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Independent Evaluation of the African Risk Capacity

Impact Evaluation #1

ARC Management Response/Action Plan

November 2024

Acronyms:

CEM: Country Engagement Manager(s)

CEO: Chief Executive Officer

COMs: Communication

COO: Chief Operating Officer

CP: Contingency Planning

DG: Director General

M&E: Monitoring and Evaluation

PTS: Policy and Technical Services

R&D: Research and Development

Management Response to the Evaluation

**Evaluation title: Independent Evaluation of the African Risk Capacity (ARC),
Impact Evaluation #1**

Year: 2024

Name and title of the person responsible for the management response: **Eva KAVUMA**, Interim
Director General of ARC Group

Context and background:

In November 2015, the UK Government's Department for International Development awarded Oxford Policy Management (OPM) the contract for an Independent Evaluation of the African Risk Capacity (ARC) from 2015 to 2024. The evaluation plan includes two formative evaluations, a pilot impact evaluation and an impact evaluation. Two formative evaluations and a pilot impact evaluation were conducted so far.

The objective of this impact assessment is to assess the contribution made by ARC's work, through its assistance to member countries, to reducing the impact of climate disasters on vulnerable households. It focuses on countries that have had a payout from ARC in the period 2020–2023.

The following EQs were answered:

- EQ1: To what extent and how have ARC's capacity-building work and oversight processes improved national preparedness, both financial and operational, and planning of assistance?
- EQ2: What factors influence the effectiveness of ARC's capacity-development work?
- EQ3: To what extent and how has ARC contributed to reducing the impact of droughts and cyclones on vulnerable households in its member states?
- EQ4: What have been the main factors explaining the extent of this contribution?
- EQ5: To what extent does ARC's country-level ToC hold?

Overall response to the evaluation:

(Overall response to the validity and relevance of the findings, conclusions and recommendations.)

We acknowledge the validity of the findings of the evaluation and have taken note of the recommendations made in the report by OPM. A new ARC Group strategy is under development for 2025-2029. These recommendations will be taken into account during the development process.

Key recommendations and management response

Drought response

Evaluation recommendation 6: Identify and implement ways to streamline and speed up the process of FIP approval.						
Management response: Partially Agree						
Note Part of the delay has been the confirmation of pay-outs which is externally conducted by calculating agents, facilitated by ARC Ltd. As well as the FIP development process conducted by countries, this results in a delayed start of the FIP process. Additionally, to manage associated costs, and to facilitate learning between countries, ARC agency attempts to bring countries FIPs together, which may have season end dates which are not always fully aligned. To ensure timely completion of the FIP process, ARC will be initiating the FIP process earlier, at least one month before the end of the agricultural season where there is likelihood for a pay-out to ensure quick completion of the process.						
Key action(s) planned Further	Priority: Low, Medium, High	Expected completion date	Responsible unit(s)	Lead Unit	Support Unit	funding required (Yes/No)
Initiate a FIP process earlier for the drought product	High	Q2 2025		CP	Ltd.	

Evaluation recommendation 7: **Agree a standardised and faster process for dealing with basis risk events.**

Management response: **Agree**

Note: ARC recognizes the importance of having a standardized process for managing basis risk and we welcome the recommendations provided in this regard. Alongside our ongoing efforts to minimize basis risk and establish fallback customisations for the drought risk model, we are committed to addressing this issue effectively.

Key action(s) planned Further	Priority: Low, Medium, High	Expected completion date	Responsible unit(s)	Lead Unit	Support Unit	funding required (Yes/No)
Enhance the standard operating procedures for seasonal monitoring and ground truthing to clearly define the process for ground truthing and assessing basis risk situations. Outline the measures to be taken based on the outcome of this assessment.	High	It will be aligned with the ARC 2025-2029 strategy	R&D	R&D	Ltd.	Yes
Making the policy wording for declaring data failure objective to facilitate the declaration of a basis risk situation and the subsequent use of the fallback customization or dataset when applicable.	High	It will be aligned with the ARC 2025-2029 strategy	R&D	R&D	Ltd.	Yes

Evaluation recommendation 8: ARC Agency needs to **identify strategies to help recipient governments improve implementation of their drought responses** **FE2**

Management response: **Agree**

Note

Indeed, this is something that we take very seriously as an organisation because one of the value propositions of ARC is rapid response to help protect the lives and livelihoods of vulnerable communities. We are therefore committed to continue working with governments to help improve the drought response.

Beyond capacity building, the African Risk Capacity (ARC) has initiated direct system support to member states, focusing on addressing critical bottlenecks in the disaster response chain, particularly in the identification and selection of beneficiaries. Currently, ARC is collaborating with four member states to enhance beneficiary databases and facilitate the transition from manual targeting methods to digital systems. This initiative aims to improve the efficiency and timeliness of disaster response efforts.

Key action(s) planned Further	Priority: Low, Medium, High	Expected completion date	Responsible unit(s)	Lead Unit	Support Unit	funding required (Yes/No)
ARC to support Member States in the implementation of the strategy and action plans to improve drought response	High	Continuously - the completion date of such an activity is subject to the readiness of the strategy in each country as they are on different levels of development or implementation	CEMs, CP, and PTS	CP		Yes, as initiative will require in-country presence for capacity building, technical assistance, and some level of advocacy.
Support M.S to improve the targeting approach	Medium	Ongoing A pilot phase already in Zambia and Zimbabwe. MIS system+ ICT Equipment. Roll out will align with the new strategy.	CEM, CP and M&E	CP		Yes, as initiative may require in-country presence for accurate assessment.

