



Building capacity to respond to drought in Africa

Findings from the ARC evaluation

Introduction

ARC and capacity building

African Risk Capacity (ARC) was established in 2012 ‘to help African governments improve their capacities to better plan, prepare, and respond to extreme weather events and natural disasters’ (see: [African Risk Capacity Group](#)). ARC comprises two entities. ARC Agency, a Specialised Agency of the African Union, builds capacity in member countries to plan for and respond to climate disasters and raises awareness of ARC; it is funded by donor grants. ARC Insurance Company Limited (ARC Ltd) provides risk transfer services – particularly insurance – and operates on a commercial basis, with initial capital provided by donors.

To date, ARC’s main focus has been drought risk insurance. African governments that have purchased the insurance receive a payout if ARC’s risk model identifies poor harvests due to drought. The payout is used by governments to deliver assistance to affected households in line with a pre-agreed plan. It is intended that this assistance will reach recipients more quickly than conventional humanitarian responses, and so will reduce the frequency with which households resort to damaging coping mechanisms, such as selling assets or taking children out of school.

Capacity building is central to achieving ARC’s goals: its second strategic objective is to strengthen disaster risk management (DRM) on the continent. While this

is a very broad objective, ARC’s capacity building is focused around its insurance products, with core areas being risk modelling, contingency planning, and risk transfer parameters. ARC Agency leads country engagement and provides capacity building on risk modelling and contingency planning. ARC Ltd provides capacity building on risk transfer parameters. ARC Ltd also offers insurance to non-sovereign humanitarian agencies in countries where the government has taken out a policy (‘ARC Replica’).

ARC evaluation

Oxford Policy Management (OPM) is undertaking a 10-year independent evaluation of ARC, commissioned by the UK’s Foreign, Commonwealth and Development Office. This note reflects selected findings from the second formative evaluation, conducted in 2021–22. For the full evaluation report (Oxford Policy Management, 2022a), other summary briefs, and reports from previous phases of the evaluation, see [here](#).

One key question the second formative evaluation sought to answer was: ‘To what extent – and how – is ARC contributing to building systemic DRM capacity of member states to anticipate, plan, finance, and respond to climate-related disasters?’ The focus was on drought. The evaluation findings are based on evidence from documents and from interviews with government respondents from four ARC member states which have received ARC’s capacity building, as well as respondents from ARC and other stakeholders.

Findings

Governments universally value ARC's capacity building in its core areas. They particularly value the in-country workshops; they also value – and request more of – peer-to-peer support, and retreats or regional learning conferences which bring countries together to share and learn from each other.

By the end of 2021, ARC had **succeeded in building the capacity of 17 out of 35 member states** to use its product, such that they had customised the risk model, had an approved contingency plan (which describes in detail how any payout would be spent), and were in compliance with operational planning requirements. To do this, countries set up a Technical Working Group (TWG), which draws in expertise from across different government departments and non-state organisations.

Some **20 countries use information from ARC's drought risk model to provide an early indication of the expected response needs**. Countries use information from other established national and regional systems that are focused more directly on food security and based on actual (not modelled) information to undertake detailed disaster response planning.

'We are managing to do the [drought risk model] customisation and understand our risk. ARC has been eye-opening – helped us to plan in advance.'

Country respondent

There are now **more drought contingency plans on the continent due to ARC**, and some have supported government response even without an ARC payout. The strengthened coordination between government departments and with external actors (particularly in ARC Replica countries) has improved the quality of contingency plans, but there is scope to improve them still further. The evidence is not strong that these plans have increased in quality over several years of ARC engagement, and weaknesses are not always addressed.

'If there's one area in which ARC has been really positive, it's in bringing actors around the same table to tackle a problem, through the TWG.'

Country respondent

ARC-financed support has **helped some households to avoid negative coping strategies** but **impact has been undermined due to significant delays in the support reaching beneficiaries** (see box).

Timeliness of assistance to affected households

Central to ARC's purpose is that it enables assistance to be provided swiftly to vulnerable populations, to prevent the use of negative coping mechanisms; this requires ARC to pay out promptly, and then for governments to use the funds in a timely, effective, and targeted way to support those in need.

The 2012 cost–benefit analysis of ARC (Clarke and Hill, 2012) found that ARC only achieved 'speed benefits' if assistance was received within eight months of the harvest – beyond this time, there are significant impacts from negative coping mechanisms and conventional humanitarian assistance typically starts to arrive.

However the evaluation found that support often did not reach households in a timely manner. In some cases, ARC made the payments to recipient governments months late due to issues of basis risk. In eight cases where ARC made the payout on time, five countries did not achieve the target of a response distribution starting within 120 days. This was due to weaknesses in government public financial management systems, in the targeting of households, and bureaucracy.

The capacity being built by ARC does not appear to be sustainable beyond its support. A small number of TWGs now require less support from ARC (e.g. those in Senegal and Madagascar) but these appear to be the exception, with most countries envisaging requiring input for many years. At the political level, in many countries ARC is not yet sufficiently institutionalised and remains vulnerable to fiscal pressure, introducing uncertainty as to whether insurance premiums will be paid regularly. This reflects the complexity of ARC's work, and low levels of existing knowledge on risk modelling, as well as high turnover in both political and technical roles within recipient governments.

