

Adapting to climate change and reducing the impact of disaster risks through integrated risk transfer solutions: The case of NADMO, Ghana.

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What is NADMO?

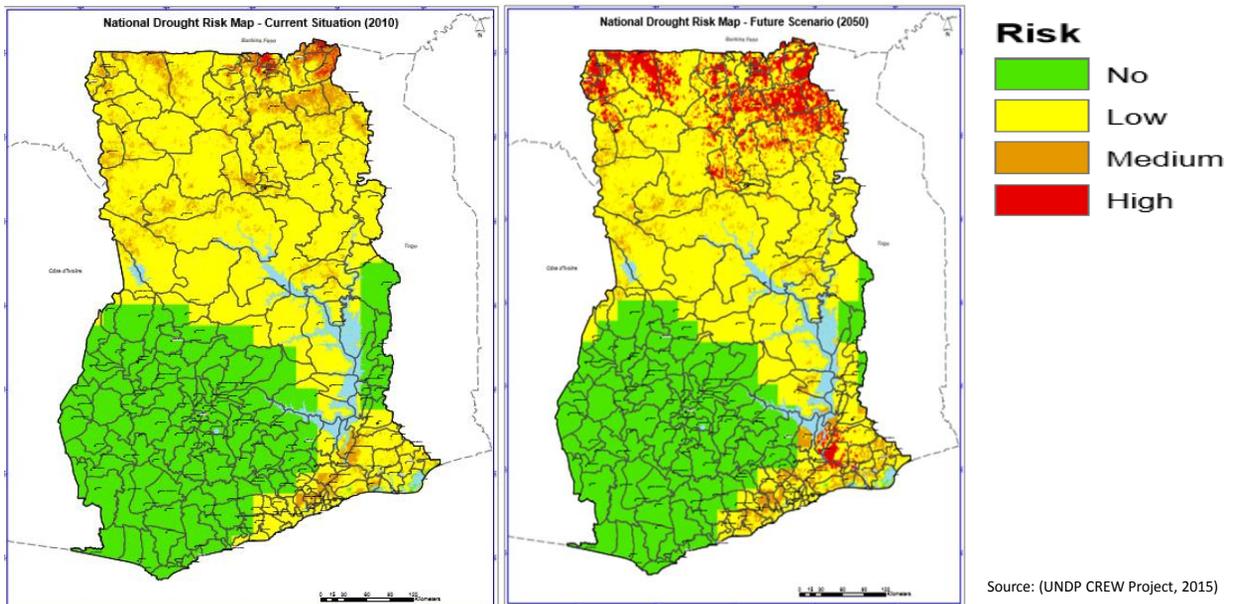
- In response to the Yokohama strategy for a safer world and plan of action, the National Disaster Management Organisation (NADMO) was established in 1996 by an Act of Parliament, Act 517.
- The vision of NADMO is to enhance the capacity of society to prevent and manage disasters and to improve the livelihoods of the poor and vulnerable in rural communities through effective disaster management, social mobilization, employment generation and poverty reduction.
- It is structured and placed under the ministry of interior
 - To enable it coordinate all the relevant civil authorities at the national, regional and district levels
- NADMO functions under a :
 - National secretariat
 - 10 Regional secretariat
 - 243 Metropolitan, Municipal and District secretariat and
 - Over 900 Zonal offices

