



AFRICA'S FIRST
DEVELOPMENTAL INSURER



INTEGRATED ANNUAL REPORT



A higher standard of living and quality of life

Since its inception in 2014, ARC Ltd. helped strengthen national risk management strategies, reaching 160 million individuals through parametric insurance. This allowed governments to disburse cash assistance quickly, reducing financial vulnerability among the most affected communities.

SDG 01: NO POVERTY **SDG 02: NO HUNGER**



Better education and skills development

Through parametric insurance, ARC Ltd. equips governments with the knowledge and strategies to plan and prepare for when natural disaster will occur. Then, with initiatives like the REPAIR Programme, we (together with our partners) are helping to equip governments with the insights and tools they need after a climate event. The ARC Ltd.-Milliman Inc. Africa Scholarship Programme also provides post-graduates with further tertiary education and internship opportunities

SDG 04: QUALITY EDUCATION



Healthier and well-nourished citizens

Member states have been able to extend cash transfers to citizens, protect critical grain reserves, and ensure food security even during times of crisis. By providing early financial support, ARC Ltd. helps mitigate the risk of hunger and malnutrition following extreme weather events.

SDG 02: NO HUNGER **SDG 03: GOOD HEALTH AND WELLBEING**



Ensuring gender equality

ARC Ltd. prioritises fair and equal opportunities within the organisation as well as the initiatives we're involved in. Our team consists of an equal balance of women (55%) and men (45%) in the workplace. Additionally, the Africa Scholarship Programme strongly encourages female post-graduate students to apply, as it can empower them on their journey in the climate risk insurance industry.

SDG 05: GENDER EQUALITY



More inclusive economies

ARC Ltd.'s overall work to improve the financial resilience of African countries through international partnerships and investments, encouraging official development assistance and financial flows to states where the need is greatest. And, through the Replica Programme, humanitarian actors like the UNHCR were able to support the most vulnerable communities impacted by climate events, like the 20,000 refugees of Dzaleka Camp [see Page 52] in Malawi.

SDG 10: REDUCED INEQUALITIES



Protecting Africa against climate change

ARC Ltd. takes a proactive approach to climate-related disasters, ensuring swift and predictable responses through pre-approved contingency plans. By funding disaster preparedness before a crisis occurs, we help create more resilient communities, reducing both economic and social vulnerabilities.

SDG 13: CLIMATE ACTION



Forming global partnerships to meet these goals

Collaboration remains at the heart of ARC Ltd.'s approach. Through case studies and impact assessments, we continue to showcase the economic benefits of disaster risk financing and the value it brings to participating countries. Our partnerships with governments, humanitarian partners, and donor agencies continue to expand financial protection across Africa.

SDG 17: PARTNERSHIPS FOR GOALS



TABLE OF CONTENTS

WELCOME & 2024 HIGHLIGHTS

Chairman's Message: A Decade of Purpose, A Future of Resilience	2
About this Report	3
2024 Highlights and Five-Year Review	4
CEO's Message: Delivering Impact, Driving Innovation	8
2024 in Review: A Year of Resilience in Action	10
The Faces of Resilience	12

IDENTITY & STRATEGY

Who We Are & Where We Stand	16
Our Value to Africa	19
How We Deliver Impact	21

IMPACT & FUTURE DIRECTION

Ten Years of Transforming Risk into Resilience	26
Our Material Matters and Risks	28
Geared for Growth	32
Leaders in Business	34
Resilience at Scale: From Communities to Nations	36
Beyond Government: Building Africa's	39

VOICES FROM THE FIELD

Pioneering Sovereign Risk Insurance in Ghana	44
Strengthening Safety Nets in Zimbabwe	47
Anticipatory Insurance: Predict. Prepare. Protect.	50

PARTNER PERSPECTIVES

Scaling Resilience with the World Bank Group	56
Expanding Climate Protection with Norad	60
Innovating Finance for Resilience with BOAD	62
Protecting Staple Crops with DAAI-CI	64

GOVERNANCE & LEADERSHIP

Board Members	68
Spotlight on Our Team	70

FINANCIAL PERFORMANCE

Audited Financial Statement	75
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Message from the Board Chairperson

A Decade of Progress, A Future of Protection

Dr. Maxwell M. Mkwezalamba | *CHAIRMAN, ARC Ltd.*



It is my pleasure to introduce ARC Ltd.'s Integrated Annual Report for 2024, which also marks its tenth year of operation. This milestone is more than a commemoration of time; it is a reminder of the journey taken together to transform an ambitious vision into a continental reality.

In a world where climate shocks are becoming more frequent and severe, ARC Ltd. continues to demonstrate the unique value of a developmental insurer: one that protects lives and livelihoods while directly contributing to Africa's socio-economic progress. In 2024, the record-breaking payouts represented stability restored for families, continuity for farmers, and renewed confidence for governments in moments of crisis.

Looking back over the past decade, ARC Ltd. has grown into a trusted partner for African governments, regional institutions, and the global development community. Together, we all have expanded coverage, pioneered innovative solutions, and strengthened our ability to respond swiftly when disasters strike. Each of these achievements reflects the dedication of our talented team and the trust of our partners, who ensure that our mission is not only sustained but amplified.

As Chair of the Board, I am encouraged by the strengthened focus on governance and oversight, which reinforces ARC Ltd.'s focus, accountability, and resilience. This spirit of collective responsibility is what allows us to look to the future with confidence and determination.

Our ambition for the years ahead is clear: to close the protection gap, to reach more people in need, and to ensure that resilience is not the privilege of a few but the shared reality of all Africans. With your continued support and partnership, I am convinced that ARC Ltd. will not only protect against today's risks but also help unlock tomorrow's opportunities.

With gratitude for the trust placed in us, I invite you to explore this report, which captures both the progress of 2024 and the promise of the decade ahead.

Dr. Maxwell M. Mkwezalamba
CHAIRPERSON, ARC LTD. BOARD

ABOUT THIS REPORT

Following 10 years of designing and delivering innovative risk management solutions that strengthen financial resilience across Africa, African Risk Capacity Limited (ARC Ltd.) is more dedicated than ever to help the continent's most vulnerable countries mitigate the impact of climate change.

This is especially evident in the many payouts that were triggered during 2024, which we will unpack more in this report (page 4). By integrating risk pooling, risk transfer, and traditional disaster management approaches, we support governments in proactively addressing extreme weather events, disasters, and disease outbreaks.

This 2024 Integrated Annual Report provides an overview of our performance, strategic initiatives, and the value we create over the short, medium, and long term. It highlights our operational context, key achievements, and the broader impact of our efforts, showing our commitment to commercial insurance best practices and sustainable development principles.

Report Parameters

This report covers ARC Ltd.'s financial and operational performance for the year ending 31 December 2024. It captures our activities, risk assessments, and financial disbursements over the past year, as well as our ongoing efforts to address the evolving needs of our stakeholders.

Reporting Framework

Our reporting aligns with the International Sustainability Standards Board's Integrated Reporting Framework. The audited Annual Financial Statements comply with International Financial Reporting Standards (IFRS) and adhere to the Bermuda Monetary Authority (BMA) regulatory requirements.

Materiality

This report discloses all the material matters that inform how we deliver on our mandate. We assess materiality based on factors such as investor relevance, stakeholder priorities, strategic significance, and operational impact. These material topics have been identified through a review of our Inclusive Growth Strategy (page 36-38), our Six Capitals framework (page 17), environmental, social, and governance (ESG) considerations (page 34-35), and direct engagement with key stakeholders (page 41-65).

Forward-looking Statements

This report includes forward-looking statements regarding our strategic direction, balance sheet, and industry outlook. Given the uncertain nature of our operating environment, however, actual future outcomes may differ from these projections. As such, these statements have not been externally assured, and ARC Ltd. does not undertake any obligation to update them beyond this report's publication date.

Accountability

ARC Ltd.'s executive team, in collaboration with the reporting team, is responsible for compiling this document – in compliance with the applicable regulations and reporting standards mentioned above. The Board of Directors, supported by the audit, finance, and risk committee, oversees the integrity of this report.

2024 Highlights

INCOME STATEMENT

\$39.5M

Net loss in 2024



\$84.8M

Total claims paid out

\$31.1

MILLION

Net Underwriting loss

\$33

MILLION

Total premium for Pool 11 Sovereign plus Replica

\$160.5

MILLION

Total risk coverage for Pool 11

Since 2014, ARC Ltd has paid over **\$230M** IN PARAMETRIC INSURANCE CLAIMS



The significant increase in net loss, driven by record-breaking claim payouts, highlights the increasing impact of climate risks across Africa.

Covering over 121 million Africans



Generated:

\$6.5M

In investment income

Recovered:

\$30.9M

In reinsurance

DESPITE THIS, ARC LTD.:



TO COMBAT THIS ESCALATING RISK, WE:

Expanded coverage to 16.1 million people for 2024/25 crop season



Engaged with regulators to



- a) Increase risk financing solutions
- b) Explore Sharia-compliant insurance
- c) Enhance AI-driven risk modelling



4 Analysts



3 Business Development Leads

Increased team size with



2 REPAIR Programme Managers



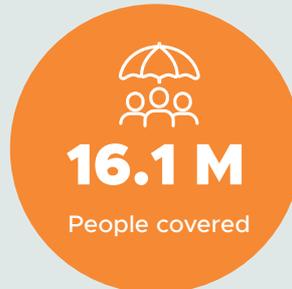
4 Operations Support Professionals

Worked with partners on

- a) New microinsurance initiatives in Senegal
- b) Scaling up the Cocoa Pilot in Côte d'Ivoire
- c) The RICAR Project in Gambia
- d) The Multi-National Climate and Disaster Risk Financing Project for Comoros, Djibouti, Somalia, and South Sudan (under the ADRiFi Programme)
- e) Disaster-adapted loans with the West African Development Bank (BOAD)
- f) Financial preparedness to respond to climate shocks in Africa with the World Bank



2024



Senegal

The first country to receive Outbreaks and Epidemics (O&E) coverage in Pool 10 with a premium of **\$500,000** that was fully financed by the Swiss.



Comoros

The first country to receive funds from REPAIR Programme, which is part of a **\$926 million** initiative led by the World Bank and supported by the Global Shield Financing Facility



Ghana and Benin
Participated in Pool 11 for the first time



2023

- Total claims paid: **\$18.5 million**
- Number of people covered: **26.4 million**
- Burkina Faso, Côte d'Ivoire and Senegal **rejoined** the pool
- **Two African firsts:** a multi-year, multi-peril product for Djibouti and a flood risk product

2022

- Total claims paid: **\$60 million**
- Number of people covered: **18 million**
- Somalia and Comoros **joined** the pool
- Africa's **first-ever** flood risk, and outbreaks and epidemics products launched
- **Contingency fund created** to cover risks below the insurance attachment points

IN 2024 PAYOUTS WERE DISBURSED TO:



Burkina Faso
\$4.5 million
Drought
Replica WFP
(\$2.6 million)



Madagascar
\$1,2 million
Tropical Cyclone



Côte D'Ivoire
\$0.9 million
Drought



Malawi
\$11,2 million
Drought
Replica WFP
(\$0.4 million)



Zambia
\$9,9 million
Drought
Replica WFP
(\$3.3 million)



Ghana North
\$1 million
Drought



Mozambique
\$5,5 million
Drought & Tropical
Cyclone
Replica WFP
(\$3.1 million)



Zimbabwe
\$16,8 million
Drought & Replica WFP
(\$6.1 million)
Replica Star Network
(\$8.9 million)



2021

- Total claims paid: **\$59.6 million**
- Number of people covered: **18.1 million**
- Launch of the Pastoral Drought product

2020

- Total claims paid: **\$28 million**
- Number of people covered: **11.7 million**
- Largest risk pool in the history of ARC with **21 insurance policies**
- Tropical cyclone product launched

Message from the Chief Executive Officer (2024)*

Delivering Impact, Driving Innovation

Lesley Ndlovu | CEO (2024), ARC Ltd.



2024 was an impactful year for African Risk Capacity Limited (ARC Ltd.) in its 10-year history, which paid \$84.8 million in claims to African countries affected by drought and tropical cyclones (Pool 10). These claims went towards helping the most vulnerable communities on the continent during a time of desperate need.

During the year, we launched several new products to increase our support across Africa, including the Catastrophe Layer (in partnership with the World Food Programme) for more extreme weather events, new meso- and micro-insurance initiatives in Senegal, and a flood protection programme in Togo. ARC Ltd. also became the implementation partner for the World Bank's Regional Emergency Preparedness and Access to Inclusive Recovery (REPAIR) Program.

The company's significant payouts and long-term presence on the continent prove its relevance and the value it adds to member countries. Our climate insurance policies provide rapid liquidity, which allows governments and affected communities to mount an effective and timely response against natural disasters.

Transforming the disaster risk insurance industry

Before ARC Ltd. was founded in 2014, African governments did not have meaningful financial tools to respond to the effects of climate change. Usually, the government would only launch an international appeal for humanitarian assistance after a natural disaster occurred. It takes around 18 months to raise money for an urgent appeal; however, this can significantly delay the recovery of a country.

Recognising this gap in disaster risk management, ARC Ltd. was set up as a radical idea to transform the industry. The African Union's thinking was that ARC Ltd. would help local governments plan, prepare, and respond to climate events more quickly and effectively.

The journey starts with the preparatory phase, where ARC Ltd. works with countries to help them understand the exposures and risks they face with regard to natural disasters. We then work with a technical working group to create a comprehensive insurance program and contingency plan. Using this method, we're able to pay out within three or four days of a climate event taking place.

Since its inception, ARC Ltd. has had over 23 countries utilise our insurance as part of their disaster risk financing strategy.

Changing the ARC Ltd. approach to meet member country needs

That said, the big impact we've had on the continent has also diminished the amount of capital available at our disposal, so we are currently in the process of recapitalising the company so we can continue on our mission to support African countries in need.

* At the time of this report, Lesley Ndlovu served as ARC Ltd.'s Chief Executive Officer. The reflections below capture his message for the year 2024.

As an insurance company, the amount of risk we can take onto our balance sheet is determined by how much capital we have – the less capital, the less risk we can take on.

In 2024, as historical models become less relevant to the work we're doing, we decided to reduce the insurance coverage we offer to countries and increase our insurance premiums to better align them with the risks we're taking according to the data we had on hand (i.e. larger and more frequent payout claims).

Because policies are paying out more frequently than once every four years, we needed to change the return period, too. But that means countries are left with a coverage gap, so any changes to the policies need to be accompanied by the provision of additional financial instruments, such as reserves or contingent credit – which ARC Ltd. has started to implement via the REPAIR Program.

ARC Ltd. has also included an independent data certification agent in its underwriting process. They do the final quality check on the accuracy of the data before we close out the model. This gives an additional layer of independent oversight, bolstering our trustworthiness.

To further improve the quality and reliability of its models, ARC Ltd. is going beyond the technical aspects of the products, creating and nourishing the broader insurance culture across the continent.

Last year, the company hosted a capacity-building workshop for the Insurance Regulatory and Supervision Authority (ARCA) to explain the nuances of parametric insurance and how it is relevant to local regulators. These workshops are a great way to introduce what ARC Ltd. does to a wider audience and help them become familiar with, and more accepting of our approach.

Managing risks through collaborations

Given the scale and impact of climate change, we need to build a large panel of partners and stakeholders who can effectively address the subsequent challenges. In 2025, we're working closely with our Class C and A members to recapitalize the business to meet the growing needs of African countries facing climate-related vulnerabilities.

We continue to benefit immensely from our collaboration with the other risk pools around the world – Pacific Catastrophe Risk Insurance Company (PCRIC), Caribbean Catastrophe Risk Insurance Facility (CCRIF), and Southeast Asia Disaster Risk Insurance Facility (SEADRIF). While we are all at different stages of our evolution and development, the problems and opportunities we're facing are very similar, and there is much wisdom to be gained from peer-to-peer learning. Where ARC Ltd. has historically been strong when it comes to our drought products, CCRIF has been strong in terms of hurricane products, for example. But with current environmental behaviours shifting, we're increasingly relying on each other for insight.

ARC Ltd. is also thankful for the support we received from the Global Shield Solutions Platform (GSSP), United States Agency for International Development (USAID) – before its withdrawal from the continent –, and The Norwegian Agency for Development Cooperation (NORAD) over the last year.

Additionally, 2024 saw a lot of technical collaboration with the global reinsurance market, which we rely on to take up some of the risk. We're incredibly grateful for their consistent support.

Some 580 million Africans to cover still

Despite the launch of a number of global vehicles driving funding to climate change mitigation and adaptation initiatives, the industry continues to be disappointed by the mismatch between the promises made at events like COP and the actual reality. Everyone pledges large sums of money, but the rollout thereof has been excruciatingly slow, setting back the progress we've made to achieve rapid payouts.

With an estimated 700 million Africans whose lives and livelihoods are still at stake as a result of climate change, it's important to those working at ARC Ltd. to wake up every day and try to close the gap between the 121 million people currently protected against natural disasters and those still vulnerable to its impacts.

Lesley Ndlovu
CHIEF EXECUTIVE OFFICER (2024)

“Insurance is still in a nascent phase on the African continent. If you look at insurance penetration – which is the size of insurance premiums versus the size of the economy – Africa currently sits at around 2%.”



2024 IN REVIEW

A Year of Resilience in Action

The growing intensity and frequency of climate-related disasters highlight the urgent need to strengthen financial resilience across Africa. In total, the organisation has disbursed over \$230 million, since 2014, in payouts to governments and humanitarian agencies to fund rapid disaster response.

Moving forward, our strategic focus is on strengthening capital reserves, optimising investment returns, and managing reinsurance costs, ensuring ARC Ltd. can continue protecting more people with speed and certainty.

Adapting to new market realities

Recognising the growing exposure to extreme weather events, ARC Ltd. has adapted its policies and operational strategies to ensure sustained resilience.

Premium adjustments

To keep pace with climate realities and maintain strong reserves, premiums were recalibrated across all member countries. These adjustments reflect updated climate data, incorporate emerging risk patterns, and ensure that ARC Ltd. can continue delivering reliable coverage for African nations.

Policy renewals and reinsurance

While a few countries adjusted their participation in Pool 11A due to new premium structures, ARC Ltd. strategically reallocated unused coverage to Pool 11B. This case-by-case approach ensured that overall coverage across the pools was maintained, reinforcing our commitment protecting the continent.

To strengthen resilience, ARC Ltd. adjusted its reinsurance approach, balancing risk transfer with long-term sustainability.

Technical capabilities

To enhance policy design and monitoring, ARC Ltd. expanded its technical team, adding 13 new roles, including four analysts, three business development leads, two programme management resources, and four operations support professionals.

Inclusive insurance

Beyond sovereign policies, ARC Ltd. continues to scale up inclusive insurance solutions, launching new meso- and micro-insurance initiatives in Senegal, the RICAR Project in Gambia, as well as scaling up the Cocoa Pilot in Côte d'Ivoire. Strategic partnerships with the World Food Programme (WFP), the United Nations Human Rights Council (UNHCR), the West African Development Bank (BOAD), and the International Finance Corporation (IFC) have further expanded insurance coverage across multiple countries.

Governance

Throughout 2024, ARC Ltd. engaged with regulators to broaden risk financing solutions, explore Sharia-compliant insurance, and enhance AI-driven risk modeling. These efforts will strengthen Africa's disaster risk management ecosystem.

Strategic partnerships

Global collaborations remain central to ARC Ltd.'s mission, bridging financial gaps in Africa's disaster-recovery plans and helping to alleviate some of the financial impact of increased payout claims. Key partnerships in 2024 included:

- **The Multi-National Climate and Disaster Risk Financing Project** – Launched for Comoros, Djibouti, Somalia, and South Sudan, with an estimated value of \$35.25 million.
- **Norad (Norwegian Agency for Development Cooperation)** – Provided \$4.5 million for the Supporting Adaptation Capacity Through Increased Parametric Insurance Penetration in Africa (SACPIP-Africa) initiative, aimed at increasing uptake in underserved regions.
- **The REPAIR Programme** – Covered Comoros, Madagascar, and Mozambique, and aims to attract \$795 million in private capital for climate adaptation and resilience across 12 participating countries. It is led by the World Bank, implemented by ARC Ltd., and supported by the Global Shield Financing Facility through a \$26 million grant.
- **United States Government (Department of State)** – Provided a \$11.73 million grant to ARC Ltd. to scale up the use of parametric insurance as a climate adaptation tool across Africa.
- **The Climate and Disaster Risk Financing (CDRFI)** – Provided about \$1.53 million under the Global Shield Resilient Risk Pool Programme (GSRRP) to enhance institutional capacity, data access, and tailored financial tools to address growing climate risks.

