face of climate variability and extreme weather events.

- **Environmentally sustainable and climate resilient economies and communities :** ARC initiatives are integral to promoting sustainable natural resource management and biodiversity conservation, enhancing sustainable consumption and production patterns, ensuring water security, and preparing for and preventing natural disasters.

As ARC collaborates with member states to uphold these objectives, it paves the way for **United Africa (Federal or Confederate)** with robust **Financial and Monetary Institutions**, towards an integrated continent. ARC's contributions are steps toward realising **An Africa of Good Governance, Democracy, Respect for Human Rights, Justice and the Rule of Law**, where **Capable institutions and transformative leadership in place** are key to **Participatory Development and Local Governance**.

By supporting these pivotal areas, ARC affirms its dedication to an **Africa Whose Development is people-driven**, emphasizing **Full Gender Equality in All Spheres of Life**, and empowering **An Africa as A Strong, United, Resilient and Influential Global Player and Partner**.

Together, we are building a self-reliant continent ready to finance its development, leaning on the strength of its capital markets, fiscal systems, public sector revenues, and development assistance, as we stride towards our collective goals.





TOWARDS A SUSTAINABLE FUTURE : ARC'S COMMITMENT TO THE 2030 AGENDA, TO LEAVE NO ONE BEHIND

The ARC Group plays a pivotal role in advancing sustainable development across Africa through dedicated actions and initiatives. With a steadfast commitment to addressing the continent's most pressing challenges, it actively contributes to the achievement of several Sustainable Development Goals (SDGs). Through our strategic interventions and partnerships, ARC directly supports seven key SDGs, driving positive change and fostering resilience in communities throughout the region.

- ARC implements innovative risk financing mechanisms to protect vulnerable populations from financial ruin caused by climate-related disasters.
- By providing rapid and reliable financial assistance in the aftermath of disasters, ARC helps prevent communities from falling into poverty traps and promotes economic stability.

1 NO POVERTY



- ARC's Operational and Early Action programmes prioritise health-related interventions in disaster-prone areas.
- By facilitating early responses to health emergencies and strengthening healthcare systems, ARC helps safeguard the well-being of communities, reducing the incidence of illness and mortality rates.

3 GOOD HEALTH AND WELL-BEING



- ARC's core mandate revolves around climate action, as it works to mitigate the impacts of climate change and build climate resilience across Africa.
- Through risk modelling, early warning systems, and capacity-building initiatives, ARC enables African countries to adapt to changing climatic conditions and minimise the adverse effects of extreme weather events.

13 CLIMATE ACTION



- ARC bolsters food security and agricultural resilience in disaster-prone regions.
- Through initiatives aimed at enhancing agricultural productivity and supporting farmers in mitigating climate risks, ARC contributes to ensuring access to safe, nutritious, and sufficient food for all.

2 ZERO HUNGER



- ARC mainstreams gender considerations in Disaster Risk Management (DRM), promoting inclusivity and gender equality.

4 QUALITY EDUCATION



10 REDUCED INEQUALITIES



- By ensuring equitable access to disaster preparedness and response mechanisms, ARC empowers women and marginalised groups, reducing disparities and fostering social cohesion.

- ARC fosters partnerships and collaboration among various stakeholders, embodying the spirit of SDG 17.

17 PARTNERSHIPS FOR THE GOALS



By facilitating dialogue, knowledge-sharing, and joint initiatives with governments, NGOs, and the private sector, ARC leverages collective expertise and resources to tackle complex challenges in disaster risk reduction and sustainable development.

RESILIENCE IN REARING : MAIDY'S TRIUMPH

Maidy Hayumbu, a 60-year-old widow from Habanyama village, has dramatically improved her family's food security with ARC's Emergency Cash Transfer. Investing in livestock farming, she turned a modest pair of pigs into a burgeoning herd, now counting seventeen. The change brought by the support ensures not only meals but also a sustainable future for her seven-member household, enduring the harsh legacy of the 2021/2022 drought in Zambia.



"From two pigs to seventeen, ARC's support wasn't just aid; it was the seed for a new beginning." - Maidy Hayumbu.

LIVELIHOOD LIFELINE : NCHIMUNYA'S TURNAROUND

In Zambia's Sinadambwe Chiefdom, Nchimunya Chabanda leveraged ARC's cash relief to establish a small-scale livestock operation. From one pig and two goats, her household now has a dozen animals in just seven months, transforming her family's once meagre one-meal-a-day routine into a nourishing three-meal-a-day reality. This vital support came during a critical time, helping her family and community overcome the dire food insecurity left by the recent drought.



"ARC's aid was a spark that ignited hope and transformed our household from scarcity to plenty." - Nchimunya Chabanda.

ENTREPRENEURIAL SPIRIT : EUNICE'S EMPOWERMENT

Eunice Mulenga's enterprising use of the ARC funds to open a grocery shop has turned the tide for her family in Mwana Mampi village. The store not only provides for her six children but extends its benefits to extended family members, echoing the community spirit. Eunice's initiative reflects the profound impact of ARC's assistance, transitioning her from survival foraging to a community pillar, even amidst the challenges of a devastating drought season."



"The ARC funds didn't just feed us, they helped us grow roots of self-reliance for the family." - Eunice Mulenga.

SHELTER AND SUSTENANCE : ALFRED'S RESTORATION

Alfred Hanyolo, a villager from drought-stricken Sinadambwe, transformed ARC's Emergency Cash Transfer into a lifeline. The funds enabled him to purchase essential roofing materials and food, securing his family's basic needs. His experience underlines the program's significance, shifting the narrative from relentless hunger to one of hope and stability and showcasing the tangible difference ARC's support makes in the lives of those facing the adversity of natural calamities."



"With ARC's help, we built more than a roof; we restored dignity and nurtured a future for my grandchildren." - Alfred Hanyolo.



CONCLUSION....

WHAT'S NEXT, VISION 2024 AND BEYOND

As ARC works to scale up its operations and increase its reach and impact, the focus remains on increasing its impact to the most vulnerable and supporting government in their response to climate threats and disease outbreaks. 2024 marks the last year of implementing the ARC Group Strategy 2020 – 2024, and in this regard, emphasis will be on completing the implementation of the commitments made in this strategy and ensuring that the diverse needs of member states are met. Workstreams will reflect ARC's growth ambitions and use lessons learnt to improve service while incorporating new developments in this environment. This work will continue to be anchored on the Group's three strategic objectives of **Innovate, Strengthen and Grow** which form the foundations on which all priorities are based.

In 2024, the Group will also embark on the development of a new ARC Group Strategy to guide operations from 2025 -2029. A two-day planning workshop in 2023 crystallised the following focus areas for the next strategy :

- Strengthen the Group's financial sustainability and improve access to premium finance support for our Member States ;
- Intensify membership and ratification drive ;
- Accelerate product diversification and continuously improve data collection ;
- Expand the uptake of the Outbreaks and Epidemics product ;
- Increase coverage on both sovereign and insurance through the Replica programme and expand micro and meso insurance uptake ;
- Strengthen capacity-building in African countries and scale up country engagement ;
- Strengthen ARC strategic positioning through smart partnership in the DRMF environment ;
- Mainstream gender in the DRM environment through policy dialogue ;
- Share more the ARC stories through story telling approach ; and VFocus more internally on human capital : having the right people with the right incentive to create more staff retention.




NOTES

A Year of Expansion and Impact




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