Evaluation recommendation 9: ARC Agency should develop a more strategic and systematic approach to **capacity building**. This should address how countries will graduate out of support; how country-level capacity can be retained; how it will measure progress towards stated objectives; and how unit costs can be minimised and brought within a realistic operating budget, potentially through making more use of in country partners. It should make use of more tailored approaches to capacity building in each country and should strengthen monitoring, evaluation, and learning (MEL). **FE2**

Management response: Agree

Note

We acknowledge the need to improve our capacity building approach. As such, some initiatives such as Training of Trainers (ToT) in countries are already being tested in an effort to develop a more sustainable approach to the capacity building. Further work needs to be done as this was disrupted by the COVID-19 pandemic. We also welcome the suggestion from this review for further exploration towards making the capacity building more sustainable.

Key action(s) planned Further	Priority: Low, Medium, High	Expected completion date	Responsible unit(s)	Lead Unit	Support Unit	funding required (Yes/No)
Expand the piloting of ToT initiative to two more countries	Medium	It will be aligned with the ARC 2025-2029 strategy	ARC Agency COO/CEMs	PTS		Yes
Evaluate the ToT model as an approach for capacity building and based on outcomes, develop a plan for implementation as part of strategy implementation	Medium	It will be aligned with the ARC 2025-2029 strategy	ARC Agency COO/CEMs/PTS	PTS		Yes
Pilot the approach and evaluate its effectiveness	Medium	It will be aligned with the ARC 2025-2029 strategy	ARC Agency COO/CEMs/PTS	PTS		Yes
Develop a strategy for capacity building with structured milestones for graduation and associated level of support from ARC Agency	Low	It will be aligned with the ARC 2025-2029 strategy	ARC Agency COO/CEMs/PTS	PTS		Yes

Evaluation recommendation 10: Improve the drought risk modelling available to member states FE2
Management response: Agree

Note: ARC is committed to enhancing its products continuously to minimize basis risk and meet the needs of its Member States. To this end, ARC focuses on improving its existing drought products and undertakes various internal and external quality review processes to ensure the quality of its offerings. Periodic quality reviews are conducted by external independent reviewers for products and country customizations. In line with the OPM evaluation recommendation, a Technical Review Forum was held from September 16-18, 2024. The TRF reviewed the crop, rangeland, and anticipatory drought risk models, and provided constructive feedback that will be addressed in subsequent product development and enhancement initiatives. Additionally, a consultative meeting is organized to assess Member States' needs and gather feedback on the existing products..

Key action(s) planned Further	Priority: Low, Medium, High	Expected completion date	Responsible unit(s)	Lead Unit	Support Unit	funding required (Yes/No)
Introduce alternative drought indices to expand options to Members States		It will be aligned with ARC's 2025-2029 strategy	R&D	R&D		Yes
Introduce new input datasets in Africa RiskView	High	It will be aligned with ARC's 2025-2029 strategy	R&D	R&D		Yes
Support countries with data collection efforts to improve the quality of input data used in the models	Medium	It will be aligned with ARC's 2025-2029 strategy	R&D	R&D		Yes
Integrate forecast for the new anticipatory insurance product	Medium	It will be aligned with ARC's 2025-2029 strategy	R&D	R&D		Yes
Improve ARV to make it user-friendly and add functionalities required for customisation, seasonal monitoring, and early warning	Medium	It will be aligned with ARC's 2025-2029 strategy	R&D	R&D		Yes

Tropical Cyclones

Evaluation recommendation 11: Clarify the ARC objectives of the cyclone insurance
Management response: Agree
<p>CP Response</p> <p>In cyclone situations, ARC funds are specifically designed to target the early recovery phase following a disaster, with the primary aim of helping affected populations restore their livelihoods swiftly. The focus is on ensuring that communities impacted by cyclones can resume basic food production and other essential livelihood activities, By concentrating on this recovery window, ARC aims to reduce the long-term economic and food security impacts of the disaster, allowing households to regain self-sufficiency.</p> <p>It is important to note that ARC funds are not intended for long-term rehabilitation or reconstruction efforts, which fall outside the scope. Instead, ARC's resources are strategically allocated to bridge the gap between immediate relief (typically covered by humanitarian agencies) and longer-term recovery plans supported by government and development partners.</p>

Evaluation recommendation 12: Review and revise ARC processes and guidelines to reflect the specific challenges of cyclones and the objectives of ARC's funding						
Management response: Agree						
<p>CP Response: To facilitate a rapid and efficient response, ARC has adopted a streamlined Final Implementation Plan (FIP) process. This approach eliminates the need for a lengthy approval procedure, ensuring that funds can be disbursed quickly and utilized effectively.</p> <p>This focus on early recovery and a fast-tracked approval process allows ARC to play a pivotal role in helping vulnerable populations regain stability and resilience after a disaster.</p>						
Key action(s) planned Further	Priority: Low, Medium, High	Expected completion date	Responsible unit(s)	Lead Unit	Support Unit	funding required (Yes/No)
A streamlined Final Implementation Plan (FIP) process already adopted	High	Completed		CP		No