Taken together, these measures demonstrate ARC Ltd.'s ability to adapt, remain financially sound, and expand its partnerships even in a year marked by exceptional climate shocks.



THE FACES OF RESILIENCE

Behind every payout, every policy, and every data point are people whose lives are transformed by ARC Ltd.'s work. From smallholder farmers safeguarding their harvests to families rebuilding after cyclones, these are the human stories that give meaning to the numbers. They remind us that resilience is the daily reality of women, men, and children across Africa who can now look to the future with greater security.



Antufa Maanfou

📍 ANJOUAN, COMOROS



Just a kilometre from the sea, in the southern village of Sadampoini on Anjouan Island, life was simple for Antufa Maanfou. With her husband working abroad, she managed everything alone, including raising six children – four under the age of sixteen. Her home, though modest, was her anchor.

On 14 December 2024, that fragile balance was shattered.

Cyclone Chido had formed over the Indian Ocean and was heading straight toward the Comoros. *“The trees were already shaking the day before,”* Maanfou remembers. *“The wind was getting stronger, and everyone felt something coming. We were tense – we didn’t know how bad it would be.”*

When the storm hit, it tore through Sadampoini with terrifying force. Gusts of wind ripped off roofs, rain flooded roads and homes, and debris flew everywhere. Maanfou and her children fled for safety, seeking shelter where they could.

When she returned, her house was barely standing.

“The walls were cracked, the roof gone, and there was water everywhere. We couldn’t stay. It wasn’t a home anymore,” she explains.

Then, help arrived. Through the Direction Générale de la Sécurité Civile (DGSC), Maanfou received an emergency kit containing planks, tarpaulins, mattresses, blankets, water containers, and hygiene supplies.

“It was at that moment I felt like we could start again,” she shares. *“We had what we needed, not everything, but enough to rebuild something real.”*

With support from the community, Maanfou began reconstructing a small, safe space for her children. *“We now sleep under a roof again,”* she beams, proudly. *“We’re still here. We’re still standing.”*





Silue Fatogema

📍 SINÉMATIALI, CÔTE D'IVOIRE



In the northern Ivorian town of Sinématiali, the morning sun rises over an endless expanse of rice fields, which Silue Fatogema knows like the back of his hand. As the president of the SOCOFOSI cooperative and a rice farmer for more than three decades, he walks daily across the land that raised him.

“I started young, alongside my father,” he recalls. “Back then, we planted every seedling by hand. It was tough work, but at least we could count on the seasons. They were reliable.”

Fatogema has built his life on two hectares of land, half in the lowlands, half on the plateau. For years, his biggest worries were simple: how to manage without proper tools for weeding, or cope with body aches after long hours bent over in flooded fields. But lately, a new challenge has thrown everything off balance: the climate.

“These days, the rain comes when it wants and vanishes when you need it most. You plant and hope... but sometimes, the whole crop is lost,” he explains.

For three consecutive seasons, unpredictable weather has wreaked havoc on Fatogema’s community. Fields have either withered in drought or drowned in floods. As a result, yields have plummeted, and fellow cooperative members have grown discouraged. “Some even thought about walking away from farming for good,” he shares.

Then came a lifeline. In 2024, SOCOFOSI received its first payout of 1.3 million CFA francs (about US\$2,283) through a new rice index insurance programme.

“When they told us we’d receive compensation because of the weather, I honestly didn’t believe it,” Fatogema says. *“But it came. And that money gave us room to breathe. It helped us get ready for the next season.”*

For him, the programme isn’t just a financial boost; it’s a safety net – a signal that the struggle of small-scale farmers is being seen and acknowledged, even as the climate stops playing by the rules. *“With this insurance, we don’t feel alone anymore. We know we can get back up,”* Fatogema notes.

And so, under a now unpredictable sky, Fatogema is ready to sow his seeds again, with hope in his hands and confidence in his step.







IDENTITY & STRATEGY

WHO WE ARE & WHERE WE STAND

Vision, Mission, Values, Capitals and Footprint

African Risk Capacity Limited (ARC Ltd.) has been Africa's developmental insurer and the financial arm of the African Risk Capacity Group, since its establishment in 2014. As a hybrid mutual insurer, it exists to help African Union Member States better prepare for, respond to, and recover from climate shocks.



Our vision

To be a trusted partner in strengthening disaster risk management, and supporting African communities in building long-term climate resilience.



Our mission

To work alongside African communities, improving resilience and protecting against climate-related risks.

Our Values



Excellence

We are dedicated to supporting sustainable progress in climate risk financing with top-tier services and solutions.



Integrity

We act transparently and ethically, prioritising the best interests of the countries we serve according to comprehensive data.



Innovation

We refine our models and customise solutions to meet the increasing climate risk challenges faced by African nations.



Service

We work closely with our partners, ensuring responsive support and assistance in disaster risk management.

For Africa

To cover all 55 African Union countries and the 700 million people whose economic livelihoods and lives are at risk due to climate change. We do this by maintaining our position as the largest African provider of insurance against extreme weather.

We cover droughts, floods and tropical cyclones and are working to provide comprehensive multi-peril insurance that addresses the particular risk ecosystems and compounded risk in African countries.

Through our membership model, we bring together governments, development partners, and investors in a unique risk-pooling mechanism that strengthens Africa's financial resilience. Over the past decade, ARC Ltd. has issued more than 280 policies, transferred over US\$1.5 billion in risk, and extended protection to more than 160 million people across the continent.

OUR CAPITAL CLASSES

ARC Ltd. has a membership model consisting of four capital classes:

Class A Members:

These are our AU memberstates. Premiums paid by Class A members provide capital inputs that help sustain ARC Ltd.'s risk pool.

Class B Members:

These are donors and institutions that provide grant funding to ARC Ltd. to support its mission without expecting repayment.

Class C Members:

The United Kingdom and Germany hold Class C status and have been with us since our inception. Their valued support comprises seed capital furnished via interest-free loans, refundable over 20 years. This financial backing flows through the UK's Commonwealth and Development Office (FCDO) and Germany's Federal Ministry for Economic Cooperation and Development (BMZ).

Class D Members:

These are investors who provide equity capital with the expectation of a return on investment. To date, we do not have any such members, but we remain committed to incorporating this class into our growth plan.

Key financial contributions include:

\$50 million

from the UK Foreign, Commonwealth & Development Office (FCDO).

\$48 million

from Kreditanstalt für Wiederaufbau (KfW) via Germany's BMZ.

Premium funding partners

These partners are instrumental in assisting our Member States in procuring risk insurance coverage by helping to make premiums more affordable. The US Government joined in 2024 to provide institutional support, expanding our ability to assist member states.





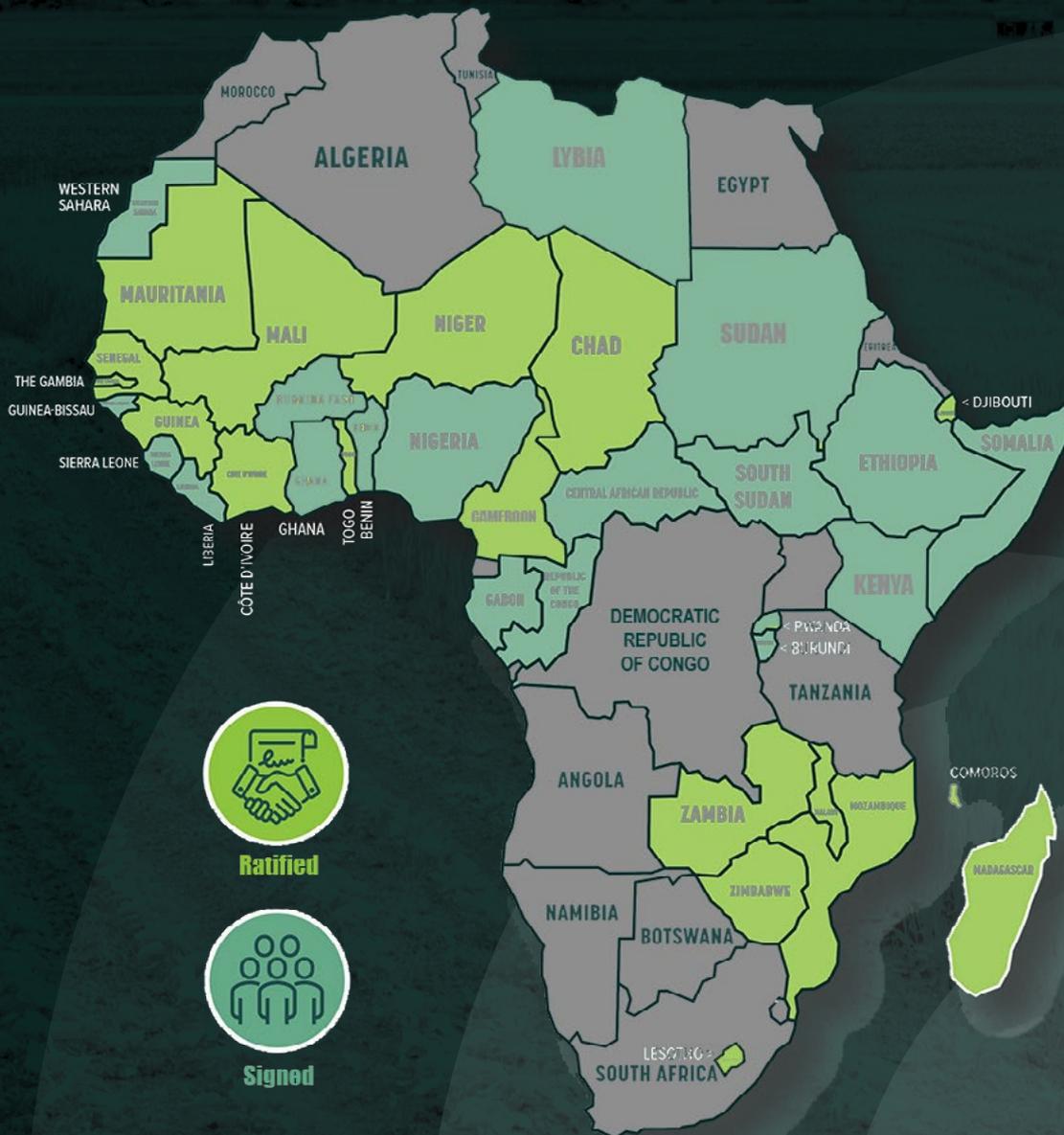
VOICES OF ARC LTD

“Over the years I’ve witnessed ARC Ltd. grow into a stronger, more resilient organisation. What defines us is our ability to adapt, learn from experience, and remain anchored in Africa’s needs.”

Nicole Muteba - Programme Manager and Longest-serving staff

OUR FOOTPRINT

ARC Ltd. continues to grow its footprint across Africa, now covering 39 Member States, with 29 countries signing Memoranda of Understanding to explore risk-financing solutions. Our hope is to extend coverage to all 55 African Union countries by 2034.



OUR VALUE TO AFRICA

ARC Ltd. works closely with African governments, humanitarian partners, and development institutions to ensure that communities, especially the most vulnerable, are better prepared for climate-related events. Through our unique risk-pooling model, countries collectively manage disaster exposure, lowering individual premium costs and improving long-term financial sustainability. This collaborative approach strengthens national preparedness while also delivering measurable economic and social benefits.

Independent analysis has shown that every dollar delivered as a payout within two weeks of a disaster is equivalent in value to about USD 4.4 of humanitarian aid delivered later. The timeliness of the payout enables governments and communities to respond quickly, reduce losses, and avoid the deeper social and economic costs that arise when assistance is delayed.

Since launching in 2014 with four participating countries, ARC Ltd. has grown to support 39 African Union Member States, moving steadily toward our ambition of covering all 55 member states and protecting the 700 million Africans most at risk from climate change.

Our Guiding Principles for Value



Speed:

payouts targeted within 10 business days, giving governments immediate liquidity to protect lives, livelihoods, and development gains.



Cost-effectiveness:

by pooling risk regionally, ARC Ltd. makes coverage more affordable for member states, ensuring financial protection is sustainable even for the most vulnerable economies.



Transparency:

all policies are backed by pre-agreed contingency plans, ensuring that funds are directed rapidly and accountably to those most in need.



Execution:

payouts maintain development continuity, preventing communities from sliding back into poverty. In a context where global Official Development Assistance (ODA) fell by 7.1% in 2024, ARC Ltd. provides reliable, Africa-owned financing when aid is uncertain.

Our Value Proposition at a Glance



Speed and Certainty of Response:

ARC Ltd.'s parametric insurance enables quick, predictable payouts, often within days. This allows governments to launch timely relief operations and minimise human and economic losses.



Financial Protection and Risk Pooling:

By pooling risk regionally, member states reduce premium costs and strengthen financial resilience. This model ensures sustainable protection, particularly when external aid flows are declining.



Development Impact Beyond Relief:

ARC payouts safeguard development progress by stabilising households, sustaining food security, and preventing long-term poverty reversal. Each dollar invested generates multiple dollars in avoided emergency aid and preserved growth.



Customised and Scalable Solutions:

ARC Ltd. offers tailored products at sovereign, humanitarian, and community levels — from Replica coverage with WFP, to agricultural index insurance, to disaster-responsive loans.



Partnership and Capacity Building:

Through the wider ARC Group, we work with governments, ARC Agency, donors, insurers, and humanitarian actors to strengthen preparedness through training, contingency planning, and technical assistance.



Alignment with Global Goals:

ARC Ltd. contributes directly to SDG 13 (Climate Action), while reinforcing SDGs on poverty reduction, food security, gender equality, and sustainable livelihoods.



An African-led Solution:

As an African-owned and AU-mandated institution, ARC Ltd. reinforces sovereignty and accountability in disaster response, ensuring that resilience is driven from within the continent.

By broadening access to climate protection and equipping countries to respond quickly and effectively, ARC Ltd. is shifting Africa's disaster risk management from a reactive model of aid to a proactive model of resilience – one household, one community, one country at a time.

HOW WE DELIVER IMPACT

Strategy, Approach, Innovation

Strategic Framework (2020–2024)

The ARC Group’s 2020–2024 strategy was developed in 2019 under very different global conditions. Since then, the operating environment has been transformed by the COVID-19 pandemic, growing climate volatility, and mounting economic pressures on AU Member States.

Despite these disruptions, ARC Ltd. remained focused on delivering measurable impact through three strategic pillars:



Innovate

New inclusive insurance solutions were launched, including microinsurance in Senegal and flood cover in Togo. We also enhanced AI-driven modelling capabilities and expanded underwriting tools to cover new perils.



Strengthen

ARC Ltd. bolstered institutional resilience by engaging regulators, exploring Sharia-compliant coverage, and optimising its governance framework. In response to record claims under Pool 10B, we adopted a more conservative reinsurance structure to safeguard the risk pool.



Grow

Insurance protection was expanded to 16.1 million people in the 2024/25 crop season. Participation increased through simplified onboarding and tailored policy structures, ensuring continuity of coverage in high-risk regions.

Transitioning to the 2025 Inclusive Growth Strategy

The fragility of government systems in responding to crises reaffirmed the need for forward-looking risk financing. Building on lessons from 2024, ARC Ltd. has now adopted a 2025 Inclusive Growth Strategy with four overarching priorities:

Market Penetration



Increasing uptake of ARC Ltd.’s solutions by expanding awareness and tailoring products to new member states.

Product Development



Scaling up multi-peril, index-based insurance offerings to cover a broader spectrum of climate and health risks.

Market Expansion



Broadening access to non-sovereign solutions, including inclusive insurance and support for humanitarian organisations.

Diversification



Strengthening financial sustainability through new partnerships, enhanced capital mobilisation, and adaptive reinsurance design.

Strategic Value Creation Approach

ARC Ltd. delivers disaster risk financing that is **rapid, reliable, and trusted**. Our parametric insurance provides governments with liquidity triggered by data, not damage assessments that allows funds to flow within days, rather than waiting months for traditional claims processes.

Trust is at the core of this model. Governments' confidence depends on accurate modelling, which is why ARC engages local experts and stakeholders in the design and validation of every product, ensuring technical soundness and political acceptance.

Africa RiskView: Building Confidence with Better Data

At the heart of ARC Ltd.'s approach is Africa RiskView (ARV), a proprietary modelling and early warning platform that combines satellite data, historical weather patterns, and ground-truthing. ARV translates climate anomalies into economic impact estimates, helping governments prepare and respond.

Key components of the system include:



Real-time satellite surveillance:

Monitors evolving weather conditions across the continent, ensuring early detection and tracking of climate anomalies.



Livelihood impact models:

Translate meteorological events into potential economic losses at household and national levels.



Response cost estimation:

Predicts the cost of humanitarian response, helping governments understand the scale of support that may be needed.

Advancing Accuracy with Artificial Intelligence

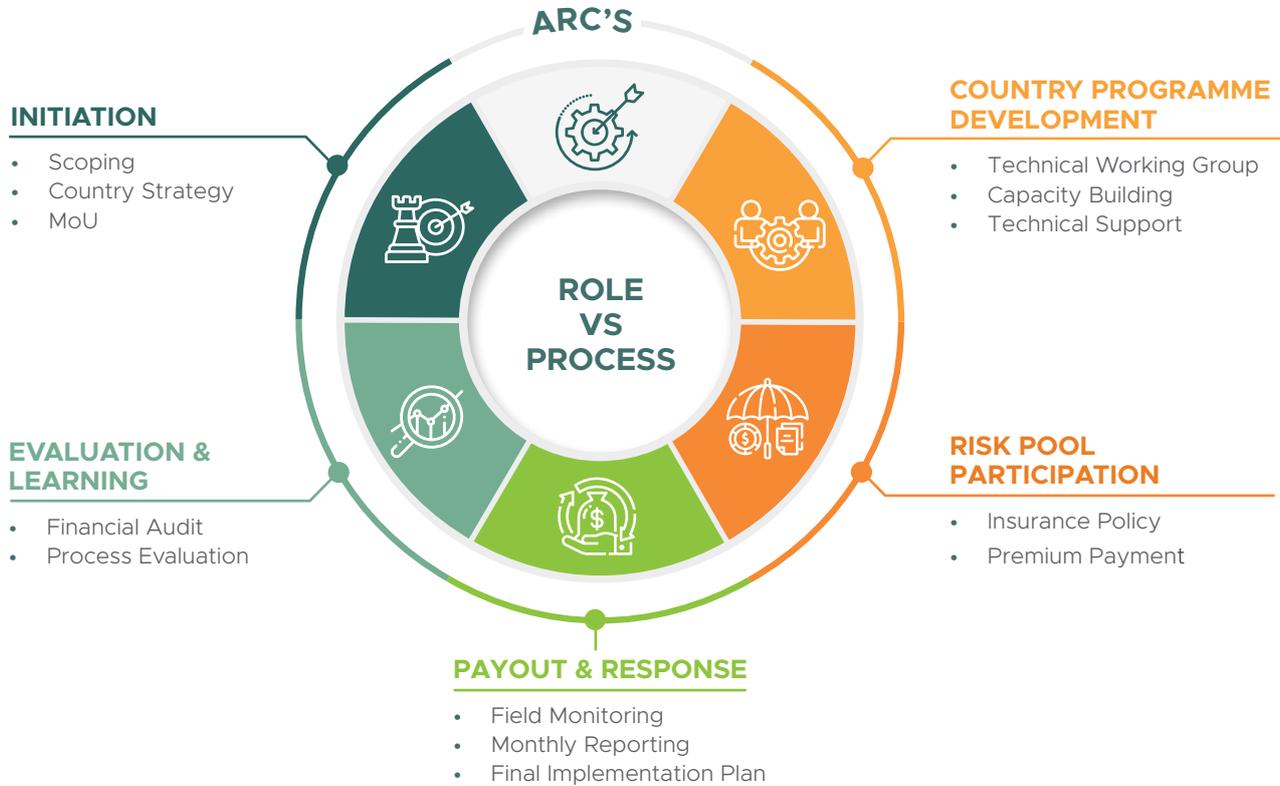
ARC Ltd. is now integrating AI and machine learning into its modelling frameworks to:

- Refine anomaly detection and early warning systems.
- Predict disaster intensity with greater accuracy.
- Update vulnerability assessments in real time using remote sensing, crop yields, and household survey data.