Disaster risk profile of Ghana

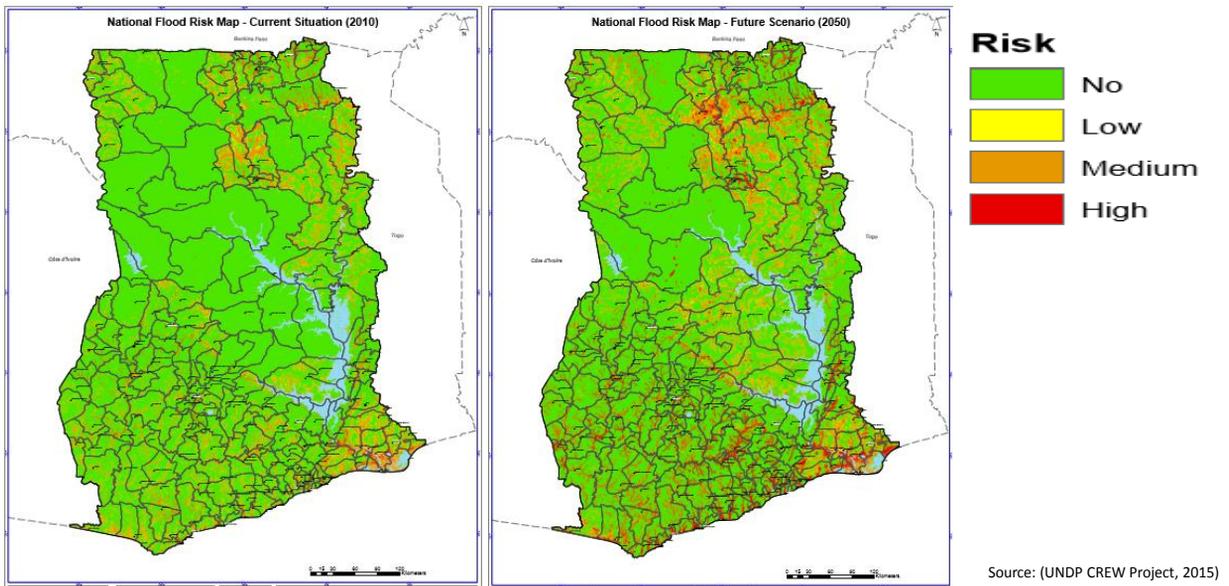
- The disaster history of Ghana suggests that the following hazards– floods, drought, sea level rise and coastal erosion – are the main precursors of disasters
 - In September 2007, widespread flooding occurred in the Northern regions and parts of the Western region –affected nearly 300,000 people and killed 20 people
 - In September 2012 another flooding struck the three Northern regions affecting a total of 35,485 people and destroying – close to 2,000 hectares of farmlands
 - Accra has periodically flooded (Urban flooding). The most recent flooding occurred in June 3, 2015 and was triggered by an extreme rainfall event

Source: (UNDP CREW Project, 2013)

Disaster risk profile of Ghana (Drought)



Disaster risk profile of Ghana (Flood)



What is ARC?

- Specialized Agency of the African Union, established in 2012, is governed by a board of African ministers and experts
- ARC Agency's first financial affiliate, ARC Insurance Company Limited, was established in early 2014
- Through its unique structure, ARC brings together three critical elements to create a powerful value proposition for its participants and their partners:
 - Early Warning: Africa RiskView
 - Response: Contingency Planning
 - Insurance: Index-based insurance and risk pooling

How does ARC work?

ARC provides the financial tools and infrastructure to help AU countries manage natural disasters – including drought and, soon, floods, outbreak and epidemic risk – more effectively by:

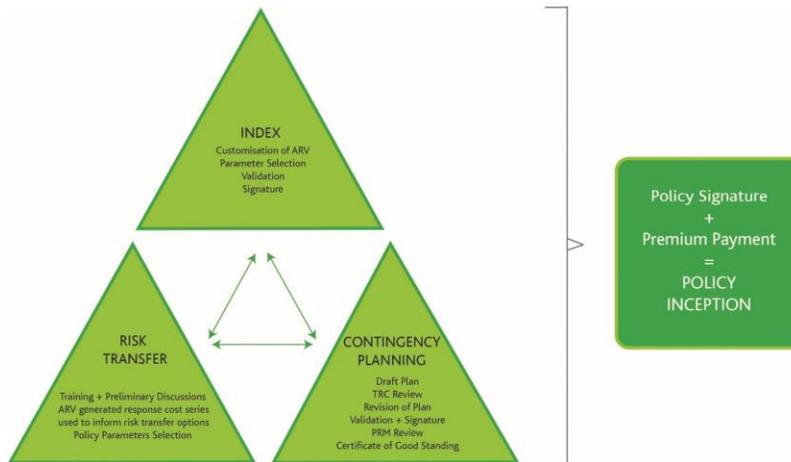
- Providing quick-disbursing funds immediately after a severe weather event through insurance, enabling a more timely response to those affected
- Offering insurance at the low rates, by pooling risk across the diverse weather systems in Africa through ARC Ltd
- Linking payouts to pre-prepared national response plans to reduce the impact of severe weather events and the overall cost to governments

How does ARC work?

