

## **MEDIA RELEASE**

### **Bridging the finance gap that impacts how Africa funds resilience**

By **Michel Jarraud**, Secretary General Emeritus World Meteorological Organization and Board Member of African Risk Capacity (ARC) Ltd.

A growing climate emergency and its intensifying toll on African soil make climate adaptation and early warning systems critical focus areas in building resilience on the continent. The most effective way to confront the crisis is, firstly to be armed with information that allows one to prepare well in advance, and secondly to ensure a country has the resources to meet the demand for assistance when natural disasters strike.

The State of the Climate in Africa report (2021) provides sobering scientific data on temperature trends and other climate indicators. It reveals how extreme weather is undermining human health safety, food and water security, and socio-economic development. All this burden to bear, despite Africa producing only about 3% of the world's greenhouse gas emissions that have led to climate change.

The temperature across Africa is rising faster than the global average, approximately +0.3°C per decade from 1991-2021, and it is accelerating. The report also mentions that high water stress is estimated to affect about 250 million people in Africa and is predicted to displace up to 700 million people by 2030. Four out of five African countries are unlikely to have sustainably managed water resources by 2030.

An emergency of this magnitude requires significant and practical actions to help countries finance resilience.

For a continent where livelihoods are largely weather and climate-dependent, climate change is having a particularly devastating effect and poses an urgent threat to human security in Africa. However, the harsh blows of poverty, inequality, and conflict over scarce resources can be softened using information from satellite data and ground instruments, as well as predictions of weather patterns and climate anomalies at an early stage. However, the density of ground observations is far below that recommended by WMO in many parts of Africa.

During the recent 77th United Nations General Assembly held in New York in September 2022, ministers supported the UN Early Warnings for All initiative, spearheaded by the World Meteorological Organization (WMO) as an urgent climate adaptation measure.

Canada and France committed to helping those most at risk of extreme weather and climate change. In New York, Canadian Prime Minister Justin Trudeau announced CAN\$ 10 million in funding over four years for the Climate Risk and Early Warning Systems initiative (CREWS), while Chrysoula Zacharopoulou, France's Minister for State for Development, Francophonie and International Partnerships said her government would double its annual contribution to CREWS, starting in 2023, to 8 million Euros per year.

As COP27 in Egypt draws nearer, climate adaptation will become an important discussion point with respect of the financial support of the necessary actions by industrialised countries.

Climate finance is indeed at the heart of the challenges that face all world leaders, not least of all Africa's political and business leaders, as tropical cyclones, floods and drought bear down on the continent with increasing frequency. The socio-economic, ecological, and developmental benefits of climate finance investments will far outweigh the costs of implementing them.

Effective early warning systems are without doubt saving many lives. For example, recently in the United States when Hurricane Ian made landfall recently as a Category 4 storm, and in the Philippines when Typhoon Noru hit. Before them Hurricane Fiona caused deadly flooding in the Caribbean, and Typhoon Nanmadol led to the evacuation of at least 9 million people in Japan. However, in Africa, only 40 percent of the population have access to effective early warning systems.

Parametric insurance is a meaningful and practical approach to closing the finance chasm that exists between African countries and their ability to fund climate adaptation and early warning systems. The benefits include faster pay outs, flexibility in times of uncertainty and the ability to provide cover for difficult-to-model losses.

Reflecting a more dynamic approach to climate insurance, African Risk Capacity (ARC) Ltd. now covers, in addition to drought, tropical cyclone and flood risk. Much of Africa's eastern coastline remains susceptible to tropical cyclones, making it more critical than ever for countries to join the pool for such risk.

The challenge that now faces the industry and Africa's leaders is funding parametric insurance to help governments come to the aid of their most vulnerable people. ARC Ltd has already paid over US\$65 million to seven countries to provide drought relief and meet the needs of their citizens. Recently, ARC Ltd. paid out US\$2.1 million to Madagascar to assist at least 600 000 people affected by a devastating drought.

The State of the Climate in Africa 2021 report recommends strengthening early warning systems, and increasing transboundary cooperation, data exchange and knowledge sharing. More investment in adaptation is needed, along with a strong push towards integrated water resource management.

To illustrate the urgency around freshwater management, the report highlights that the total surface area of Lake Chad, which is located close to the Sahara desert, bordering Chad, Cameroon, Nigeria, and Niger, has shrunk from 25 000 km<sup>2</sup> in the 1960s to 1 350 km<sup>2</sup> in the 2000s. In West Africa, an uptick in temperature, drought, and increased water demand has led to the long-term decline in river flow, the report said.

These statistics may paint a bleak picture for a continent that is renowned for its vibrancy and ability to rise to a challenge. If we do nothing, the crisis will deepen, and our children will experience much harsher conditions. The decisions we *don't* take now will have an impact in

centuries to come, but it is still within our ability to do something impactful about it. We have a duty to do it.

*Ends*

**About ARC Ltd.**

The African Risk Capacity Limited (ARC Ltd.) is a financial affiliate of the African Risk Capacity (ARC) Group, a specialised agency of the African Union (AU), an initiative designed to improve current responses to climate-related food security emergencies.

ARC Ltd. is a mutual insurance facility comprised of its members, which have included Kenya, Mauritania, Niger, Senegal, Mali, Malawi, the Gambia, Burkina Faso, Chad, Zimbabwe, Togo, Madagascar, and Zambia.

The membership also includes its capital contributors who have provided premium subsidies, including USAID, FCDO, SDC, KFW/BMZ, IFAD, AFDB, WFP and STARTNETWORK.

**About Michel Jarraud**

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