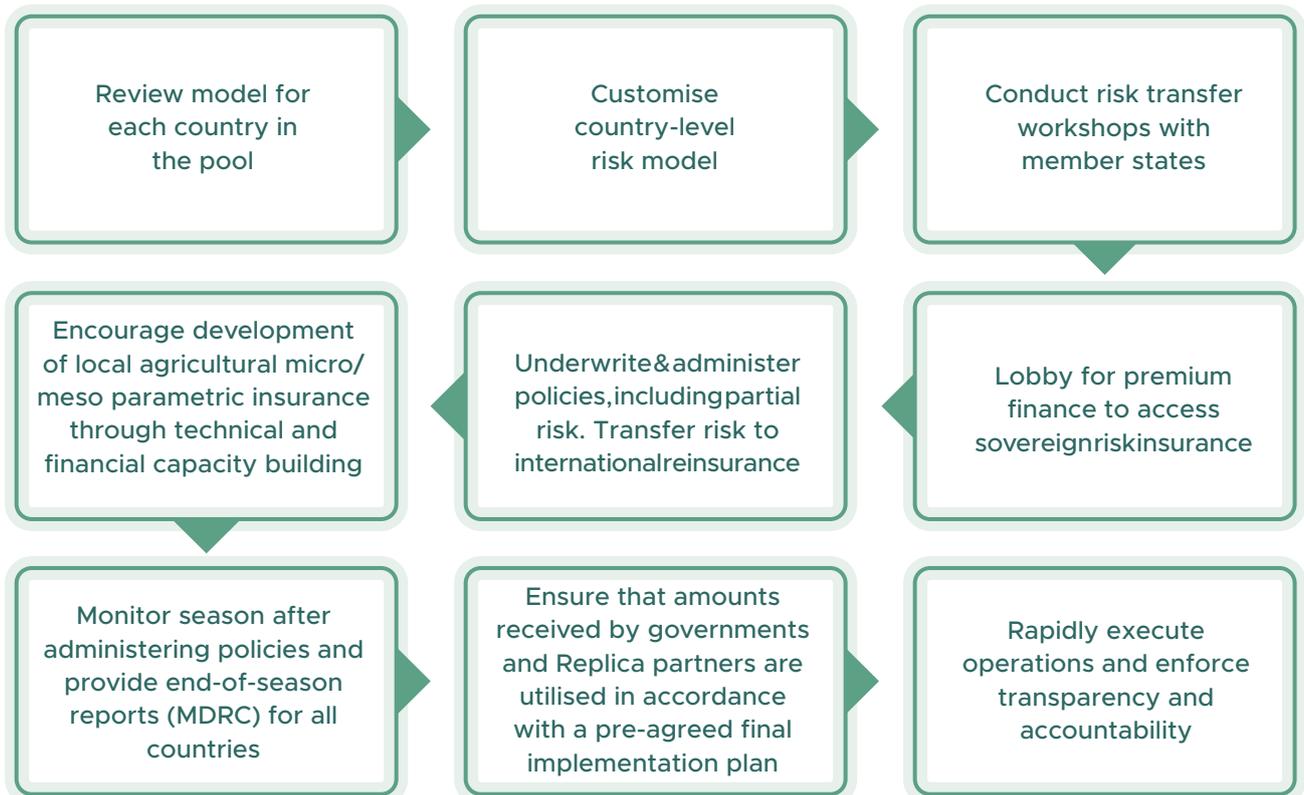
These innovations improve transparency, responsiveness, and trust — reinforcing ARC Ltd.'s ability to deliver payouts quickly and reliably.

The ARC Process

This diagram illustrates ARC Ltd.'s role and where it fits into the ARC Group process:



Our Underwriting Process Our Underwriting Process







IMPACT & FUTURE DIRECTION

TEN YEARS OF TRANSFORMING RISK INTO RESILIENCE

In 2024, ARC Ltd. marked its 10th anniversary with two gatherings: a gala dinner in Abidjan, Côte d'Ivoire, and a reception in Harare, Zimbabwe. Leaders, partners, and long-time supporters came together to reflect on the organisation's journey, from its early beginnings to becoming Africa's largest climate insurance provider. The commemorative events were not only a celebration but also a moment of collective reflection. They highlighted how far ARC Ltd. has come, the challenges overcome, and the mission that lies ahead.

Foundations: From Concept to Credibility

Simon Young, ARC Ltd.'s inaugural CEO, recalled the passion and determination that shaped the early years: *"ARC Ltd. has been an integral part of my professional life; a real passion project for me... The fact that we're here 10 years later is a testament to so many people's input, hard work, energy, and inspiration."*

Frannie Léautier, former Chair of the Audit and Risk Committee, remembered the challenge of building trust in a new idea:

"Many countries were waiting for proof of concept before joining... Another challenge was putting credible reporting systems in place for our funders."

Her tenure included a milestone \$17 million payout to Senegal:

"That really showed that it was worth it to be a member of ARC Ltd."

Progress: Shaping a Market

Jennifer Blanke, former Non-Executive Director, emphasised ARC Ltd.'s role in professionalising Africa's insurance industry:

"ARC Ltd.'s biggest accomplishment has been getting African countries to pool their risks. It has also been successful in attracting large international players into the African market."

Partners that Strengthened the Model

External partners also highlighted ARC's contribution to the humanitarian system.

Amadou Diallo of the **Start Network** observed how ARC had shifted collaboration:

"This has helped NGOs create stronger relations and allowed each of the parties to bring something to the table. ARC Ltd. has also demonstrated that it is a mechanism that can innovate and change the way we work."

From the **World Food Programme**, Mathieu Dubreuil noted:

"ARC Ltd. is one of our closest partners and the WFP is likely its largest client through our Replica portfolio... The humanitarian needs are massive, and ARC Ltd. must be strengthened and supported by all stakeholders."

Donor Confidence and Recognition

Malte Marek of **KfW** reflected on ARC's standing in the donor community:

"I find it impressive how ARC Ltd. has evolved from a concept to gaining international acceptance and trust in just 10 years. Sovereign insurance was new back then, but today it's on the international agenda."

Looking Ahead

Former CEO Lesley Ndlovu reminded that the mission remains urgent:

"The increasing severity and frequency of natural disasters highlights the importance of having multiple financial instruments to complement the insurance offering for which we are known."

Simon Young concluded with a call to sustain momentum:

"We must continue to commit to growing the organisation, growing its influence, and making sure it operates effectively and efficiently."



OUR MATERIAL MATTERS AND RISKS

MATERIAL MATTERS

As Africa’s only dedicated risk transfer and disaster risk management (DRM) initiative, ARC Ltd. is committed to strengthening climate resilience while ensuring long-term financial sustainability and operational excellence.

Throughout the past year, several key challenges emerged that are material to ARC Ltd.’s mission and ability to serve its members effectively. Among these are the growing intensity of climate events, rising capital constraints, and the increasing need for custom, country-specific risk solutions.

While taking on risk is necessary to achieve ARC Ltd.’s strategic objectives, robust oversight is critical to safeguard financial sustainability and maintain stakeholder trust. The Board continuously reviews and refines ARC Ltd.’s risk management practices to ensure a balanced risk-return approach.

In 2024, we focused on aligning risk appetite statements with the Inclusive Growth Strategy.

These statements define:



Capital adequacy, profitability, and liquidity thresholds



Underwriting, market, and credit risk tolerance levels



Operational, reputational, and regulatory risk mitigation frameworks

By continuously evaluating and refining our risk approach, ARC Ltd. remains well-positioned to deliver value while protecting its financial stability.

OUR TOP RISKS AND RESPONSES

ARC Ltd. operates in a complex climate landscape, where financial sustainability and operational challenges require proactive risk management and strategic adaptation. Through regular risk assessments and mitigation strategies, ARC Ltd. ensures that potential threats are addressed with strong policies and governance oversight.

Below are the key risks identified as critical to our long-term sustainability.



ARC Ltd. is Africa’s only dedicated risk transfer and disaster risk management (DRM) initiative



UNDERWRITING RISK



Climate Change Impact

The increasing frequency and severity of natural disasters present a fundamental challenge to risk underwriting. More extreme weather events mean higher exposure and greater pressure on ARC Ltd.'s risk pool.

Response:



- ARC Ltd. continuously integrates climate science and evolving risk data into underwriting models.
- The expansion into multi-peril insurance solutions, including flood, epidemic, and tropical cyclone coverage, diversifies risk and strengthens the sustainability of the risk pool.
- Underwriting policies are regularly reviewed to ensure pricing accuracy and financial resilience.
- Recalibrating country exposure limits prevent disproportionate impacts on the risk pool from any single event, while ensuring adequate coverage remains in place.



Basis Risk

Basis risk occurs when a policy payout does not fully align with actual losses on the ground, potentially impacting member confidence and leading to reputational risks.

Response:



- ARC Ltd. conducts end-of-season model evaluations to compare payouts with real disaster impacts.
- Adjustments to Africa RiskView's parameters are made based on post-event data and feedback from member states.
- Further refinements are being made to the Africa RiskView platform to reflect expanded datasets and more localised parameters – especially as we roll out region-specific products in response to member feedback.
- Enhancements in real-time monitoring and season tracking improve basis risk detection and response.



Model Error

Accurate underwriting depends on reliable climate and disaster data. Any failure in satellite rainfall monitoring, data modelling, or parameter calibration could result in incorrect risk assessments and financial misalignment.

Response:



- ARC Ltd. conducts ongoing refinements to season-monitoring procedures to strengthen data accuracy.
- Regular calibration of Africa RiskView ensures that climate variability is effectively captured in payout models.
- Enhanced cross-validation with independent climate and weather data sources ensures accuracy and consistency in modelling.
- The addition of new regional analysts and consultants expands our ability to localise model assumptions. This has strengthened our capacity to detect anomalies and adjust parameters in near real-time, improving payout integrity.



STRATEGIC RISK



Limited Pool Growth

As a specialised insurer for African nations, ARC Ltd. faces a finite sovereign market, which limits the growth of the risk pool. Expanding participation is essential to ensure long-term financial sustainability.

Response:



- One of our focus areas is product development and diversification to reduce the reliance on sovereign policies.
- The introduction of new premium financing models improves affordability for member states.
- Strategic partnerships with humanitarian organisations and non-sovereign clients help broaden the risk pool and enhance financial support.
- Training workshops (e.g. with ARCA) to improve understanding of parametric insurance and support market development.
- Strengthened ties with other regional risk pools (e.g. CCRIF, SEADRIF, PCRIC) to share learning, co-develop solutions, and enhance risk-sharing models.



OPERATIONAL RISK



Outsourcing Risk

ARC Ltd. relies on external partners for critical functions such as research, product development, and operational support. Any disruption in these partnerships could impact service delivery.

Response:



- ARC Ltd. conducts annual evaluations of outsourced functions to ensure compliance with best practices.
- Strengthened contract management and performance monitoring ensure alignment with ARC Ltd.'s strategic objectives.
- ARC Ltd. has also implemented more rigorous knowledge transfer protocols with service providers, ensuring that institutional memory is retained and strategic alignment is maintained during transitions or scaling.



Cyber Risk

The increasing reliance on digital platforms and data analytics exposes ARC Ltd. to cybersecurity threats, which could compromise data integrity, disrupt operations, and damage stakeholder trust.

Response:



- ARC Ltd. conducts annual cybersecurity risk assessments and implements regular system upgrades to protect sensitive data.
- Employees receive cybersecurity training to strengthen awareness and prevent potential breaches.
- Enhanced data encryption and multi-layered security controls ensure compliance with global cybersecurity standards.

INSURANCE



The insurance form is a standard document with several sections. At the top, the word "INSURANCE" is printed in large, bold, black letters. Below this, there are several horizontal lines and sections of text, some of which are partially obscured by the hand and the lighting. The form appears to be a policy document or a contract, with various fields for information. The text is mostly illegible due to the angle and lighting, but some words like "INSURANCE" and "POLICY" are visible. The form is placed on a light-colored wooden table.



Geared for Growth

How ARC Ltd. is adjusting its underwriting approach to address market challenges

Jackline Muthengi | *Head of Underwriting and Innovation*

Joseph Eyok | *Head of Actuarial*



In 2024, ARC Ltd. welcomed Ghana, Benin, and Lesotho to its risk pool – a direct reflection of the growing relevance of our insurance solutions for African governments. This expansion was made possible by the underwriting team’s continuous efforts to refine our approach, anticipate evolving risks, and respond to demand-driven needs. It also underscores the confidence of member states in ARC Ltd.’s capacity to deliver affordable, reliable, and innovative protection.

Expanding inclusive solutions

ARC Ltd. reinforced its commitment to inclusive insurance, ensuring that no community is left behind in accessing climate risk protection. This principle drives our underwriting philosophy, which adapts products to the diverse social, cultural, and economic contexts across the continent.

A key illustration of this approach was the groundwork for a Takaful Reinsurance solution, a Sharia-compliant product being developed in response to demand from governments in regions such as East Africa and the Sahel. With an estimated 41% of Africa’s population identifying as Muslim, the initiative demonstrates ARC Ltd.’s readiness to listen to market needs and design solutions that align with religious values while expanding access to financial protection.

Tailoring products through technical expertise

ARC Ltd.’s underwriting strength lies in its ability to design solutions that reflect the realities of African contexts. In 2024, the underwriting team expanded its technical base with new analysts and additional country focal points in Mozambique and Madagascar. This allowed for deeper engagement with governments and more accurate alignment between coverage and national priorities.

Products developed by ARC Ltd. integrate specific local risk factors. This contextual approach ensures that policies are both technically rigorous and practically relevant, providing governments with tools that translate directly into better protection for their populations.

Keeping premiums stable and affordable

One of the underwriting team's most important contributions in 2024 was reinforcing the mechanisms that keep coverage accessible despite intensifying climate risks. These included:

- **Optimising regional pooling:** While risk pooling has always been at the heart of ARC Ltd.'s model, 2024 saw efforts to rebalance exposures across pools, ensuring that both new and existing members benefit from greater stability and lower volatility.
- **Leveraging concessional facilities:** Partnerships with international partners provided premium support for countries with limited fiscal space, enabling them to maintain coverage even under tight budgetary conditions.
- **Refining risk models:** Technical adjustments ensured premiums more closely reflected actual ground realities without becoming prohibitive, reinforcing both fairness and sustainability.

Together, these measures safeguarded affordability and predictability, helping African governments remain engaged in proactive risk financing at a time when the rising cost of climate risk threatens to push many out of the insurance market.

Filling protection gaps through innovation and reinsurance

Beyond stabilising premiums, ARC Ltd. made progress in 2024 in broadening the scope of protection available to its members and partners. Key initiatives included:

- **Meso- and micro-level solutions:** Expanding access to insurance through initiatives such as cooperative-level coverage in Senegal and agricultural index pilots in Côte d'Ivoire, ensuring protection reaches farmers and local communities.
- **Scaling up Replica coverage:** Strengthening collaboration with humanitarian actors, including the World Food Programme, to align disaster response capacity with sovereign policies.
- **Strengthening reinsurance partnerships:** Enhancing global collaborations to provide higher coverage levels than ARC Ltd.'s balance sheet alone would permit, ensuring payout certainty even under extreme climate shocks.

Through these measures, ARC Ltd. plays a unique role as both a pioneer of innovative products and a bridge

between African governments and the global reinsurance industry, filling critical protection gaps that no single actor could address alone.

Linking insurance to adaptation

A defining feature of ARC Ltd.'s underwriting philosophy is that insurance is not treated as a stand-alone product, but integrated into broader adaptation and resilience strategies. In 2024, the team worked with governments to align policies with national contingency plans, ensuring that payouts could be deployed rapidly and effectively.

At the same time, ARC Ltd. strengthened institutional capacity, supporting ministries, regulators, and local partners to manage risk financing in a sustainable way. Through blended finance models and resilience-focused investment programmes, insurance was increasingly linked to long-term adaptation, ensuring that immediate financial protection also builds more resilient economies over time.

This integration is central to ARC Ltd.'s mission: protecting lives and livelihoods today while contributing to climate-resilient development for tomorrow.

Sustaining growth and industry leadership

The historic drought in Southern Africa in 2024 triggered substantial payouts and placed pressure on capital reserves which is a reminder of the escalating scale of climate risk. Yet, ARC Ltd. demonstrated resilience, continuing to provide coverage and capacity when countries needed it most.

This ability rests on more than balance sheets. It reflects over a decade of trusted relationships with governments, robust reinsurance partnerships, and the backing of development partners that reinforce ARC Ltd.'s long-term stability. Even in a challenging year, ARC Ltd. expanded its product range, sustained affordable premiums, and advanced inclusive solutions to ensure no community is left behind.

The underwriting team's achievements in 2024 highlight ARC Ltd.'s unique value: combining financial innovation with developmental purpose. By keeping protection accessible, filling gaps with new products, and linking insurance with adaptation strategies, ARC Ltd. continues to prove that developmental insurance is not only viable but indispensable for Africa's resilience in the face of intensifying climate shocks.

LEADERS IN BUSINESS

Leading the global ESG benchmark

ARC Ltd. has emerged as a recognised global leader in sustainability. For the fourth consecutive year, leading research and ratings agency Sustainalytics ranked ARC Ltd. as the top-performing company in the global insurance industry for environmental, social, and governance (ESG) standards. With an improved ESG risk rating of 8.0, ARC Ltd. now stands in the negligible-risk category, outperforming more than 300 international peers.

This recognition reflects more than compliance with standards: it underscores ARC Ltd.'s role as a developmental insurer, where climate risk financing is linked directly to protecting lives, livelihoods, and development gains. Our commitment to strong governance and transparent risk management also remained evident in 2024, with Fitch Ratings reaffirming our Insurer Financial Strength Rating at A, citing product diversification, donor support, and a strong payout record.

Contributing to Africa's sustainable development

At ARC Ltd., we actively champion greater participation in responsible climate risk financing. We are proud signatories of the Nairobi Declaration on Climate Change, aligning our insurance solutions with the UN Sustainable Development Goals and climate action priorities.

In 2023, ARC Ltd. and Milliman Inc. launched the Africa Scholarship Programme, providing full postgraduate scholarships for African students pursuing studies in actuarial science, risk management, and climate-related fields. Four scholars began their studies in 2024, benefiting from mentorship and industry exposure.

Expanding climate risk coverage

Celebrating our 10th anniversary, ARC Ltd. has expanded from covering 12.9 million people in 2014 to 26.4 million in 2024. This includes 39 member states, with over 280 policies issued and 29 countries signing Memoranda of Understanding (MoUs) to explore risk financing solutions.

This year, ARC Ltd. developed Africa's first parametric flood insurance solution. By assessing and pre-emptively addressing country-specific flood risks, we empower governments to implement early response mechanisms that protect lives and infrastructure.

In Malawi, we co-developed a shock-responsive drought insurance policy to reinforce the country's flagship social safety net programme. This initiative provides direct cash transfers to vulnerable communities when rainfall data signals impending drought, ensuring timely financial assistance right in the moments it's needed most.

And, following the launch of ARC Ltd.'s Health - Outbreaks and Epidemics (O&E) cell in December 2022, Senegal's two-year policy has ended. Senegal was the first country to receive coverage in Pool 10, and engagements are underway to renew the policy for Pool 12. Furthermore, we aim to add new O&E policies from both Sovereign and Non-Sovereign businesses, including:

- Sovereign: Rwanda, and Sierra Leone – for Filovirus coverage only.
- Non-Sovereign: Togo, Benin, Senegal, and Côte d'Ivoire.



Progress through partnerships

ARC Ltd. supported the launch of the West African Development Bank's (BOAD) "disaster-adapted loan" programme (in collaboration with the KfW, Frankfurt School of Finance and Management, and the West African Development Bank) under its sovereign loan portfolio, with Togo being the first beneficiary following heavy floods in October. A roadshow was organised to visit pilot countries – Togo, Benin, Ivory Coast, and Senegal – to discuss the renewal of policies for 2025.