ARC is an operational example of:

- South-South Cooperation: through mutual pooling of risk amongst African governments. There are currently 32 African countries signatory to the ARC Treaty with 9 currently accessing drought insurance coverage through the ARC insurance Company Limited with the portfolio expected to continue to grow.
- Public Private Partnership: ARC purchases reinsurance as part of its risk management strategy. Pool I had a panel of 12 reinsurers and Pool II a panel of 18 reinsurers thereby demonstrating confidence of the markets in the business model.
- Effective leveraging of donor resources: Capital Commitment of US 200 Million from DFID and The German Federal Ministry for Economic Cooperation and Development (BMZ) through its development bank KfW to support the growth of the pool.

ARC Capacity Building Process



ARC Work Stream 1: Index

Africa RiskView (ARV) is the software application developed to underpin ARC Ltd's index-based drought insurance contracts

It allows countries to:

- Analyse and monitor their drought-related food security risk
- Define their participation in the ARC Ltd using transparent criteria
- Monitor potential ARC Ltd payouts (online portal in development)

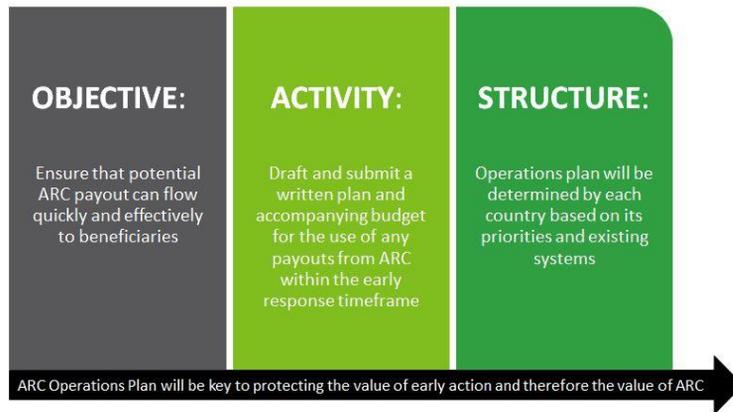
Developed in-house by WFP/ARC since 2009

Customising ARV is a prerequisite for a Certificate of Good Standing

Flood and tropical cyclone component being added to ARV



ARC Work Stream 2: Contingency Planning



Work Stream 3: Risk Transfer

This is the final step before joining the ARC Risk Pool

Once ARV has been customized based on a country's preferences, Government will need to select the level of risk they wish to transfer to ARC

These parameters include:

- Level of risk the country wishes to transfer - Sum Insured
- Frequency of Payout - Risk Retention

These risk transfer parameters will be driven by:

- The type of coverage experts in government believe will best meet the country's needs
- Premium available for the transaction

ARC accession milestones

Key milestones to be achieved for Ghana to participate in the ARC Ltd 2017 – 2018 pool include:

- Signature of ARC Treaty at the African Union Level (Completed)
- Customisation of *Africa Riskview* software
- Approval of Operations Plans by ARC Agency Governing Board
- Risk Transfer Parameters selected
- Signature of Insurance Policy with ARC Ltd
- Participation at the Conference of Parties
- Nomination of Member Representative for ARC Ltd if the Government chooses to access insurance coverage through ARC Ltd.

Ghana's accession to ARC

- Extreme weather risks will be transferred to the African Risk Capacity (ARC)
 - GoG has began the process of seeking an insurance solution, at a sovereign level, from the *African Risk Capacity (ARC)*
- NADMO plays a lead role in Ghana's accession process
 - Through the support of GIZ, NADMO will lead the development of ARC conformed contingency plans on drought and flood
 - NADMO will support the Claims process through Africa Risk View (ARV)
 - Raise awareness on Climate Change Adaptation for Disaster Risk Reduction and Management through piloting district level CCA programmes.

Piloting of adaptation programme

- Through GIZ support , NADMO is set to pilot climate change adaptation programmes in selected districts
 - Identification of districts
 - Identification of and implementation of traditional / indigenous risk prevention and reduction mechanisms (on droughts and floods)
 - Stocktaking of the Gender dimensions of CCA
 - Baseline study
 - Implementation
 - Documentation of lessons and dissemination