'I can see that the time is coming where we might not need so much support [from ARC] but not for the next five years. I do foresee us being independent at some point but not in the short term.'

Country respondent

Recommendations

The **total annual cost** for all work undertaken towards the 'strengthen' objective – which can broadly be categorised as capacity building – is around US\$ 5.5 million, which **is viewed by ARC's donors as unsustainable**. ARC is seeking to reduce costs by developing an online learner management system (ARCAcademy). This shows promise, but it is not yet widely used. In any case, a hybrid training system is required – partly virtual for induction and refresher training, and partly in-person to support collaborative decision-making – so more radical solutions to reduce costs are required.

'ARC's capacity building work 'is not done in any country – it is still early days for many of them. However, we do have best in class and centres of excellence emerging.'

ARC respondent

ARC Agency does not have a clear strategy or conceptualisation regarding how sustainable capacity will be developed and if, how, and when countries will graduate away from direct support. While there are data on the number of people trained, ARC Agency lacks a framework for measuring and monitoring capacity building outcomes, and is thus unable to provide data to show if capacity has been built. Capacity building is a common challenge across a range of development projects – it is certainly not unique to ARC – but an initiative with capacity building at its heart should be applying a more structured and strategic approach.

ARC's 2019 gender strategy is very ambitious, seeking to mainstream gender across all national DRM, not only in ARC's operations. **A range of activities has been undertaken on gender, but progress has been slower than expected** at country level and gender is not yet well embedded across ARC's work. There is strong intention around including gender in contingency planning, but this is often not well operationalised, and monitoring and evaluation weaknesses mean that it is not possible to know whether the beneficiaries actually reached align with those planned to be reached.

ARC has been delivering in-country technical training on risk modelling, contingency planning, and risk transfer parameters to – on average – around 650 people across 11 countries every year.

- 1. ARC Agency should develop a strategic approach** to capacity building that sets out how long-term and sustained capacity is expected to be achieved and how ARC aims for countries to graduate from its support. Recognising this is challenging, it could be married with active lesson learning with other organisations working in this space. This should include monitoring, evaluation, and learning, with indicators or standards for training delivered in-person or accessed through ARC's online system, ARCAcademy, ensuring that there is a continual improvement plan. It should explicitly adopt a learning and adaptive approach, with regular reviews. ARC Agency should outline how country strategy papers can support capacity building, and how Country Engagement Managers can develop a tailored approach to capacity building based on country-specific factors.
- 2. ARC should commission a radical review of the structure** needed to provide operational support at country level, recognising that after eight years donors may not continue to support the current cost structure. This should reflect that the current 'fly-in fly-out' model is not able to provide continuity of support, and few staff have a humanitarian response or public financial management background. It may be more effective for a smaller cadre of Agency staff to provide high-level input (training of trainers, ongoing support, guidance, tools) to experienced humanitarian agencies that are already based in-country.
- 3. ARC Agency needs to find ways to facilitate and support recipient governments to improve the timely, sufficient, and well-targeted delivery of support to households.** ARC's support to government planning must address known bottlenecks (such as lack of dedicated bank accounts) and should include clear guidance on timely and effective interventions, drawing on current best practice. ARC's support should strengthen government capacity to collect and report accurate data on the targeting and timeliness of their assistance. ARC should also ensure proactive and systematic learning from the evaluations it commissions after each payout.
- 4. ARC member countries should institutionalise new capacities developed through ARC's support** so that capacity is not lost through ongoing staff turnover and reassignment. This should include ensuring sufficient staff are engaged in ARC training and that systems are put in place within government departments to retain and share the knowledge and experience gained through ARC's capacity building.

5. **ARC member countries should strengthen their monitoring and evaluation systems** in order to monitor the effects of their interventions, record and report key information (including disaggregated data on beneficiaries), learn lessons to improve future interventions, and improve reporting to ARC and accountability to donors and their own citizens.
6. **ARC member countries should find ways to speed up their response** from the time of receiving a payout to the assistance reaching beneficiaries.

This may include:

- a. anticipating and addressing known challenges, including those relating to public financial management and operational constraints (such as network coverage);
 - b. considering **intervention designs** which can help to speed up the response – for example, by reducing the complexity of the intervention; and
 - c. looking at ways of **collaborating more closely with country-based response organisations**, including ARC Replica partners, whose expertise may help them to increase the efficiency and effectiveness of their support.
7. **ARC member countries should enhance their capacity to implement targeting processes, with attention to gender and equity issues**, at all levels of government. Finding ways to increase community participation in targeting processes may also help to improve targeting.
 8. **Donors** should provide funding and support to enable these fundamental reviews and reforms to take place, and to support the development of country capacity on monitoring and evaluation to ensure that support reaches those who are most in need. Donors should also actively support synergies with other disaster risk financing programmes working in Africa – particularly those supported by the World Bank.

References

Clarke, D. and Hill, R.V. (2012) 'Cost–benefit analysis of the Africa Risk Capacity (ARC)', IFPRI Discussion Paper 1292.
Oxford Policy Management (2022a) 'Independent Evaluation of the African Risk Capacity: Second Formative Evaluation Final Report'

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