Strategic collaborations also continue to expand our impact. In the drought-prone Horn of Africa, we strengthened our engagement with the World Bank's De-Risking, Inclusion, and Value Enhancement of Pastoral Economies (DRIVE) programme, leading to a fivefold increase in ARC Ltd.'s insurance coverage share in the region.

At COP29, our insurance partnership with the One Acre Fund was announced, extending coverage to five million smallholder farmers. We also welcomed the UN Refugee Agency (UNHCR) as our latest Replica partner, ensuring broader financial protection for climate-displaced communities.

The confidence of our partners is key to our continued success. In 2024, we secured:

- \$8.9 million from the Canadian Government to support the Replica Programme, enabling the World Food Programme (WFP) to protect two million at-risk individuals across 10 African countries.
- \$4.5 million from Norway (Norad) to implement the Supporting Adaptation Capacity Through Increased Parametric Insurance Penetration in Africa (SACPIP-Africa) initiative, which will enhance disaster preparedness in 10 countries.

This year, we are collaborating with the IFC investment team on a regional project covering West Africa and the Maghreb. The African Agriculture Acceleration Programme (AAAP) will improve food security by strengthening agricultural value chains and ecosystems.



VOICES OF ARC LTD

"Behind every model is a commitment to safeguard communities. Each time our work translates into support on the ground, it reaffirms the purpose of actuarial science."

Thebe Ramanna - Senior Actuarial Analyst

RESILIENCE AT SCALE: FROM COMMUNITIES TO NATIONS

While ARC Ltd. has long been recognised for its innovative sovereign insurance solutions in Africa, helping governments respond to drought, floods, and other climate-related disasters, the organisation's inclusive insurance reached new heights in 2024, elevating ARC Ltd.'s position as a pivotal player in disaster risk management for non-state actors as well.

ARC Ltd.'s inclusive business focuses on extending parametric insurance solutions to entities beyond national governments, including humanitarian agencies, development partners, social protection programmes, and other stakeholders operating at sub-national levels. This allows ARC Ltd. to reach populations not directly covered by sovereign policies, including smallholder farmers and urban poor communities.

2024 Highlights

Pool 10, in 2024, was the largest in ARC Ltd.'s non-sovereign business's history. A total of 16 non-sovereign policies were underwritten, representing \$24.54 million in coverage.

This growth was catalysed by several key programmes:

1. Malawi Social Protection Programme

Malawi remains one of Africa's most climate-vulnerable countries, facing repeated droughts, floods, and cyclones that threaten agricultural production and food security. Over 80% of the population relies on smallholder, rain-fed agriculture, which contributes more than a quarter of its gross domestic product (GDP).

In 2022 and 2023, successive climate shocks – including Tropical Storm Ana and Cyclone Freddy – left over 5 million people food insecure. So, the Malawi Government sought to embed disaster risk financing directly into its Social Cash Transfer Programme (SCTP) in response to their climate challenges. The SCTP provides regular income support to ultra-poor households. The government retains some of the risk through their contingency fund,

while ARC's insurance policy (implemented by ARC Ltd.) covers some of the government's other response costs in the event of a severe drought.

The two-year policy was implemented under the World Bank's Social Support for Resilient Livelihoods Project (SSRLP) to enable rapid scaling during climate shocks, reducing delays in humanitarian response.

In 2023, funds were used to expand cash transfers to 500,000 people in six drought-affected districts. In 2024, the policy triggered a payout of \$1.99 million following dry conditions early in the season.

2. Republic of Djibouti Multi-Year Policy

Despite being one of the smallest countries in Africa, Djibouti faces recurring droughts that affect pastoral livelihoods in rural areas. With a land area of just 23,200 km² and annual rainfall averaging only 130 mm, the country has no significant surface water, almost no arable land, and depends entirely on food imports. Over 80% of the population lives in Djibouti City, which faces increasing flash floods. The capital is also threatened by rising sea levels and storm surges from the Red Sea.

Recognising its fragility, Djibouti became one of the earliest signatories to the ARC Treaty in 2012 and took a significant step forward in 2023 by signing Africa's first multi-year, multi-peril non-sovereign insurance policy, co-developed with ARC Ltd., the World Bank, and the Global Risk Financing Facility (GRiF). **This policy was designed and finalised in less than six months**, providing continuous coverage for both drought and excess rainfall over five years and creating a resilient financial layer for future response planning.

The drought index is designed using soil moisture models tailored to the migratory routes of pastoralists and their livestock, while the excess rainfall index is focused on precipitation patterns affecting Djibouti City's vulnerable infrastructure and informal settlements.

By 2024, the policy had matured through its first risk season. It triggered a \$230K payout for the drought index, providing critical early funding for rural response efforts. Although the excess rainfall index did not trigger, the data captured during the season validated the model's accuracy and potential to improve planning in coastal urban settings.

3. DAAI Côte d'Ivoire Meso Protection

Côte d'Ivoire is West Africa's third-largest rice producer and the world's top cocoa exporter. However, over recent years, it has been increasingly exposed to climate risks like floods and drought. The country also faces structural challenges such as limited access to credit, underdeveloped rural infrastructure, and low agricultural insurance penetration, making it difficult for farmers to recover from climate shocks and sustain productivity.

In response, ARC Ltd., in partnership with the United Nations Development Programme (UNDP), the Ministry of Environment and Sustainable Development (MINEDD), and local technical agencies, launched a pilot meso-level insurance project in 2022, aligned with Côte d'Ivoire's national climate change adaptation plan. The objective was two-fold: protect producers' incomes and establish a replicable insurance delivery framework across different value chains.

In 2023, this pilot achieved regulatory approval and received strong endorsement from the World Food Programme (WFP), which became a core implementing partner. The programme initially covered 5,000 rice and cocoa producers, with premiums subsidised by WFP and delivery supported by local insurers AXA Côte d'Ivoire, Atlantique Assurances, and Sanlam-Allianz Côte d'Ivoire. Reinsurance was provided by international partners including AXA Climate, Allianz Re, and Continental Re. Digital enrolment platforms were used to facilitate sign-ups and automate index monitoring.

In parallel, ARC Ltd. collaborated with technical partners like Sarmap, ANADER, and Sodexam to improve the granularity of risk modelling, leveraging satellite imagery

and local weather data to calibrate yield thresholds and rainfall triggers. ARC collaborated also with CASAI supporting the implementation on the program in the country and FIRCA doing the M&E of the identification and the georeferencing activities lead by GHSA.

By 2024, the programme had successfully scaled to cover 50,000 smallholder farmers. While no payouts were triggered during the 2024 season, the programme played a critical role in creating financial resilience for the farmers.

4. WOMEN ADAPT – Empowering Women Farmers Through Climate Insurance Cote d'Ivoire (GCF)

Funded by the Green Climate Fund (GCF) with a \$10 million budget, the WOMEN ADAPT project strengthens Côte d'Ivoire's risk financing strategy by providing subsidized climate insurance to over 42,000 women farmers over five years. ARC Ltd. in partnership with the consortium (AXA, Sanlam-Allianz and Atlantique Assurance) is covering the insurance part of the project, the initiative aligns with WFP programmes (e.g., Smallholder Agricultural Market Support, social protection, and cash transfers) to enhance resilience against climate shocks while advancing women's financial inclusion.

The initiative was successfully launched in northern Côte d'Ivoire's Poro region, initially reaching 500 beneficiaries—99% of whom were women. The first phase combined climate insurance with targeted support in:

- Improved agricultural techniques,
- Financial inclusion, and
- Access to credit.

This phase reinforced the project's commitment to women's empowerment while strengthening resilience against climate-related shocks.

5. The Gambia: WFP RICAR project

The Rural Integrated Climate Adaptation and Resilience Building Project (RICAR) enhances the adaptive capacity of rural communities in The Gambia by promoting climate-resilient and diversified livelihoods. Using an integrated risk management approach, the project addresses the interconnected challenges of climate change, agriculture, and food security.

The key components are:

- **Knowledge & Capacity Building:** Strengthening evidence-based adaptation planning, with a focus on women and youth.
- **Resilience Measures:** Implementing on-the-ground adaptation actions in target areas.
- **Incentives & Risk Transfer:** Supporting sustainable adaptation through financial mechanisms for smallholder farmers, women, and youth.

Partnerships:

A partnership model was developed to establish an insurance framework focusing on distribution channels, aggregation, and policyholder engagement. Key stakeholders included the Central Bank of The Gambia, CASAI, CNAAS, the Ministry of Environment and Natural Resources, and the Department of Water Resources.

Technical products were designed using a participatory approach between CNAAS and ARC Ltd., incorporating input from farmer organizations. Additionally, capacity-building plans were developed for key stakeholders to facilitate the implementation of four key modules. A total of 3070 people participated at both national and regional levels.

In 2025 we will start the scale-up phase of the project.

6. Madagascar: WFP R4 Programme

ARC Ltd. has partnered with WFP in Madagascar to design the weather index used in WFP's R4 programme, which seeks to address the significant challenges faced by smallholder farmers who are being increasingly impacted by climate change. These farmers struggle with

poor access to agricultural inputs, financial services, and assets, making them particularly vulnerable to climate-related shocks such as droughts. The R4 program combines four essential components which are risk reduction, risk transfer, risk reserves, and risk coping, to build climate resilience. ARC Ltd. played a critical role in designing the weather index, provides reinsurance, and is acting as the calculation agent for the program. The integration of weather index insurance helps smallholder farmers access financial protection against climate risks, ensuring they have the resources to withstand shocks. Through these efforts, the R4 program helps improve food security, support adaptive livelihoods, and build long-term resilience for vulnerable populations in Madagascar, particularly women and youth.

Boosting Non-Sovereign Business

In addition to its flagship regional initiatives, ARC Ltd. made significant progress in strengthening and diversifying the non-sovereign business model in 2024.

The introduction of O&E policies in 2022 added a new layer of relevance, particularly in the post-pandemic era. ARC Ltd. is targeting an additional four O&E policies in Togo, Benin, Senegal, and Côte d'Ivoire, leveraging lessons from prior engagements and expanding beyond traditional weather-related perils.

In 2024, the World Bank approved ARC Ltd. to serve as the **Regional Emergency Preparedness and Access to Inclusive Recovery (REPAIR) Programme** implementation unit, seeking to strengthen the financial and operational preparedness of participating countries to respond quickly to climate and other shocks in Eastern and Southern Africa (ESA).



VOICES OF ARC LTD

“What motivates me is knowing that the policies we underwrite bring stability to people’s lives. Seeing theory applied in practice reminds me that our work matters beyond the office.”

Wesley Chitsike - Underwriting Analyst

BEYOND GOVERNMENT: Building Africa's future leaders

Applications for the second round of the Africa Scholarship Programme opened on 1 December 2024. Through the programme, ARC Ltd. and Milliman Inc. are providing scholarships to four students who have already gained admission to advanced programmes in Actuarial Science, Risk Management and Insurance, or Agricultural Statistics.



ARC Ltd. former CEO Lesley Ndlovu, who developed the programme in conjunction with Milliman Principal and Consulting Actuary Joy Schwartzman, understands the potential impact it can have. "I was a beneficiary of a scholarship, which was the foundation of my career. Working with Milliman to establish our own scholarship programme is my way of contributing to expanding access to opportunities for the next generation," he notes.

"The Africa Scholarship Programme aims to empower the next generation of leaders who are driving solutions to the continent's climate threats. It will assist students who require financial support for postgraduate studies and encourage female students to apply, with the goal of promoting gender equality in the industry," says Milliman Chief Sustainability and DEI Officer Christal Morris.



In Africa, For Africa

"There's a long-standing need to build actuarial capacity on the continent," Anaïs Symenouh, ARC Ltd.'s Head of Legal and Project Lead for the programme, points out.

"We can no longer rely on external expertise. We must empower ourselves to respond to our own challenges. Who better than us, already familiar with the cultural and geographical nuances of our continent?"

ARC Ltd. has been working in the disaster risk management space for over a decade, and the company's field experience revealed a significant gap in locally trained actuaries. "We wanted to address this by creating opportunities for postgraduate studies related to mitigating the impact of climate change on African economies at reputable institutions on the continent."

The partnership model pools Milliman's financial resources with ARC Ltd.'s operational network, ensuring scholarship recipients receive funding as well as comprehensive support throughout their postgraduate journey. The scholarship covers tuition, housing, living stipends, and other essential expenses for up to two years of full-time study at selected universities in Africa.

"We prioritised universities that were well-regarded and inclusive, as we have students leaving their home countries to study there," says Symenouh. "All the universities we partnered with welcome students from across the African continent."

Among the qualifying criteria for the scholarship, students must commit to working in an African country for two years after graduating. This will boost the continent's resilience before talent migrates internationally for bigger opportunities.

Meet the First Cohort of Scholarship Beneficiaries



Ange-Emmanuelle Gblaka

Côte d'Ivoire



S. Dorvale Bassong Bayegle

Cameroon



Doreen Mulwa

Kenya



Maulid Seleman

Tanzania

There is also the potential for an internship at ARC Ltd., Milliman Inc., or one of their partner organisations upon graduation.

“Our collaboration with the Africa Scholarship Programme perfectly aligns with IFAGE’s mission to train a new generation of insurance and finance professionals who can provide the African insurance market with operational and competent professionals right after graduation. This scholarship represents much more than an opportunity. It is an invitation to explore, learn, and grow in the financial

sector,” said Mrs. Kandji Rokhaya, General Manager of the Inter-African Institute for Training in Insurance and Business Management of IFAGE.

Chantal Swartz of the University of Cape Town (UCT) added that the Africa Scholarship Programme would strengthen UCT’s transformation imperative and contribute to UCT’s efforts in promoting diversity and inclusion within its student body. Swartz added that UCT’s goal is to produce research that addresses the complex problems of today and tomorrow.



University Partners

- École Nationale Supérieure de Statistique et d'Économie Appliquée, ENSEA, in Abidjan, Côte d'Ivoire;
- The Institut Interafricain de Formation en Assurance et en Gestion des Entreprises, IFAGE in Dakar, Sénégal;
- University of Cape Town in South Africa

First Year's Highlights

In 2023, four students from Cameroon, Côte d'Ivoire, Kenya and Tanzania were awarded scholarships, launching the programme. Ange-Emmanuelle Gblaka from Côte d'Ivoire and Sandrine Dorvale Bassong Bayegle from Cameroon began their studies at the Institut de Formation en Alternance pour les Générations Engagées (IFAGE) in Dakar, Senegal, in January 2024.

"As of the end of 2024, we've had excellent feedback from IFAGE faculty. The students have also completed some actuarial certifications in the meantime as well and started taking classes to improve their English, which is a very positive sign," shares Symenouh. Gblaka also recently won a Massive Open Online Course project in Literary Science.

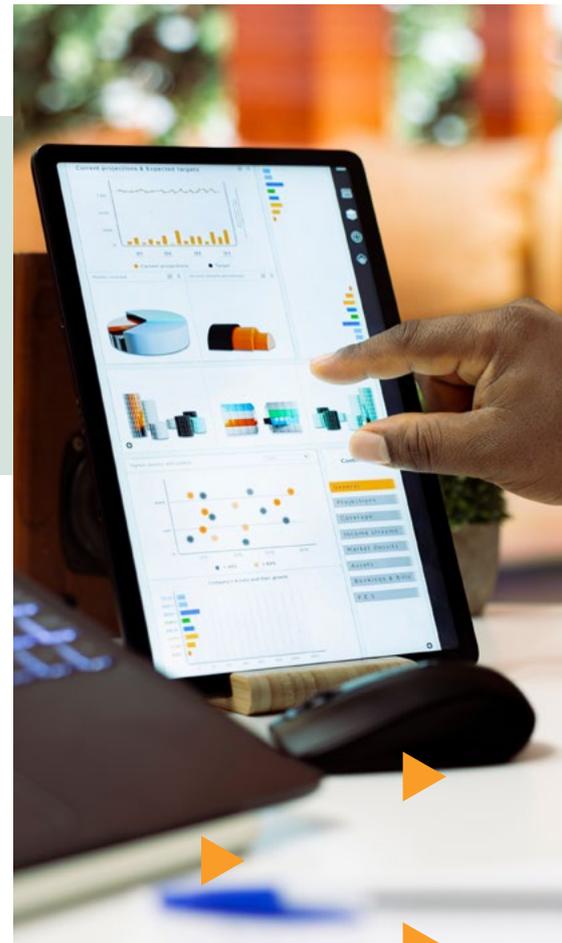
Gblaka will start her internship at the end of 2025. "This is an opportunity for me to touch on a real problem in Africa – to bring change and development to the continent," says Bayegle. "My ambition is to inspire the African youth to grow up wanting to help the continent too."

Doreen Mulwa from Kenya and Maulid Seleman from Tanzania will embark on their academic journeys at the University of Cape Town in 2025.

"In Kenya, we're trying to increase the insurance penetration. Currently, it's at 3%, so I'm hoping after I complete my Master's Degree and my internship, I'll be able to go back home and create awareness around insurance products," shares student Mulwa. She explains that the current mindset in Kenya is that insurance is costly and unnecessary.

Implementation Challenges

The inaugural cohort also highlighted practical challenges such as language barriers and first-time international exposure, which ARC is addressing through tailored support mechanisms.



"Once people understand how it can reduce their financial dependence ratio and give them more financial freedom, we will be able to increase the insurance penetration."

Meet Milliman Inc.

Milliman is among the world's largest independent actuarial and consulting firms. Founded in Seattle in 1947, Milliman has offices in key locations worldwide.



Rapidly Reducing the Gap

"We have gained significant insights from the inaugural cohort and the past three years have enabled us to establish strong partnerships with universities, positioning us for greater efficiency in this iteration," she says.

The Africa Scholarship Programme has helped students develop critical soft skills. In 2024, scholarship recipients were invited to attend ARC Ltd.'s all-staff retreat in Senegal, where they participated in strategy sessions and interacted with the leadership team. "Most had never been in a corporate environment before, and this gave them valuable exposure to real-world work settings," Symenouh shares, adding that she definitely plans to do this again with the next cohort.

All of the students have access to a dedicated communication platform, overseen by ARC Ltd.'s Junior Legal Council Astrid Amoyi, where they are provided with the support they need throughout this journey – such as assisting with drafting and reviewing their resumes and cover letters. Through this platform, the students can gain valuable insights from ARC Ltd.'s team of experienced actuaries and other professionals. "When they require assistance or clarification, we are here," Amoyi reassures, explaining that, based on communications on the platform, the students are very happy and thankful to be part of the programme.

"We're also enabling students to gain valuable international exposure," Symenouh explains. "For instance, although one of the scholars is originally from Côte d'Ivoire – where we have a partner university – she chose to pursue her studies in Senegal, demonstrating a strong commitment to broadening academic and cultural perspectives"

Amplifying Resilience Across Africa

With its first cohort progressing and a growing pool of applicants for 2025, the Africa Scholarship Programme is gaining traction as a model for inclusive, localised capacity-building in climate and disaster risk. Symenouh excitedly notes that where they had around **20 applications in 2023**, there are already over **100 applications for 2025**.

