

## A Joint AUC / ARC / AfDB / UNECA PRESS RELEASE

### High-Level Side Event on 'Migration and Displacement in Africa: Addressing the underlying causes through innovative risk financing mechanisms.'

**Addis Ababa, February 9<sup>th</sup>, 2019** -The African Union Commission (AUC), African Risk Capacity (ARC), African Development Bank (AfDB), and the UN Economic Commission for Africa (UNECA), on the margins of the ongoing of 32<sup>nd</sup> Ordinary Session of the Assembly of the African Union in Addis Ababa, Ethiopia, held a High-Level Side Event under the theme: **“Migration and Displacement in Africa: Addressing the underlying causes through innovative risk financing mechanisms.”**



Opening the roundtable discussions, the Chairperson of the African Risk Capacity, Dr Ngozi Okonjo-Iweala indicated that theme resonates to the theme of the 32<sup>nd</sup> Ordinary Session on “Refugees, Returnees and Internally Displaced Persons: Towards Durable Solutions to Forced Displacement in Africa”. “The session is a good opportunity to open the conversation about natural disasters and discuss innovative financing mechanisms that we could use on the continent to proffer a realistic solution to the underlying causes of migration, notably natural disasters and extreme weather events...”, she said.

The discussants deliberated on how the continent can better respond to the increasing migration and forced displacement in Africa which have been worsened by the increasing frequency of droughts, floods, and other extreme weather events through an innovative risk financing mechanism.

“Considering that the livelihoods of more than 70% of Africans depend on farming, the ‘High 5 Agenda’ of the AfDB identified “Feed Africa” as one of the pillars with the aim, among other initiatives, to enhance resilience and response to climate shocks in regional member countries”, said Prof Vincent Nmhielle,

Secretary General of the AFDB, who represented the President, Mr. Akinwunmi Adesina. “Our goal is to help unlock the potential of agriculture in the continent; hence the Bank’s introduction of the Africa Disaster Risk Financing (ADRFi) programme to scale up the protection against extreme weather events in rural areas and expand access to ARC’s risk transfer facilities for African Union Member States”, stated Prof. Nmhielle.

The ADRFi programme is in line with the AUC Executive Council decision - EX.CL/Dec.952 (XXX) – which “Encourages and welcomes the African Development Bank (AfDB) initiative to develop financial mechanisms to fund disaster insurance premiums for ARC Member States.” It offers countries up to 50% premium support for the first four years of joining the programme. African Member States were encouraged to use this opportunity to join the ARC, so that the mechanism can become sustainable.

The African Union Commissioner for Rural Economy and Agriculture H.E. Sacko Josefa Leonel Correa, stated that considering the interdependency of migration, food security and climate change, the deployment of an effective climate risk financing mechanism is key to addressing the underlying risks and causes of climate-induced migration and displacement in Africa. Hence, “it is imperative to encourage AU Member States to subscribe to the ARC mechanism considering the level of success it has achieved in bringing a complementarity that can address challenges associated with the causes of migration within the five years of its existence”, she said.

The representative of the Economic Commission for Africa, Mr. Stephen Karingi, Director of Regional Integration and Trade Division, stated that “the partnership with ARC will be mutually rewarding as the two institutions work together to increase insurance coverage against climate risks for African States.”

The UNECA and ARC, formalised their collaboration with the signing of an MoU in January 2018, targeted at building the capacity of Member States by embedding risk management investments into government planning. In collaboration with the World Bank, “we are developing an African academy for index insurance targeted at training national experts to support the decision-making process relating to Disaster Risk Financing tools on the continent. This also extends to fostering private sector interest in this type of insurance mechanism in Africa”, said Mr. Karingi.

The event was held in line with the Executive Council Decision (EX.CL/Dec. 997 (XXXII)), where the Council “Further Requested the Commission to engage with ARC to develop concrete mechanisms and instruments of collaboration to raise awareness and galvanize political support amongst Member States”.

“With all the institutions working together towards the same goal to ensure that the continent has financial protection against natural disasters, we now need Africa to play its part”, stated Mr. Mohamed Beavogui, the Director-General of African Risk Capacity.

In 2015, ARC demonstrated that the concept was indeed working, with 26 million dollars paid to three countries in the Sahel as early as a few weeks after the end of the harvest, following significant rainfall deficit in the region. This allowed the beneficiary countries to rapidly deploy assistance to 1.3 million people, and 900 000 cattle. In 2017 and 2018, additional funds were triggered, 8.1 million USD to Malawi, and in 2018, 2.4 million USD to Mauritania. To date, countries have taken out coverage of approximately 500 million dollars, and paid 60 million USD of premium.

The outcome of the high-level session is expected to provide strengthened support to the African Risk Capacity by encouraging the African Union Member States join and ratify the ARC Treaty; boost

involvement of African insurance and reinsurance companies as well as other financial institutions to expand the scope of tools and risk financing available to the continent; and hence attract international partners' contribution in supporting the implementation of Africa's initiative in disaster risk management and financing.

Other participants included representatives from African Member States, private sector agencies, the donor community, civil society organisations and the media

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**About African Risk Capacity (ARC):** About African Risk Capacity (ARC) ARC consists of ARC Agency and ARC Insurance Company Limited (ARC Ltd). ARC Agency was established in 2012 as a Specialized Agency of the African Union to help Member States improve their capacities to better plan, prepare and respond to weather-related disasters. ARC Ltd. is a mutual insurance facility providing risk transfer services to Member States through risk pooling and access to reinsurance markets; it is owned by Member States with active insurance policies as well as KfW Development Bank and the UK Department of International Development as capital contributors.

With the support of the United Kingdom, Germany, Sweden, Switzerland, Canada, France, The Rockefeller Foundation and the United States, ARC assists AU Member States in reducing the risk of loss and damage caused by extreme weather events affecting Africa's populations by providing, through sovereign disaster risk insurance, targeted responses to natural disasters in a more timely, cost-effective, objective and transparent manner. ARC is now using its expertise to help tackle some of the other greatest threats faced by the continent, including outbreaks and epidemics. [www.africanriskcapacity.org](http://www.africanriskcapacity.org)

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