20
APPLICATIONS
IN 2023



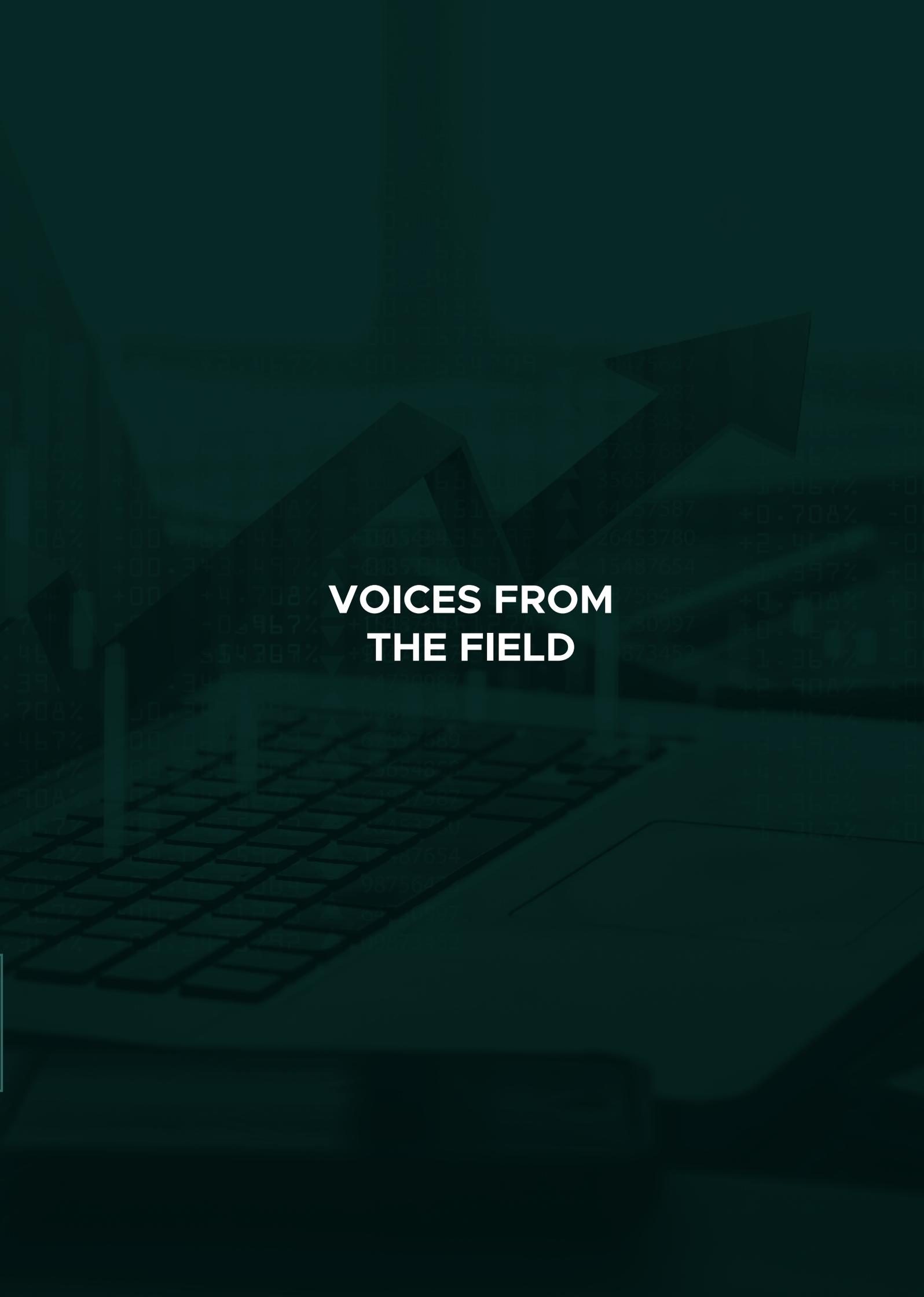
+100
APPLICATIONS
IN 2025

ARC Ltd. has also partnered with the Global Shield Solutions Platform (GSSP), which will allow the programme to onboard 12 students per year. "Our mandate is to create resilience when it comes to climate change-related risk, and that starts by equipping people with the knowledge and tools they need to understand the challenges Africa is facing," Symenouh says.

Designed to equip African students with the advanced technical skills and practical experience needed to address the continent's most urgent challenges, the programme demonstrates how strategic partnerships can deliver long-term solutions.



Stakeholders across the public and private sectors are encouraged to partner with and support this initiative, helping amplify its reach and impact across the continent.



**VOICES FROM
THE FIELD**

CASE STUDY

GHANA

PIONEERING SOVEREIGN RISK INSURANCE

A path to climate resilience

Ghana's diverse geography contributes to distinct regional weather patterns: the north is characterised by hot, dry conditions, making it vulnerable to heatwaves and drought, while the south is cooler and wetter and at greater risk of landslides and earthquakes. The country also has a high overall risk of flooding, both along the coast and inland.





Ghana's economy relies heavily on agriculture, particularly on cash crops such as cocoa, which are a central component of its exports. The country is also vulnerable to changing temperatures, altered rainfall patterns, and extreme weather events, all of which significantly harm crop yields and jeopardise national food security. The rise in the frequency and intensity of climate-related events has underscored the urgent need for adaptation and disaster preparedness strategies in Ghana to safeguard agricultural output and support vulnerable communities.

Climate change poses a significant threat to decades of development progress in Ghana, as highlighted by the World Bank in its May 2024 Climate Vulnerability Profile of the country. The report forecasts an intensification of climate hazards, reflecting the need for funding to support social safety nets, infrastructure, and climate-resilient farming practices, thereby sustaining development and bolstering resilience.

In January 2016, Ghana took a significant step to enhance its climate resilience by becoming a member state of the African Risk Capacity (ARC). By recognising the importance of sovereign risk pooling as a cost-effective strategy to protect development gains, Ghana illustrated the strong political commitment to institutionalising the ARC approach, led by the Ministry of Finance.

A year later, ARC introduced its mechanism in Ghana by hosting a contingency planning workshop aimed at raising national awareness. Following this, the country formalised its engagement with ARC by signing the Programme of Work (PoW) in 2019. This document serves as a guiding framework outlining the technical and operational activities that the ARC Technical Working Group (TWG) will undertake annually. The PoW includes key milestones to be achieved for specific hazards. Additionally, it encompasses the customisation of Africa RiskView and the development of a contingency plan that details how a payout would enhance the government's disaster response and support communities affected by climate shocks.

Ghana went on to participate in ARC's first pilot for flood risk, which had several aims:

- to introduce parametric insurance for floods
- to present ARC's flood modelling framework, built on the Flood Foresight forecasting and monitoring system developed by its partner, JBA Risk Management
- to review Ghana's flood risk profile while collecting feedback from the ARC TWG

Additionally, the pilot outlined the data requirements for validating and customising the flood model to suit Ghana's specific needs.

Customising Ghana's first-ever drought risk policy

An extensive customisation process for drought risk was initiated in 2018. This approach aimed to determine the country's risk profile through scientific modelling and data analysis, identifying gaps within the national system for managing disaster risks that could be addressed via sovereign risk insurance.

The process necessitated close collaboration between national stakeholders and the Technical Working Group (TWG) to ensure that the drought model accurately reflected local realities, including agro-climatic zones, crop calendars, and historical drought patterns. Policy parameters were tailored to align with Ghana's unique drought risk profile. Concurrently, the process highlighted areas such as contingency planning, early warning systems, and response coordination that could benefit from additional investment and support through ARC's capacity-building initiatives. However, to access this crucial policy, Ghana required financial backing.

The crucial role of partnerships

One of ARC Ltd.'s strategic partners is the Global Shield Solutions Platform (GSSP), managed by the Frankfurt School of Finance & Management. As part of the broader Global



Being a member state has enabled Ghana to successfully leverage ARC Ltd.'s partnerships and benefit from a range of initiatives and financing solutions to secure critical climate risk coverage for its people and its economy.

Shield against Climate Risks, the GSSP is a multi-donor grant facility designed to support the development of Climate and Disaster Risk Finance and Insurance (CDRFI) solutions. It focuses on helping vulnerable countries manage climate-related loss and damage more effectively through targeted financial instruments and risk transfer mechanisms. Among these solutions is pre-arranged financial protection to ensure rapid liquidity after a disaster, thereby reducing economic losses and supporting faster recovery.

Central to the Global Shield against Climate Risks is the Global Shield In-Country Process (ICP), a unique, structured, country-led initiative to help climate-vulnerable countries identify risks and address protection gaps. In 2023, Ghana opted for the ICP, with the process revealing critical protection gaps, including in sovereign pre-arranged finance. Later that year, Ghana submitted a formal request to the Global Shield against Climate Risks and its partners at COP28 to support the development of pre-arranged, parametric solutions that would improve the country's efforts to adapt to climate change.

This resulted in an offer in premium support from ARC Ltd. partners KfW and GSSP, enabling the government to join Pool 11A and purchase its first-ever sovereign drought insurance policy in July 2024. The policy ensured disaster preparedness, protection of vulnerable communities and the agricultural sector, and rapid relief in the event of a drought. The KfW Premium Support Facility covered 80% of the premium, and the GSSP contributed the remaining 20%.

The policy covered two key agricultural regions: the Northern cluster from June to October 2024, and the Southern cluster for the short rainfall season from August 2024 to January 2025. If predetermined drought thresholds were exceeded, the policy would trigger and pay out up to US\$5 million. The funds would be allocated to cash transfers for households, grain imports, feed grants and seed and fertiliser purchases. The timing of this policy subsidisation by KfW and the GSSP proved critical. By the third quarter of 2024, with the Ghana North policy 87% through its season, a payout of almost US\$1 million was triggered.

Ghana has demonstrated foresight in its pursuit of a risk-informed, sustainable development agenda. Being a member state has enabled it to successfully leverage ARC Ltd.'s partnerships and benefit from a range of initiatives and financing solutions to secure critical climate risk coverage for its people and its economy.

The ARC Ltd. policy also offers Ghana more than financial protection. With early warning systems now in place, vulnerable communities are more resilient to increasingly erratic weather patterns, allowing them to continue with their livelihoods.

The developments in Ghana demonstrate the potential of international collaboration and pooled funding to deliver pre-agreed disaster risk financing solutions. The country also showcases the value and effectiveness of country-led initiatives within the global climate finance framework, offering a compelling model for other nations navigating similar challenges.

CASE STUDY

ZIMBABWE

FROM CRISIS TO CUSHION

Strengthening safety nets
through insurance

Over the past 60 years, Africa has warmed at a rate faster than the global average. Extreme weather events, such as floods followed by droughts, have become increasingly widespread, while 2023 was one of Africa's hottest years on record. These climate change impacts have been intensifying in recent years.



According to the World Meteorological Organization (WMO)'s State of the Climate in Africa 2023 report, Africa faces disproportionately high costs for essential climate adaptation. Sub-Saharan Africa is exceptionally vulnerable to climate change, due to a combination of factors including a high dependence on rain-fed agriculture, limited financial resources and a lack of capacity for adaptation. "In sub-Saharan Africa, the cost of adaptation is estimated at US\$30 to 50 billion annually over the next decade or two to three percent of the region's Gross Domestic Product," the report says.

The WMO has emphasised the urgent need for investment in advanced technologies and better accessibility to accurate weather, climate, and hydrological early warning systems to improve preparedness for escalating high-impact events and safeguard lives and livelihoods across Africa.

Southern Africa buckles under unprecedented drought

One such event recently unfolded across the Southern African region. An unprecedented drought triggered by the El Niño phenomenon began in July 2023 and continued into 2024, peaking between November 2023 to January 2024. According to the WMO, the El Niño event ranked among the five most severe on record while USAID described it as the most severe drought in 100 years.

Affecting the critical planting season and causing widespread crop failure and severe livestock losses, the drought resulted in a major humanitarian crisis. February 2024 was the driest in a century for the region, and rising temperatures further intensified the disaster. El Niño also triggered the opposite extreme of heavy rains and flash flooding in East Africa.

Six countries declared a state of emergency in response to the crisis, including Zimbabwe, where President Emmerson Mnangagwa made the announcement in early April 2024. It was Zimbabwe's worst drought in 40 years, decimating 80% of the harvest and leaving

7.6 million people – half the population – struggling with acute hunger. The World Food Programme (WFP) warned that the impact would be felt for months, with the hunger crisis expected to worsen and persist until the next harvest season of April/May 2025.

Critical assistance for Zimbabwe

As a result of the country's foresight to protect its people against climate disasters, Zimbabwe received a record payout of US\$32 million in July 2024, triggered by Africa RiskView, ARC's early warning and monitoring software. Of the total, US\$16.8 million comprised the payout for Zimbabwe's sovereign drought insurance policy, complemented by two payouts received by the government's REPLICA partners; \$6.1 million to the World Food Programme and \$8.9 million to Start Network.

Guided by ARC's Final Implementation Plan, which has been devised as part of early contingency planning, the government was able to assist 1 777 591 million individuals – surpassing its initial target of 1 690 853 individuals – in 27 districts across the country with fast-tracked grain distribution, and support for farmers to help them recover and maintain their livelihoods. The payout came when critical grazing shortages had been forecast from July 2024 onwards.

Empowering humanitarian actors and the impact on the ground

Zimbabwe is also part of the Replica programme, which enables humanitarian organisations to buy insurance policies on behalf of a country, helping them expand their coverage and save more lives and livelihoods. The country uniquely benefits from two Replica partners – the WFP and Start Network.

The WFP received US\$6.1 million, empowering it to provide food assistance to 273 000 people, including villagers in the Chingwizi area of the Mwenezi District in Southern Zimbabwe, who were facing starvation. Households received rations of maize, cooking oil, and cowpeas.

Start Network received a US\$8.9 million payout to fund early interventions, including food distribution and cash transfers, carried out by its nine implementing agencies. The aid targeted the most vulnerable communities facing acute food shortages, with the swift response also aiming to prevent harmful coping mechanisms often associated with food insecurity. Early intervention through pre-arranged disaster risk insurance has proven to significantly expand the reach of assistance during a crisis, as demonstrated in Zimbabwe.

ARC Group and ARC Ltd. visited the Mwenezi District to see first-hand the devastation caused by the drought and how the payout had assisted villagers in their time of need. With no water or harvest and battling hunger, some families had already resorted to negative coping mechanisms. Many children had stopped attending school, as they had no energy to walk to classes and participate in learning, while others were forced into childhood marriages to survive. Many villagers said they could not remember the last time they had a proper meal. The payout provided these families with food to see them through for two months to September ahead of the anticipated spring rain.

How Zimbabwe's journey with ARC led to the record payout

The country recognised the critical need to mitigate hunger and protect its people, becoming one of the first African countries to become an ARC member state in 2012. Zimbabwe later joined the drought insurance pool in the 2019/2020 agricultural season and received its first-ever payout in 2020 – US\$1.4 million to the government and US\$290 000 to the World Food Programme. The combined funds supported assistance to more than 180 000 households in highly vulnerable districts.

That same year, the government signed the Africa Disaster Risk Financing Programme Multi-Donor Trust Fund (ADRFi-MDTF) protocol agreement. This joint initiative between the African Development Bank Group and the ARC Group is aimed at improving countries' resilience to climate-related disasters. The Bank has committed significant funding to help African nations access insurance coverage for hazards such as droughts and tropical cyclones. In addition to providing financial protection, the programme supports early warning systems and the quality and accessibility of climate data. It also supports the development of disaster risk financing strategies to embed climate risk management in national planning frameworks.

Zimbabwe's participation in the ARC mechanism entailed an insurance premium paid in part by the government, with contributions to its premiums by the Swiss Agency for Development and Cooperation, Germany's KfW Development Bank and ADRFi-MDTF.

Zimbabwe setting an example in Africa

The Zimbabwean government has shown a strong commitment to the ARC mechanism, purchasing multiple sovereign insurance policies over the years together with its partners, to strengthen its disaster risk management measures and ensure food security. For farmers, the coverage assures them of a vital safety net providing them with compensation in challenging times and encouraging reinvestment in agriculture. This, in turn, supports economic stability, reduces the risk of widespread hunger, and lessens reliance on costly emergency food imports.

As the climate crisis continues to accelerate in Africa, with millions of people in rural and urban areas still requiring disaster protection and food assistance, the need for public-private partnerships in bridging the climate resilience gap has never been more urgent.



Early intervention through pre-arranged disaster risk insurance has proven to significantly expand the reach of assistance during a crisis, as demonstrated in Zimbabwe.

CASE STUDY

UNDRR

PREDICT. PREPARE. PROTECT.

Transforming disaster response in Africa

Africa has struggled with adverse climate change impacts for the last 10 years, including dry spells, seasonal droughts, intense rainfall, riverine floods, and flash floods.



In 2015, **Malawi** was hit by a once-in-500-year flood, impacting more than 1.1 million people.* A drought followed, causing food insecurity among 6.5 million people during the 2016/17 agricultural season. More recently, Malawi experienced a late onset of the 2023/24 rainfall season, followed by extended dry spells, particularly in the southern and central regions.

The situation was further exacerbated by El Niño, an abnormal warming of the tropical Pacific Ocean that radiates heat into the air and causes dry conditions in Southern Africa and wet conditions in Eastern Africa. Most of Malawi's population depends on agriculture, but the extended droughts during the critical January and February cropping season negatively impacted yields and food production.



According to the World Meteorological Organization, the 2024 El Niño has been among the five strongest on record, with high temperatures and below-average rainfall in Southern Africa from November 2023 to April 2024. "The Southern African region received less than 20% of its typical rainfall and experienced one of the driest growing seasons in a long time. The impact on the agriculture sector has been devastating, leading to massive crop failures and loss of livestock," says Ibrahim Cheikh Diong, former UN Assistant Secretary-General and ARC Group Director-General.



The El Niño drought also severely affected rain-fed subsistence farming in **Zimbabwe**, a livelihood of 70% of the population. Crop yields and water reserves dropped to all-time lows, and maize production decreased by 72% last year. In April, Zimbabwe was compelled to declare a nationwide state of disaster. According to a recent UN Office for the Coordination of Humanitarian Affairs report, food insecurity in the country is rapidly rising. African Risk Capacity (ARC) Group's technical software for early warning and monitoring, Africa RiskView, recorded that as many as 5 million people in Zimbabwe were affected.

In **Zambia**, almost half the population – 9.8 million people – has been impacted by the El Niño-induced drought since late 2023, affecting pastures and depleting water sources needed for irrigation, livestock, and fishing. The water depletion has impacted 84 districts which support 76% of the country's livestock and 66% of its poultry. In addition, water scarcity has significantly reduced the country's power generation capacity, resulting in a further drag on the economy. According to humanitarian group CARE International, millions of Zambians are starving, and out of the 9.8 million affected, 6.6 million require immediate food assistance.



* Global Facility for Disaster Reduction and Recovery (GFDRR). (2015). *Malawi Post-Disaster Needs Assessment*. Washington, DC: World Bank Group. Available at: <https://www.gfdr.org/sites/default/files/publication/pda-2015-malawi.pdf>

Mozambique was already impacted by drought before the current El Niño conditions, and as many as 2.7 million people in affected areas were facing malnutrition. Eighty per cent of the country's population relies on rain-fed subsistence agriculture. However, recent above-average temperatures, extreme weather events, floods, and the fallout from past shocks like Tropical Cyclone Batsirai have caused the situation to deteriorate.

The impact of El Niño created a marked contrast in Mozambique's weather patterns in the north and south from late 2023 into early 2024. While the northern parts received average to above-average rainfall, the central and southern regions had below-average rainfall. During what should have been the rainfall season (November-February), these areas struggled with a combination of persistent dry conditions and elevated temperatures, with many receiving less than 50% of their typical precipitation.

The Famine Early Warning Systems Network says El Niño conditions and extreme weather events in Mozambique have damaged 690,000 hectares of crops. An estimated 1.25 million people could now be entering severe or emergency food insecurity.



Malawi, an early adopter in Africa

Malawi became a member state of African Risk Capacity (ARC) Limited in 2015. The financial affiliate of the ARC Group it provides parametric insurance to member states and farmer organisations by employing innovative financing mechanisms to pool disaster-related risk across Africa and transfer it to international risk markets. However, as it was only ARC Ltd.'s second year in operation, some initial challenges were experienced. There was a significant divergence between the risk model information and the situation on the ground. The country was facing a significant drought, but the model indicated that it was moderate, which did not trigger a payout from the insurance policy.

This resulted in an understandable lack of confidence from the Malawi government around the product, which also affected its adoption across Southern Africa. The country only returned to the risk pool after extensive engagement with the ARC Group team. ARC spent much

time and effort showing the government the progress we'd made in terms of our own processes and quality control and cited other countries as examples of where we had got it right.

The ARC Group addressed the problem in Malawi and gathered accurate data, resulting in the country receiving a \$8 million payout in 2017. The government used the funds to support over 800,000 people and replenish its grain reserves.

Earlier this year, the United Nations High Commissioner for Refugees (UNHCR) joined ARC Ltd. as a partner to Malawi's Replica Programme, which allows humanitarian organisations to replicate governments' disaster risk insurance policies. It was the first time such coverage could be extended to refugees and internally displaced people, who often fall through the cracks of similar systems.



VOICES OF ARC LTD

"Every statistic represents real people (farmers, families, children) facing difficult moments. Humanitarian insurance ensures that support arrives when it is most urgently."

Gloria Womitso - Head of Humanitarian Insurance Solutions

The Malawi Government declared a state of disaster in the worst-affected areas in March 2024. In August, a \$11.6 million payout from ARC Ltd. was triggered to support Malawi's recovery, including assisting an estimated 235,000 households in the country's Lower Shire and Southern regions with food and 118,000 households in the Central region with cash transfers. The UNHCR received \$400,000 of the payout for humanitarian efforts to assist refugees, forcibly displaced persons and their host communities affected by the drought.

Fighting climate change with innovation

Innovation is essential to building climate resilience, and ARC Ltd. recognised the need to adjust its traditional drought product. The key innovation with the anticipatory insurance is that it responds to droughts early in the sowing season, whereas our traditional drought product responds at the end of the season to assist people already experiencing a food shortage. If there is a rainfall deficit between October and December, for example, we can pay out to help farmers adapt – either by replanting or looking at another more drought-resistant crop. Through this mechanism, ARC Ltd. ensures predictable finance to facilitate the response to disaster events.

Zambia and Malawi became the first countries to participate in ARC Ltd.'s innovative anticipatory insurance solution with World Food Programme (WFP) signing on as a Replica partner in 2023. In June 2024, Zambia received a payout of \$9.9 million, while the WFP received \$3.3 million as a result of the Replica policy.

Zimbabwe joined ARC Ltd. as a member state in 2019. Zimbabwe is a unique case, as it has two Replica partners: WFP and Start Network. In July, the country received a payout of \$16.8 million and the WFP and Start Network received payouts of \$6.1 million and \$8.9 million respectively through the Replica Programme, helping 509,000 vulnerable households in 27 districts.

A final implementation plan, developed as part of the ARC contingency planning process with the government and Replica partners, guides the use of these payouts to facilitate timely intervention that prevents households from resorting to negative coping mechanisms.

Mozambique is among the most recent member states, having joined in 2023 with the WFP as its Replica partner. It has also benefitted with a payout of \$5.5 million. To date, ARC Group has provided \$62 million in disaster risk insurance payouts to El Niño-impacted countries in Southern Africa.

Multi-year in-country efforts

These country partnerships included immense preparation over several years through on-the-ground research, close collaboration with local partners, and advanced predictive risk modelling tailored to each country's unique climate vulnerabilities and economic landscape.



The key innovation with the anticipatory insurance is that it responds to droughts early in the sowing season. If there is a rainfall deficit between October and December, for example, we can pay out to help farmers adapt – either by replanting or looking at another more drought-resistant crop.



ARC's approach is extensive. It begins with political engagement and brokering to acquire a country's buy-in. Once there is willingness, multi-disciplinary technical working groups are set up comprising, among others, insurance experts, government specialists, humanitarian partners, weather experts, regulators and social welfare experts.

ARC considers, among other things, the most widely cultivated crop it can use as a proxy for drought. If rain is insufficient for that crop to mature, we know the country is at risk of a food shortage. We look at how many varieties are grown and in which regions. We assess how many people rely on agriculture as a source of income or livelihood. We then bring all this together and examine the likelihood of a drought occurring in the country, and should it occur, what the financial impact is likely to be. This is broadly how we set the premium for a policy.

A focus on improvement and growth

To address these historical challenges, ARC Ltd. has implemented various quality control mechanisms: a customisation quality review (CQR), a Customisation Review Committee, and a Technical Review Forum (TRF). These mechanisms ensure that the quality of the drought insurance products is the best it can be, based on multiple internal and external inputs, processes and experts.

As a result, ARC now interrogates countries' choices, giving them an opportunity to explain their rationale for parameter choices. It also looks at seed sales, for example, to cross-check information.

ARC Ltd.'s support of member states constitutes more than a payout – the company also looks at how a government can improve the use of scarce resources using various available tools. It focuses on staying relevant to meet the needs of governments; it cannot be a one-sided approach as is the case with general insurance. It has to be context-driven due to each country's unique circumstances on the ground. However, insurance is not a silver bullet; ARC is a key partner with the governments in the use of early warning tools as part of wider disaster risk management efforts.

Using lessons learned, ARC Ltd. continues its mission to expand protection across more African countries in all the regions. Countries are expected to join the ARC Ltd. risk pool soon, having seen the benefits of becoming a member state. Rising temperatures and even drier conditions have been predicted for many countries on the continent. This will lead to extreme events like drought, floods, tropical cyclones, heatwaves and landslides, further contributing to soil erosion, deforestation, desertification, land degradation and loss of biodiversity. Key sectors becoming increasingly vulnerable include agriculture, livestock, health, water resources, power and tourism.

Developing disaster risk management processes in-country across the continent is critical. Through our efforts, African governments will be empowered to better prepare and respond to escalating climate-change-induced shocks.



PARTNER PERSPECTIVES

SCALING RESILIENCE

Partnering with ARC Ltd. to strengthen regional risk financing

PARTNER INTERVIEW

World Bank

Idah Pswarayi-Riddihough

Former Country Director for Comoros, Mozambique and Madagascar, Mauritius and Seychelles, and currently Global Director of Digital Development Practice at the World Bank



The increasing frequency and intensity of natural disasters across Eastern and Southern Africa have heightened the urgency for countries in the region to enhance their disaster risk preparedness and response systems.

“Madagascar faces three cyclones every year, on average, and Mozambique recently had three violent, consecutive cyclones,” points out Idah Pswarayi-Riddihough, the former Country Director for Comoros, Madagascar, Mauritius, Mozambique and Seychelles, and currently Global Director of Digital Development Practice at the World Bank.

“They need all the pre-arranged financing they can get, but they also need to build their resilience against these climate events.”

Yet, a lack of fit-for-purpose financial instruments across shock intensities, insufficient mechanisms for tracking the use of emergency funds, and limited national capacity to manage disaster risk finance systems prevent countries from effectively doing this. “It is relatively easy to put in place pre-arranged instruments to respond to disaster; it is much harder to

follow the money and ensure it is used for the intended purposes,” Pswarayi-Riddihough says. Where countries had access to parametric sovereign insurance in the past, it was used for mild shocks, increasing the cost of the insurance and questioning its sustainability.

“The biggest imperative is to find a sustainable solution – to move countries away from waiting for someone’s support, to being at the forefront of the issue,” shares Pswarayi-Riddihough. “We need to create the capacity for countries to respond in a fast, replicable way. That means looking into the country’s history of natural disasters and how they responded to understand what they did right and what they need to do differently.”

However, to begin addressing these challenges, “we need to forget about the individual countries”. Pswarayi-Riddihough explains that disaster risks are almost like equalisers – “they don’t sense borders”.



FOCUS

Regional Emergency Preparedness & Inclusive Recovery Programme (REPAIR)



WORLD BANK GROUP



Global Shield
against Climate Risks



African
Risk Capacity
Limited

Objectives:

To establish a Regional Climate Risk Fund for disaster risk financing and to strengthen financial and operational preparedness of participating countries to respond quickly to climate and other shocks.



Duration:
2024 to 2031



Budget:
USD 926 million
(Total Programme value)

Target region:

**Eastern and
Southern African
(ESA) countries**

Innovative features:

- **Regional Climate Risk Fund (RCRF):** A multi-layered vehicle combining one or multiple financial instruments among which immediate liquidity (reserves), contingent financing, and parametric catastrophe insurance premium support depending on the severity of the shock (with different and adapted trigger mechanisms)—ensuring comprehensive coverage across shock severities.
- **Pre-Arranged Financing:** Countries have immediate access to funds, with reserves financing disbursed within a maximum of seven days of a climate-related disaster, enabling rapid response and saving lives.
- **Strengthened Delivery Systems:** Supports and enhances national preparedness mechanisms (disaster funds, social protection, credit guarantees) to ensure funds efficiently and transparently reach vulnerable communities and local MSMEs.
- **Pooled Regional Resources:** Risk pooling among participating countries lowers insurance costs, enhances coverage, attracts private capital, and leverages on economies of scale.
- **Public-Private Partnership:** Implemented by ARC Ltd. as an African Union specialized agency, the program fosters regional integration, knowledge sharing, and capacity building.
- **Flexibility & Sustainability:** Empowers countries to redefine their fiscal space for financing disaster risk and the costs to respond; improve resilience of their national economies; and to adjust their strategy for allocation of budget over medium/long-term planning.



“How easily a country can respond depends on its own capacity, be it financial or human, as well as its ability to learn from other countries,” shares Pswarayi-Riddihough.

Creating Response Capacity

In 2024, the World Bank launched the Regional Emergency Preparedness and Access to Inclusive Recovery (REPAIR) programme, which provides a suite of pre-arranged financial instruments, follows the money, and facilitates peer-to-peer capacity building for Eastern and Southern African countries most vulnerable to the impacts of climate shocks.

“We needed an experienced regional entity to help us implement the programme, with a comprehensive understanding of disaster risk insurance, and who was willing to separate the implementation from their insurance,” Pswarayi-Riddihough says.

The World Bank facilitated a competitive process where several entities that met the requirements to implement the programme were presented to the targeted countries, which then agreed on the most suitable candidate for the program. African Risk Capacity Limited (ARC Ltd.) was selected because its mandate fits with the objectives of REPAIR.

A separate team that is not involved in underwriting insurance was created within ARC Ltd., with several programme leads appointed in 2024 to support the implementation. “The team also includes focal points in every country REPAIR operates in – Comoros, Madagascar, and Mozambique – who have been extremely useful in addressing clients’ concerns and bridging the cultural gaps between the countries,” notes Pswarayi-Riddihough.

While they started with three countries, the World Bank expects the number of member countries participating to grow quickly, “because disasters don’t wait”.

“The biggest challenge in facilitating peer-to-peer learning is going to be navigating the various languages and levels of understanding or education,” Pswarayi-Riddihough says, adding that every country also has a different way of dealing with disaster risk. “In Madagascar, it falls under the Prime Minister, and in Mozambique, it falls under the Minister of Finance, for example.”

Comoros Case Study

“When people don’t understand they have the power to prevent or respond to a climate disaster, they see themselves as victims, but through continued conversations and case studies from neighbouring countries, we are able to show these communities that they can respond (build their resilience)” Pswarayi-Riddihough says.

In December 2024, the REPAIR financing was activated for the first time in Comoros, in response to Cyclone Chido. “There was very little time for Comoros to prepare, as the cyclone arrived very early in the season.”

ARC Ltd. was ready, however, and could step in to help the country. The focal point in Comoros walked Comoros through the process, justifying the request and facilitating the activation. “It just proves that the way we’ve designed the REPAIR programme truly can deliver the results we wanted,” Pswarayi-Riddihough points out.

“There’s no more powerful a message than a country being perceptive about its own development and the ability to actually protect its citizens.”

The response in Comoros also provided the ARC Ltd. team and the World Bank with valuable lessons for the future. “The first was to ensure the Ministries of Finance in the member countries were well-aware of how the REPAIR programme works and their role in it,” Pswarayi-Riddihough shares.

She explains that the REPAIR programme sits in the Ministry of Finance because, when funding goes to line ministries, they automatically focus on the sectors they are responsible for. But disasters impact multiple areas, and so we need to be able to triangulate and validate where the money goes very quickly.

Pswarayi-Riddihough emphasises that this is what makes REPAIR a game-changer in disaster risk response. “REPAIR, managed and implemented by ARC Ltd., is a platform where anyone who wants to work in disaster risk – especially development partners and NGOs – can.”

“If I’m a Minister of Finance and I am faced with a disaster, I want to know who can support me.”

The second lesson came when the money did: “Once the payout is made, the channels have to be able to take it, so ARC Ltd. is now putting a lot of emphasis on ensuring this readiness,” Pswarayi-Riddihough says.

“Then, once the dust had settled and we had to track the money, we learned that we needed to strengthen the tools that help us follow it,” she adds. Through the programme, the World Bank and ARC Ltd. have started training countries on the use of blockchain platforms and auditing systems that help follow the money. “This will allow them to trace the funds all the way from the World Bank to ARC Ltd., to the Ministry of Finance, and then to the delivery channels.”

Pswarayi-Riddihough stresses that transparency and accountability are key to attracting other donors, partners, and member countries.

Accelerating Africa’s REPAIR

Pswarayi-Riddihough believes the partnership between the World Bank and ARC Ltd. within REPAIR is a powerful one, built on trust, where each one brings their respective strengths for greater impact. The World Bank is bringing more countries to the program, while ARC Ltd. is showing the quality of its services to countries to strengthen preparedness.

“ARC Ltd. has adapted to its role quite well. We know how difficult it is to get people to see the bigger picture when they are in the midst of a disaster, and we commend them for their success,” she says.

EXPANDING CLIMATE PROTECTION

Supporting inclusive insurance in underserved regions

PARTNER INTERVIEW

Norad

Lauren Naville Gisnås

Senior Advisor at Norad



When the Norwegian Agency for Development Cooperation (Norad) entered into a formal partnership with African Risk Capacity Limited (ARC Ltd.) in 2024 to implement the Supporting Adaptation Capacity Through Increased Parametric Insurance Penetration in Africa (SACPIP-Africa) initiative, it marked the culmination of nearly a year of mutual vision-building.

At the heart of the partnership lies a shared commitment to climate resilience, innovative financing, and inclusive development – particularly in Sub-Saharan Africa, where the need for proactive disaster risk financing has never been more pressing.

“Climate change adaptation, especially in sub-Saharan Africa, is a strategic focus area for the Norwegian government in our international development aid objectives,” explains Gisnås. One of the priority areas in that strategy is innovative financing, so Norad

started looking at initiatives like the Africa Disaster Risk Financing Program (ADRFI) Multi-Donor Trust Fund, operated by the African Development Bank Group, where implementation partners like ARC Ltd. use insurance to catalyse private sector funding. It was here that ARC Ltd. and Norad were first introduced.

“ARC Ltd.’s use of parametric insurance to form capital markets for climate change adaptation, which is very much underfunded currently, really resonated with us,” Gisnås emphasises.

“We’ve had a very good experience,” says Norad Senior Advisor Lauren Naville Gisnås. “The people working at ARC Ltd. are very professional and engaged.”

So did the fact that ARC Ltd. is African-owned. “We have been supporting Africa for a long time, and we know that the continent is specifically vulnerable to the effects of climate change,” she adds. “We see that disasters like floods, droughts, and tropical storms are increasingly threatening the development of African countries and the possibility for them to achieve the Sustainable Development Goals.”

Norad hopes that, through their partnership with ARC Ltd., they can raise more awareness in African countries around the risks they face in terms of climate change, and how to plan accordingly

At the same time, Gisnås notes that there is not enough official public development aid available to fill the needs of these countries, which is why Norad was interested in supporting ADRiFi and SACPIP-Africa.

There is also a need for capacity building in Africa. “In 2024, we were working with ADRiFi in The Gambia, and while the government was very engaged and aware of the needs of its citizens, especially the smallholder farmers, the public sector’s capacity to help them is very limited,” Gisnås shares. “However, there was a lot of interest to learn about and improve the ability of the government to respond to climate emergencies.”

She adds that ARC Ltd.’s dedicated efforts to support the smallholder farmers in Africa, who are most vulnerable to climate change, are another reason why the organisation fits perfectly with Norad’s priorities.

The partnership was made official during a signing ceremony in the CARICOM Pavilion at COP29 on 13 November, marking the significant contribution this initiative will have in addressing climate change issues.

The progress is in the planning

Climate change puts pressure on government budgets and countries’ economies. “A huge natural disaster can set some African countries back many years, in fact,” says Gisnås. “We have to make sure that the already vulnerable people don’t become more vulnerable, and make sure they are better prepared the next time there is a drought, so that it doesn’t completely undermine their livelihoods.”

She emphasises that the droughts are not going to stop, even if we have less carbon emissions; “Experts predict that these climate events will only keep increasing, so

we need to be encouraging investments in adaptation measures to give governments that budget flexibility.”

Norad hopes that, through their partnership with ARC Ltd., they can raise more awareness in African countries around the risks they face in terms of climate change, and how to plan accordingly – like building resistant infrastructure or investing in mangroves to protect against tropical storms, for example.

“There’s a long consulting and planning process that has to take place before countries can take up insurance with ARC Ltd., because every country faces unique challenges that have to be accounted for in the underwriting models,” Gisnås says. “Sometimes they have to create new products, like the new flood or tropical cyclone products, for example, to better meet the different countries’ needs.”

Part of this planning is ensuring the involvement of women and people with disabilities in implementation plans. That way, the products can support everyone in the country, even those who are usually marginalised. Gisnås points out that ARC Ltd.’s inclusive gender strategy is an important part of why they chose the company as a partner.

Catalysing climate resilience

“The goal of the agreement is to get more countries to take up insurance and understand the benefits of parametric insurance,” Gisnås explains, adding that official development assistance (ODA) alone cannot meet the continent’s needs.

Catalysing capital market and private sector involvement is thus essential for Norad. “It’s much more economically relevant to invest in adaptation measures than to only respond after disasters,” Gisnås says.

Whether at the national or local level, building resilience in a changing climate requires planning, partnership, and purposeful investment. “What we really want,” concludes Gisnås, “is to help African countries become more aware of their climate risks, plan for them better, and invest in protecting their people and their progress.”



ARC Ltd. has been working diligently to meet with different countries to take them on that journey.

INNOVATING FINANCE FOR RESILIENCE

Disaster-adapted loans for climate risk

PARTNER INTERVIEW

BOAD

Moubarak Moukaila

Head of Financing
Sustainable Developments at BOAD



Partnerships between development finance institutions and specialised agencies are crucial to building climate resilience across Africa.

The collaboration between ARC Ltd. and the West African Development Bank (BOAD) exemplifies how African-led partnerships can deliver transformative climate risk solutions – ones that combine expertise with regional financial capacity to protect vulnerable communities.

“Our collaboration with ARC Limited has been both strategic and impactful,” explains Mubarak, speaking from BOAD’s headquarters in Lomé, Togo. “It represents the practical alignment of our mandates, bringing together ARC Limited’s technical expertise with BOAD’s resources mobilised on the markets, having a perfect blending resource, blending finance instruments to finance issues like parametric insurance that are well needed.”

The partnership addresses BOAD’s strategic ambition to identify the most effective instruments for financing development needs across the region. While BOAD has been successful in mobilising resources on capital

markets, those resources still don’t fully match development requirements, making the collaboration with ARC Ltd. essential for delivering scalable solutions.

Knowledge transfer and capacity building

One of the partnership’s most significant achievements has been the successful transfer of technical knowledge to BOAD’s team. This capacity building reflects ARC Ltd.’s commitment to ensuring African institutions can independently manage complex risk transfer instruments.

“What I really like is that some of our team in BOAD now talk easily about insurance products while they didn’t know about it before,” Mubarak notes. “ARC has that ability to transfer the know-how and technology, and that was very good.”

“Right now, when we defend our position, when we talk, we talk as a team, we talk as one team. That synergy of action alone makes partners comfortable and makes partners want to come and work with our consortium.”

This knowledge transfer proved crucial in implementing the successful PACAM parametric insurance programme across four West African countries, with Togo becoming the first to receive a payout. The programme's success has generated significant interest, with four additional countries in the region already expressing a desire to join, while local communities are actively approaching both organisations requesting support.

Expanding impact and attracting partners

The partnership's collaborative approach has attracted other interest, too, Mubarak explains. "We are also talking to other donors, like the German government, to see how we can bring our forces together to mobilise more resources." BOAD leveraged the partnership's success when building projects, with Mubarak noting: "BOAD itself has actually used this example to build the projects that we submitted to the GCF, and then we mobilise a grant, the 60 million US dollar grants from GCF to actually support rural communities."

"I think over time, the partnership has evolved from technical collaboration to a broader platform. And now we are thinking about joining resources, joining forces to look at other avenues, other types of instruments that we can both develop," Mubarak says.

He explains that they are also looking at other partners, such as the WHO and FAO, "we want to bring them together around the table to make sure that we have strong and tangible projects that we can develop for the region." The partnership includes conducting joint missions and planning regular collaborative activities.

Addressing urgent regional risks

Looking ahead three to five years, the partnership has identified the region's most critical climate financing needs. "We need to put more emphasis on scalable, pre-arranged financing instruments for droughts, floods and tropical storms," Mubarak explains. "We need to find insurance and make sure it's integrated into national projects and social protection systems."

The partnership is working to address access to concessional resources, particularly for countries struggling to afford insurance premiums. "There are some countries where they are not able to pay all these insurance fees, so we need to do that," he notes.

Critical to success is capacity enhancement with ministries of finance and planning, recognised as key decision makers who can integrate risk financing into national planning.

Overcoming implementation challenges

The primary challenge remains ensuring government's understanding of insurance products. "The first challenge is the understanding by the countries," Mubarak acknowledges. "Many people want to understand clearly, 'when do I get the money,' when the issue occurs, and things like that. So we need to communicate really well."

Additional challenges include delays in policy uptake due to fiscal constraints, as insurance costs aren't typically planned for at a country level. This highlights the importance of upstream capacity building and embedding risk transfer instruments within broader public finance frameworks.

"Insurance is a very good product when something occurs to you, but if you don't have it, unfortunately, then you're not covered. We need to put that in people's mindsets."

Regional approach to global challenges

The partnership demonstrates ARC Ltd.'s commitment to covering all African Union countries through collaborative approaches, leveraging existing regional institutions.

"Climate issues are not single-country related. They are a global issue," emphasises Mubarak. "We need to make sure that all the countries in our region are also engaged in the same process."

This regional perspective, combined with strong personal relationships built between teams, has created a foundation for sustained collaboration. The partnership represents both policy advocacy and technical support for climate risk financing across the region, showing how African-led solutions can address the continent's most pressing challenges.

"We emphasise the collaboration, the joint forces between our teams," Mubarak concludes. "One of the things that we saw is the personal relations that we built with the teams at ARC Limited, which facilitated the development and engagement on the ground."

As ARC Ltd. works towards covering all 55 African Union countries, the partnership with BOAD demonstrates how combining institutional strengths can deliver rapid, predictable financing when disasters strike, building the foundation for a more resilient Africa.

PROTECTING STAPLE CROPS

Rice insurance for farmers in Côte d'Ivoire

PARTNER INTERVIEW

DAAI-CI

M.soro Ouannougo

Fuscopriz-Ci Secretary General



Following a successful pilot of the project in 2023 – carried out in the Cavally region in western Côte d'Ivoire – which resulted in payouts to over 5,111 producers, ARC Ltd. and its consortium of partners started rolling out the Développement de l'Assurance Agricole Indicielle en Côte d'Ivoire (DAAI-CI) programme this year.

The consortium includes: Fuscopriz-CI, L'Agence Nationale d'Appui au Développement Rural (ANADER), CASAI, Ministère Environnement, Développement Durable et Transition Ecologique (MINEDDTE), World Food Programme (WFP), United Nations Development Programme (UNDP), Sanlam Allianz, Sarmap SA, Societe D'Exploitation et de Developpement Aeroportuaire, Aeronautique et Meteorologique (SODÉXAM), the Interprofessional Fund for Agricultural Research (FIRCA), Global Health Security Agency (GHSA), InsuResilience Solutions Fund (ISF), Swiss Agency for Development and Cooperations, and ARC Group.

Integrated into a personalised “service card”, this tool identifies smallholder farmers and connects them to additional services like credit and training. The project's priorities include “better support for the production inputs of smallholder farmers, enhanced training for local actors, and – especially – increased awareness about index-based agriculture insurance”.

Over the past year, ARC Ltd. worked with donors and local stakeholders to enrol African smallholder farmers, refine the projects' operational processes, and strengthen community trust.



VOICES OF ARC LTD

“Working with partners such as BOAD and DAAI-CI has shown how collaboration can open doors for vulnerable communities. Together we can extend protection to people who would otherwise be left exposed.”

Zeynab Cisse - Business Development Lead (WCA)

Ouannougo shares that the goal was to move from concept to large-scale application, using parametric triggers to deliver timely payouts after droughts or excessive rainfall.

The closing ceremony of the 2024 payouts campaign, held on 28 March 2025 in San Pedro, showcased the programme's tangible results, with:



299,656,085

FCFA (about \$511,000) in payouts disbursed



44,158

Rice producers from



246

agricultural cooperatives,



insured across the 10 rice-growing hubs of Côte d'Ivoire: Bouaké, Bouna, Bondoukou, Man, Gagnoa, San Pedro, Odienné, Korhogo, Bongouanou and Yamoussoukro



20,714

Rice farmers from



93

cooperatives,



payouts in 9 of these hubs: Bouna, Bondoukou, Man, Gagnoa, San Pedro, Odienné, Korhogo, Bongouanou and Yamoussoukro

Stronger With Support

One of the biggest challenges was reaching the targeted 50,000 producers, due to the low collection of insurance premiums and a limited capacity for local outreach and awareness. "We had to build understanding and trust around the concept of index-based agriculture insurance," Ouannougo says.

This meant scaling up awareness campaigns and clearly explaining the benefits and value of index-based insurance coverage. ARC Ltd. worked through FUSCOP RIZ CI (the rice cooperatives' federation) and local extension teams so farmers understood how the index works and when payouts occur.

"We also needed to strengthen the partnerships between Fuscopriz-CI and Anader, and improve communication with all the project's stakeholders," Ouannougo adds. The consortium established a dedicated implementation team, separate from underwriting, to ensure transparent decision-making, with local focal points in each rice-growing district, as well as monthly check-ins with the steering committee and partners. These structures enabled rapid issue resolution, clear accountability and data-driven adjustments to rollout plans.

ARC Ltd. partnered with SODÉXAM and Sarmap to calibrate climate triggers and ensure accurate weather data.

"ARC Ltd. has a strong reputation in the region and disaster risk industry," explains Ouannougo. "Their presence has greatly reassured all partners involved in the DAAI-CI project, bringing a sense of confidence and stability to the initiative."

He explains that, over time, a great sense of synergy and mutual understanding has developed between the two, allowing the project to move forward smoothly and effectively.

Furthering Financial Resilience for Farmers

"We hope ARC Ltd will continue to deepen its support for the DAAI-CI consortium by addressing further concerns raised by both the federation and the producers," Ouannougo says.

These concerns include capacity building for farmers, financial support to carry out more localised awareness-raising activities (particularly in remote villages) and assistance to help producers access inputs, credit, and other resources that can truly improve their livelihoods.

Building on the success of 2024, DAAI-CI now aims to extend its innovative solution to other key agricultural value chains – including maize, cocoa, and cotton – and to inspire more African countries to adopt this model to strengthen climate resilience among their farmers.





GOVERNANCE & LEADERSHIP

OUR BOARD MEMBERS



Mr Maxwell Mkwezalamba

CHAIRMAN

OTHER DIRECTORSHIPS

- Executive Director for Africa Group (2016 – 2018)
- Alternate Executive Director for Africa Group (2014)
- Minister of Finance, Government of Malawi (2013 – 2014)
- Consultant/Advisor on Regional Approaches to Development in the African Great Lakes Region (2013)
- Commissioner for Economic Affairs, African Union Commission, Addis Ababa, ETHIOPIA (2004 – 2013)
- Principal Secretary/Technical Advisor (Economic Affairs), Ministry of Finance, Economic Planning and Development, Lilongwe (2000 – 2003)



Mr Deepak Dave

NON-EXECUTIVE DIRECTOR

OTHER DIRECTORSHIPS

- Chief Risk Officer, Africa Trade Insurance Agency (ATI) (2020 – 2022)
- Senior Advisor, Riverside Advisory Toronto/Nairobi (2015 – 2019)
- Senior Vice-President, Risk Management, GE Capital, Toronto (2014 – 2015)
- Director, Global Mining & Forest Products, GE Capital, Toronto (2012 – 2013)
- Principal Officer, Corporate and Asset-Backed Lending, EDC Ottawa (2008 – 2011)
- Director, Risk Management Africa, Renaissance Capital Africa London (2007)
- Director, Structured Financing and Financial Institutions, Credit, Barclays Investment Bank (2001 – 2006)



Ms Susan Kasinga

NON-EXECUTIVE DIRECTOR

OTHER DIRECTORSHIPS

- Independent Non-executive Director, Old Mutual General Insurance Ltd. Board, Kenya (2019 – current)
- Independent Non-executive Director, QualiBasic Seed Ltd (QBS) Board, Kenya (2018 – current)
- Member & Chairperson, Bank of Kenya Ltd Board, (2013 – 2022)
- Associate Director, Standard Investment Bank Ltd (SIB), Kenya (2010 – 2016)
- Associate Director, CFC Financial Services Fund Management Ltd, (CFCFS) Kenya (2004- 2010)
- Investment Manager, Heritage A.I.I. Insurance Company Ltd, Kenya (1997 – 2003)



VOICES OF ARC LTD

“Integrity and accountability are not optional in our work. They are the foundation of trust. Strong governance ensures that governments and partners can rely on ARC Ltd. without hesitation.”

Anaïs Symenouh - Head of Legal



Ms Ladé Araba

NON-EXECUTIVE DIRECTOR

OTHER DIRECTORSHIPS

- Vice President, Financial Services at the African Fertilizer and Agribusiness Partnership (AFAP)
- Non Executive Director, MPower Ventures AG
- Former Advisory Committee Member, Green Outcomes Fund (2021 - 2023)
- Former Managing Director, Africa at Convergence Finance (2017 - 2022)
- Former Board Co-Chair, EED Advisory (2017 - 2019)



Ms Sarata Khoné Thiam

NON-EXECUTIVE DIRECTOR

OTHER DIRECTORSHIPS

- Managing Director of UBA Côte d'Ivoire
- Held senior positions at major international financial groups - HSBC and Citibank
- HSBC Regional Director for West Africa for 12 years
- Instrumental in developing the Group franchise in the region, with a focus on Ghana and Francophone Africa



Mr Jürgen Meisch

NON-EXECUTIVE DIRECTOR

OTHER DIRECTORSHIPS

- Founder and sole shareholder of Achalm Capital GmbH
- Former Chief Financial Officer and member of the Executive Board of Gothaer
- Jürgen has worked in various functions at top-rated international companies such as Morgan Stanley and Cologne Re, where he was a Board member in charge of asset management



Ms Helen Amarquaye

NON-EXECUTIVE DIRECTOR

OTHER DIRECTORSHIPS

- Chairperson, Old Mutual Life Assurance Company (OMLAC) Ltd Board, Ghana (April 2021 to date)
- Non-Exec Director & Member of Audit and Risk Sub-committee, OMLAC Board, Ghana (2017 to 2021)
- Non-Exec Director & Member of the Remuneration Committee, Old Mutual West Africa (OMWA) (2021 - 2023)

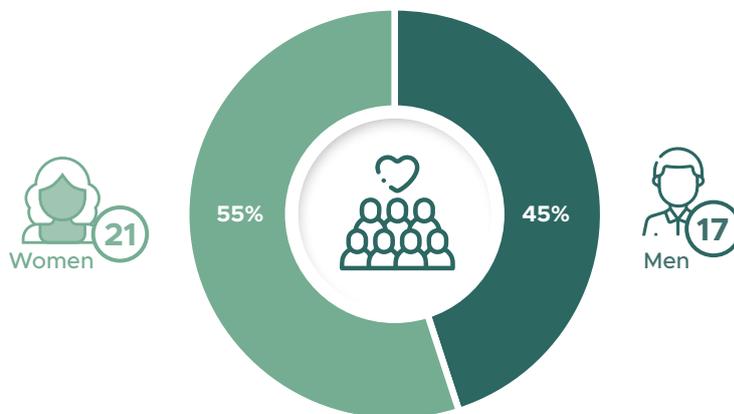


Former World Meteorological Organization (WMO) Secretary-General, Mr Michael Jarraud, supports ARC Ltd.'s Board in an advisory role.

OUR TEAM

ARCLtd.'s mission is to ensure that no one is left behind, and this extends to our team. We constantly prioritise fair and equal opportunities within the organisation and our initiatives.

Overall Team Composition 38 Members



Board of Directors 7 Members



Executive Management 5 Members



Team Members 26 Members





Ali-Subratullah Wadaan
Focal Point - Comoros



Anaïs Symenouh
Head of Legal



Astrid Amoyi
Junior Legal Counsel



Avinash Ramessur
Senior Programme Manager
(REPAIR)



Ayanda Manyaka
Human Resource Manager



Claykam Ibrahim Berte
Junior Underwriting Analyst



Eleanor Kigen
Business Development Lead
(ESA)



Forbin Atabong
Finance and Accounting
Manager



Gloria Womitso
Head of Humanitarian
Insurance Solutions



Jackline Muthengi
Head of Underwriting and
Innovation, FIA



Joseph Eyok
Head of Actuarial



Lorraine Njue
Head of Strategy and
Partnerships



Marie-Hélène Kanga

Office Administrator



Neslly Noutong

Actuarial Analyst



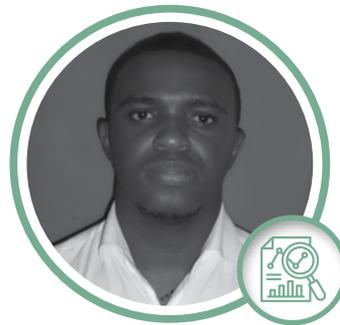
Nicole Muteba

Programme Manager



Norberto Mahalambe

Senior Business Development
Lead (ESA)



Patrick Munyingi

Junior Actuarial Analyst



Rachel Ngo Matip

Finance Analyst and
Administrator



Reuben Saina

Product Design Specialist



Sandile Mahagane

Actuarial Analyst



Sandra Mills

Executive Assistant



VOICES OF ARC LTD

“People are at the heart of ARC Ltd. My focus is on creating an environment where staff feel valued and empowered to bring their best to Africa’s resilience agenda.”

Ayanda Manyaka - Human Resource Manager



Tessy Daouda Oumarou
Business Development Intern



Thebe Ramanna
Senior Actuarial Analyst



Wesley Chitsike
Underwriting Analyst



Yusuf Bodiat
Head of Finance and Investment



Yvonne Mutunga
Senior Grant Manager



Zeynab Cisse
Business Development Lead
(WCA)



AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2024
(Expressed in US dollars)



VOICES OF ARC LTD

“Finance is about stewardship. At ARC Ltd., it also means making decisions that ensure long-term sustainability and help unlock greater resilience for the continent”.

Yusuf Bodiati - Head of Finance & Investment



Independent auditor's report

To the Board of Directors and Members of ARC Ltd.

Our Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ARC Ltd. (the Company) as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of income or loss and other comprehensive income or loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis For Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Hamilton, Bermuda

April 16, 2025

Statement of Financial Position

As at 31 December 2024

Figures in USD	Notes	31 December 2024	31 December 2023
Assets			
Fixed assets	5	244,439	205,452
Prepaid expenses		409,469	348,685
Other receivables	9	1,015,902	27,666
Reinsurance contract assets	12	8,565,823	3,156,143
Accrued investment income		275,012	752,033
Investment in Pula Advisors GmbH	7	828,544	315,675
Marketable investments	6	33,176,402	57,145,066
Cash and cash equivalents	10	17,937,636	36,461,759
Total assets		62,453,227	98,412,479
Liabilities			
Class C Members' Returnable Capital	11	71,612,712	70,747,283
Insurance contract liabilities	12	30,017,657	27,509,941
Reinsurance contract liabilities	12	139,470	–
Deferred income - other		453,333	433,297
Accounts payable and accrued liabilities		7,952,815	7,925,665
Total liabilities		110,175,987	106,616,186
Members' equity			
Reserve fund	13	250,000	250,000
Retained loss		(62,047,481)	(24,057,001)
Accumulated other comprehensive income:			
Class C Members' equity grant	11	14,074,721	15,603,294
Total Members' Equity		(47,722,760)	(8,203,707)
Total Liabilities and Members' Equity		62,453,227	98,412,479

Approved by the Board of Directors



Director



Director

Statement of Income or Loss and Other Comprehensive Income or Loss

For the year ended 31 December 2024

Figures in USD	Notes	31 December 2024	31 December 2023
Insurance revenue		43,020,423	46,805,453
Insurance revenue expense	17	(90,599,118)	(13,620,187)
Insurance service result before reinsurance contracts held		(47,578,695)	33,185,266
Allocation of reinsurance premium		(21,678,916)	(18,575,107)
Amounts recoverable from reinsurance for incurred claims		34,886,958	1,549,258
Net expense from reinsurance contracts held		13,208,042	(17,025,849)
Insurance service result		(34,370,653)	16,159,417
General and administrative expenses	17	(9,426,704)	(5,829,757)
Once-off costs	17	(476,915)	(241,336)
Net investment income	16	4,609,252	1,582,483
Other income	15,22	29,963	54,919
Unrealized gain on marketable investments		1,309,622	3,187,170
Unrealized gain/(loss) on foreign exchange		619,346	(1,887,725)
Realised (loss)/gain on foreign exchange		(284,391)	1,195,861
Net (loss)/income for the year		(37,990,480)	14,221,032
Write down of Equity grant from Class C Members		(1,528,573)	(1,007,804)
Total comprehensive (loss)/income for the year		(39,519,053)	13,213,228

Statement of Changes in Equity

For the year ended 31 December 2024

Figures in USD	Notes	31 December 2024	31 December 2023
Reserve fund			
Balance, beginning of the year		250,000	250,000
Balance, end of the year		250,000	250,000
Retained deficit			
Balance, beginning of the year		(24,057,001)	(38,278,033)
Net (loss)/income for the year		(37,990,480)	14,221,032
Balance, end of the year		(62,047,481)	(24,057,001)
Other comprehensive income			
Balance, beginning of the year		15,603,294	16,611,098
<i>Changes during year:</i>			
Grant – FCDO	11	(735,965)	(234,094)
Grant – KfW	11	(792,608)	(773,710)
		(1,528,573)	(1,007,804)
Balance, end of the year		14,074,721	15,603,294
Total Members' Deficit		(47,722,760)	(8,203,707)

Statement of Cash Flows

For the year ended 31 December 2024

Figures in USD	31 December 2024	31 December 2023
Cash flows from operating activities		
Net (loss)/income for the period	(37,990,480)	14,221,032
Adjustments for:		
Depreciation	24,101	16,203
Amortization expense	(11,403)	(2,911)
Realized (gain)/loss on sale of investments	(1,690,031)	746,862
Unrealized (gain) on investments	(1,309,622)	(3,187,170)
Unrealized foreign exchange movement on FCDO capital contribution	(663,144)	1,891,154
Changes in assets and liabilities		
Prepaid expenses	(60,784)	(122,842)
Other receivable	(988,236)	345,061
Accrued investment income	477,021	(375,831)
Reinsurance contract assets	(5,409,680)	(2,563,736)
Insurance contracts liabilities	2,507,716	127,498
Reinsurance contract liabilities	139,470	(357,234)
Deferred income - other	20,036	(54,919)
Accounts payable and accrued liabilities	27,150	5,507,256
Net cash (used in)/provided by operating activities	(44,927,886)	16,190,423
Cash flows from investing activities		
Purchase of marketable investments	(78,407,030)	(55,930,150)
Proceeds from sales of marketable investments	87,152,215	30,507,653
Proceeds from maturities of marketable investments	17,721,666	1,045,700
Purchase of fixed assets	17,721,666	(17,838)
Net cash provided/(used in) by investing activities	26,403,763	(24,394,635)
Decrease in cash and cash equivalents	(18,524,123)	(8,204,212)
Cash and cash equivalents – Beginning of the period	36,461,759	44,665,971
Cash and cash equivalents – End of the period	17,937,636	36,461,759

Notes to Financial Statements

1. The Company and its activities

ARC Ltd. (“the Company”) was incorporated under the laws of Bermuda on November 27, 2013 and is registered as a Class 2 insurer under The Insurance Act 1978, amendments thereto and related regulations (“The Act”). On November 18, 2022, the Company registered as a Segregated Account Company under the Segregated Accounts Companies Act 2000, as amended (“SAC Act”). The Company is managed in Hamilton, Bermuda by Marsh Management Services (Bermuda) Ltd. and has its place of business in Bermuda. The Company’s registered address is 7 Par-la-Ville Road, Hamilton, Bermuda.

ARC Ltd. was established under the remit of the African Risk Capacity Agency (“ARC Agency”), which was established as a Specialised Agency by the African Union (“AU”). The Company is part of the African Risk Capacity (“ARC”) initiative of the AU, an initiative designed to improve current responses to drought food security emergencies and other natural catastrophes. The aim of ARC is to improve the timeliness of responses and build capacity within AU Member States to manage drought and other catastrophe risks by directly linking funds to defined contingency plans. ARC is an African continent-wide, index-based weather risk insurance pool and early response mechanism, which offers an African solution to one of the continent’s most pressing challenges. There is a Memorandum of Understanding and Cooperation between ARC Agency and ARC Ltd.

ARC Ltd. is a mutual insurance company that provides drought, flood, tropical cyclone, outbreaks and epidemics (“O&E”) and Inclusive Insurance Solutions (“IIS”) insurance cover to participating African countries and replica partners, which are specified as Class A Members of the Company, upon participation. Under the Bye-Laws of the Company, Class A Members are those ARC Agency Member States holding a Certificate of Good Standing from the ARC Agency and which have purchased a current policy. The Bye-Laws also define the other class members of the Company: Class B Members are those who provide capital to the Company without expectation of re-payment, Class C Members are those that provide capital with a maximum fixed term of twenty years with no interest but expectation of the capital being returned (“Returnable Capital”) and Class D Members are those who provide capital with an expectation of investment return. Class C members are the only members that have rights to company surplus.

The current Members of this mutual insurance company consist of twelve Class A Members and two Class C Members. There are no Class B or D members during the year end, or at the date of approval of these financial statements. During the period, there were three participants in the Replica Insurance Program namely, the United Nations World Food Programme, Save the Children Fund and The Office of the United Nations High Commissioner for Refugees (“UNHCR”). The replica partners hold insurance policies not as Class A Members per the Company Bye-Laws, but acquire insurance policies for the benefit of African countries some of which are current Class A members.

The Class A Members participating in the insurance risk pool in the current financial period are Benin, Comoros, Cote d’Ivoire, Ghana, Lesotho, Madagascar, Malawi, Mozambique, Somalia, Togo, Zambia and Zimbabwe each having taken out at least one insurance policy.

The Class C Members are donor entities:

- the UK’s Foreign, Commonwealth and Development Office (“FCDO”), and
- KfW, a German state-owned investment and development bank who has been committed to improving economic, social and environmental living condition across the globe.

For coverages written under the Company’s drought, flood, tropical cyclone and IIS insurance contracts, the Company purchased some quota share reinsurance for the 2023/24 and 2024/25 policy years and excess of loss and sub-layer reinsurance contract for the 2024/25 policy year. The Company’s O&E insurance contracts are fully reinsured.

The average number of employees of the Company during the year was twenty (2023: thirteen).

2. Basis of preparation

These audited financial statements of the Company are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions are significant to the financial statements are disclosed in Note 4. The Company presents its Statement of Financial Position broadly in order of liquidity.

3. Summary of significant accounting policies

3.1. Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues drought, flood and tropical cyclone insurance cover to participating African countries. The Company also issues policies under the non-sovereign business and the perils written are similar to those currently insured by the Company i.e. drought, flooding and tropical cyclone. The Company introduced the Outbreaks and Epidemics Insurance Program (O&E) on 18 November 2022, which was written through the Company's Outbreaks and Epidemics Segregated Account.

The Company does not issue any contracts with direct participating features or reinsurance.

3.2. Insurance and reinsurance contracts accounting treatment

3.2.1. Separating components from insurance and reinsurance contracts

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

3.2.2. Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any).

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition,

that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

3.2.3. Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract

is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held). And

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

3.2.4. Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio, and
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

3.2.5. Measurement – Premium Allocation Approach

	IFRS 17 Options	Adopted approach
Premium Allocation Approach (“PAA”) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model.	Coverage period for all insurance contracts issued and reinsurance contracts held are one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	For all product lines, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Liability for Remaining Coverage (“LRC”), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For all product lines, the coverage period is within one year, therefore there is no allowance made for accretion of interest as the premiums are received/earned within one year.
Liability for Incurred Claims, (“LIC”) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For claims within all product lines, the incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in Other Comprehensive Income (“OCI”).	For claims within all product lines, the incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money.

3.2.5.1. Insurance contracts – measurement

The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary (refer to 3.2.4)

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition.
- Minus any insurance acquisition cash flows at that date.

For all product lines, there is no allowance for time value of money under the LRC as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

3.2.5.2. Reinsurance contracts held – measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period;
- Minus insurance acquisition cash flows, with the exception of property insurance product line for

which the Company chooses to expense insurance acquisition cash flows as they occur;

- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group; and
- Minus the amount recognised as insurance revenue for the services provided in the period.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.2.5.3. Insurance acquisition cash flows

Insurance acquisition costs for insurance contracts issued are comprised of agents' commission, premium taxed and other expenses that relate directly to acquisition of premiums. These costs are deferred and amortised over the earning pattern of the premiums to the extent that they are considered to be recoverable from unearned premiums, after considering the related anticipated claims and expenses and investment income.

Insurance acquisition costs for reinsurance contracts held consists of ceding commission, reinsurance taxes and other income that relate directly to the ceding premiums. These costs are deferred once received and recognised as revenue over the year during which the reinsurance contract is in place.

3.2.5.4. Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary,

or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.2.6. Presentation

The Company has presented separately, in the Statement of Financial Position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognised in the Statement of Income or Loss and Other Comprehensive Income or Loss into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

3.2.6.1. Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company records premiums at the policy inception date, on an accrual basis and earns premium income over the term of the risk period on a pro-rate basis. The risk period for each respective policyholder is the defined growing season in that particular country, noting that one country may have and be covered by more than one growing season, in which case separate policies are issued and premiums collected for each growing season.

3.2.6.2. Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 3.2.2 indicate that a group of insurance contracts are onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in Note 3.2.5.3. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Fulfilment cash flows are the explicit, unbiased and probability-weighted estimate (i.e., expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contracts, including a risk adjustment for non-financial risk.

3.2.6.3. Loss-recovery components

As described in Note 3.2.5.2 above, where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.2.6.4. Net income or expense from reinsurance contracts held

The Company presents separately on the face of the Statement of Income or Loss and Other Comprehensive Income or Loss, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

3.3. Cash and cash equivalents

The Company considers all time deposits and highly liquid instruments with an original maturity of ninety days or less as cash equivalents (note 10).

3.4. Financial instruments

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the financial instruments. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument as amortised cost, fair value through Other Comprehensive Income, fair value through profit or loss, loans and receivables, or other financial liabilities.

The Class C Members' contributions, which are recognised in financial liabilities, have been initially recognised at fair value. This financial commitment to the Class C Members has been subsequently measured at the amount initially recognised plus any cumulative amortization in accordance with IFRS 9. As disclosed in note 11, the fair value of the Class C contributions has been calculated using discounted cash flow analysis.

All of the Company's investments in fixed maturities and investments in funds are classified as fair value through profit or loss and are carried at fair value as at the Statement of Financial Position date. The fair value of investments in fixed maturities is based on quoted market prices, either of the security itself where it is actively traded, or of similar instruments traded in active markets. For the investments in funds, the units of account that are valued by the Company are its interest in these funds and not the underlying holdings of such funds. Fair value of investments in funds is based on their reported net asset value.

Unrealized gains and losses on investments are reflected within the Statement of Income or Loss and Other Comprehensive Income or Loss.

Investment income is stated net of investment management, custody and portfolio reporting fees. Interest income is recognized on the accrual basis and includes the amortization of premium or discount on fixed interest securities purchased at amounts different from their par value.

Gains and losses on investments are included in income when realized. Investments are recorded on a trade date basis and the cost of securities sold is determined on the first-in, first-out basis.

IFRS 13, "Fair Value Measurement", require or permit fair value measurements or disclosures and provide a single IFRS framework and requires disclosure about fair value measurement. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The cash and cash equivalents and marketable investments consist of a combination of level 1 and 2 assets. There are no level 3 assets. The Class C Members' returnable capital is a level 2 liability and there are no level 1 or level 3 liabilities.

3.5. Impairment of financial assets

The Company determines that financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in market price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate

when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows. If the investments are determined to be impaired, a loss is considered realized and charged to income in that period.

Fair value through profit or loss debt securities and receivables are considered impaired when there is objective evidence of impairment as a result of a loss event that has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

3.6. Foreign currencies

3.6.1. Functional and presentational currency

Items included in the financial statements are measured using the United States ("US") Dollar currency (the "functional currency"). Accordingly, the financial statements are presented in United States ("US") Dollars.

3.6.2. Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income or Loss and Other Comprehensive Income or Loss. The Returnable Capital from KfW is denominated in US Dollars, however the FCDO Returnable Capital is denominated in a foreign currency, Great Britain Pounds (GBP). Therefore, in accordance with IAS 21, this foreign currency monetary item has been translated at the period end using the closing rate.

3.7. Investment income

Investment income is comprised of interest and dividend income, which is accrued to the date of the Statement of Financial Position.

3.8. Other income

Other income is comprised of grants/funding received or collectible from entities which does not give rise to debt or equity since it has not been received under any shareholder or participant agreement.

4. Critical accounting estimates and judgements

The preparation of financial statements required management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the financial statements:

4.1. Insurance and reinsurance contracts

4.1.1. Reporting selection

The IASB issued IFRS 17 *Insurance contracts* in May 2017 and on 25 June 2020, the IASB issued amendments to the standard. The effective date of IFRS 17 is for annual reporting periods beginning on or after 1 January 2023. The company adopted the standard on 1 January 2023 and restated comparative information in the prior year financial statements.

The comparison of current period to annual period was considered to be the most relevant and reliable method for measuring and presenting the insurance contracts in the financial statements, given the specific circumstances and characteristics of the Company's operations.

Liability for incurred claims

Provision for claim payouts to policyholders is made in accordance with the Company's reserving policy. The reserving policy states that the risk year covered for each

Notes to Financial Statements

policy is the underlying growing seasons, identified within each policy. Within each growing season, the only variable data impacting on whether a claim payout is required, and the level of that payout is the rainfall data, which is maintained within the risk modelling calculation engine ARV used by the Company.

The rainfall data is recorded into ARV on a dekadal (a dekad being a year of days 1-10, 11-20 and 21-month-end for each month of a year, a year thus comprising 36 dekads) basis, using data from the National Oceanic and Atmospheric Administration (“NOAA”) of the US Government. A range of possible outcomes are generated within ARV after each new dekad rainfall amount is added as the growing season progresses. The insurance policies provide the remedy of using a mutually agreed alternative data set to determine claim payouts in the case of NOAA data failure or if the NOAA data has been deemed unfit. The average of the final response cost value distribution is used as the estimated claim payout, calculated at the end of the third and final dekad for each calendar month. The accuracy of the respective estimated claim payouts is only reasonably ascertained after the ‘planting window’ for a given growing season has closed. The planting window is the year, within each of the respective growing seasons, that farmers sow their crops. It is a critical year of time that has a significant impact on the harvest at the end of each growing season. For those policyholders that have reached the end of the planting window by the year end, reserves will be calculated as above and there is the possibility of identifying a guaranteed minimum claim liability at that time. However, initially, estimation and recording of the claims liabilities is calculated on a monthly basis using the expected loss ratios on the contracts. The directors and management believe that the claims liability amount thus calculated and recorded is adequate.

The liability for incurred claims is considered to be a critical accounting estimate, given that there is judgment involved in the reserving policy established and utilised by the Company. This judgment is based on the expertise and experience of management and with consideration of the specific data available and data parameters utilised by the risk modelling calculation engine ARV.

4.1.2. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

4.2. Fair value

The fair value of financial instruments held by the Company approximates carrying value due to its liquid and short-term nature. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the Statement of Financial Position date. If quoted market prices are not available, reference is also made to broker or dealer quotations.

For financial instruments where there is not an active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm’s length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management’s best estimates and the discount rate used is a market related rate for a similar instrument.

Class C Members' Returnable Capital is recognised in financial liabilities. These debt contributions from the two current Class C Members are interest free loans, based on the characteristics described in the 'Class C Membership and Capital Contribution Agreement' ("CCA") and the Company Bye-Laws. In accordance with IAS 32, these contributions are more in the nature of debt rather than equity and thus have been recognised in financial liabilities.

These zero-interest rate loans have been provided by the two donor entities, FCDO and KfW, with the requirement that in 20 years or earlier, in accordance with the executed CCA, these loans will be repaid at initial par value. The fair values of these financial liabilities were determined through discounted cash flow analysis, using a discount rate of 2%. This 2% discount rate is based on the interest rate plus service charge applied to 20-year loans (25-year maturity but with 5 year grace period) made by the International Development Association ("IDA") under 'Blend' terms effective July 1, 2016. IDA is the part of the World Bank Group which provides development finance to the poorer countries of the world.

In addition, the GBP denominated FCDO loan has been revalued for reporting purposes using the closing rate, as described in note 3.6.

Short-term financial assets comprise cash and cash equivalents and marketable investments. The carrying value of these is a reasonable estimate of their fair value as determined by independent third-party financial institutions.

5. Fixed Assets

Figures in USD	31 December 2024	31 December 2023
Opening balance	205,452	203,817
Cost of additions	63,088	17,838
Depreciation charge	(24,101)	(16,203)
Net book value	244,439	205,452

The net book value consists of computers and computer equipment of \$54,653 (2023: \$23,089), software of \$189,649 (2023: \$181,385) and office furniture of \$137 (2023: \$979).

6. Marketable investments

Figures in USD	31 Dec 2024 Cost	31 Dec 2024 Fair value	31 Dec 2023 Cost	31 Dec 2023 Fair value
Asset-backed bonds	100,000	99,996	2,422,214	2,417,300
Commercial mortgage bonds	1,161,149	1,146,252	2,001,660	1,889,412
Corporate bonds	9,982,157	9,970,654	18,740,314	18,435,011
Equities	–	–	400,000	408,993
Mutual funds	3,803,527	4,883,461	8,767,926	9,485,274
Government bonds	17,139,322	17,076,039	24,619,095	24,509,076
	32,186,155	33,176,402	56,951,209	57,145,066

6. Marketable investments (continued)

Figures in USD	Cost	Amortization	Unrealized gain	Unrealized loss	Fair value
31 December 2024					
Asset-backed bonds	100,000	–	–	(4)	99,996
Commercial mortgage bonds	1,161,149	(13,929)	5,802	(6,770)	1,146,252
Corporate bonds	9,982,157	34,901	51,875	(98,279)	9,970,654
Equities	–	–	–	–	–
Mutual funds	3,803,527	–	1,079,934	–	4,883,461
Government bonds	17,139,322	(15,164)	4,641	(52,760)	17,076,039
	32,186,155	5,808	1,142,252	(157,813)	33,176,402
31 December 2023					
Asset-backed bonds	2,422,214	17,144	296	(22,354)	2,417,300
Commercial mortgage bonds	2,001,660	(12,149)	2,541	(102,639)	1,889,413
Corporate bonds	18,740,314	(99,265)	156,068	(362,107)	18,435,010
Equities	400,000	–	9,740	(747)	408,993
Mutual funds	8,767,926	–	717,349	–	9,485,275
Government bonds	24,619,095	(45,836)	50,907	(115,091)	24,509,075
	56,951,209	(140,106)	936,901	(602,938)	57,145,066

The fair value of debt securities by contractual maturity is shown below:

	31 December 2024	31 December 2023
Due within 1 year	10,054,924	20,308,697
Due within 1 to 5 years	16,204,325	21,723,601
Due over 5 years	2,033,692	5,218,500
Net book value	28,292,941	47,250,798

Credit ratings for bonds held by the Company as at 31 December 2024 range from AAA to BB- (2023: AAA to BB-) as set out by Standard & Poor's, Moody's and Fitch.

6. Marketable investments (continued)

The following table presents the analysis of the Company's investments by level of input as required by IFRS 13:
As at 31 December 2024: *Fair value through profit or loss investments:*

Figures in USD	Level 1	Level 2	Total
31 December 2024			
Asset-backed bonds	–	99,996	99,996
Commercial mortgage bonds	–	1,146,252	1,146,252
Corporate bonds	–	9,970,654	9,970,654
Equities	–	–	–
Mutual funds	4,883,461	–	4,883,461
Government bonds	–	17,076,039	17,076,039
	4,883,461	28,292,941	33,176,402
31 December 2023			
Asset-backed bonds	–	2,417,300	2,417,300
Commercial mortgage bonds	–	1,889,413	1,889,413
Corporate bonds	–	18,435,010	18,435,010
Equities	408,993	–	408,993
Mutual funds	9,485,275	–	9,485,275
Government bonds	–	24,509,075	24,509,075
	9,894,268	47,250,798	57,145,066

The Company held futures with a notional value of \$1,601,394 (2023: \$8,350,973), which had a fair value of \$nil (2023: \$nil). The Company did not hold any currency forward buys and sells, swaps and options as at the year end.

7. Investment in Pula Advisors AG

In December 2020, the ARC Ltd. invested in 6.98% of the common shares and 16.67% of Series A preferred shares of Pula Advisors AG (Pula Advisors), a Swiss limited liability company engaged in the core business of providing consulting services and project management in the field of sustainable development. The directors of the Company do not consider that ARC Ltd. is able to exercise significant influence over Pula Advisors due to the level of shareholding in the company. The purchase consideration was \$2,000,000. Management have assessed the carrying value (cost of the investment less a provision for impairment) of the investment to be \$828,544 as at 31 December 2024 (2023: \$315,675). The value has increased since the prior year as the net asset value of Pula Advisors has increased.

8. Convertible Loan

In February 2024, the Company had agreed to make available to OKO Finance Ltd (“OKO”), a limited liability company who provides effective and affordable insurance to farmers in emerging markets and deliver instant claims settlement, an unsecured convertible loan in the aggregate amount of \$250,000. Interest shall be payable on any outstanding principal amount of the loan at a rate of 7% per annum and unless earlier converted in accordance with the agreement, the loan amount shall be repaid at the election of the Company on a change of control or at any time on or after the maturity date of January 31, 2027. Management have raised a full provision on the value of the loan as at 31 December 2024 considering the current financial liquidity of OKO.

9. Other receivables

At 31 December 2024, other receivables included amount reimbursable for the general and administrative cost incurred in relation to REPAIR program (see note 22) and amount due from ISF Grant (see note 15).

10. Cash and cash equivalents

The Company considers all time deposits and highly liquid instruments with an original maturity of ninety days or less as cash equivalents.

Figures in USD	31 December 2024	31 December 2023
Cash at bank with Bank of Butterfield	15,126,718	19,967,192
Cash at bank with First National Bank	21,153	10,386
Cash at bank with Bidvest bank	16,998	-
Cash at bank with HSBC	107,261	165,622
Cash at bank with UBA Kenya	12,794	-
Cash and cash equivalents with Bank of New York Mellon	1,755,822	11,541,593
Cash and cash equivalents with investment managers	896,890	4,776,966
Cash and cash equivalents	17,937,636	36,461,759

The range of interest rates earned during the period was between 0.00% and 9.75% (2023: 0% and 9%). Cash is held in Bermuda with Bank of Butterfield and HSBC, which were rated BBB+ (2023: BBB+) and A- (2023: A-), respectively at the year end. Cash is held in South Africa with First National Bank, a division of FirstRand Bank Ltd. which was rated BB- (2023: BB-), Bidvest Bank, a locally controlled bank by the Reserve Bank of South Africa which was rated BB and in United Bank for Africa Plc (UBA), a multinational pan-African financial services group and known as Africa’s Global Bank which was rated B- at the year end. The Bidvest Bank account and UBA are new in the current period and therefore, there is no comparative rating. Cash and cash equivalents are held in the United Kingdom with one custodian, Bank of New York Mellon, which was rated AA- (2023: AA-) at the year end.

In addition, cash and cash equivalents of \$50,700 (2023: \$214,763) are held in restricted margin accounts with Goldman Sachs in the United States, which was rated A-1 (2023: A-1) at the year end. There are securities held as collateral in the amount of \$65,000 (2023: \$239,000). This collateral is required by Goldman Sachs for particular trades. Accordingly, management considers there to be limited credit risk associated with cash and cash equivalent balances.

11. Class C members' returnable capital

The two Class C Members contributed Returnable Capital with a maximum fixed term of 20 years to the Company. These contributions were made on March 17, 2014 from KfW (USD 48,405,000) and FCDO (GBP 30,000,000) with a maturity date of March 17, 2034 under the CCA. The CCA provides that this Capital will be paid and returned in the afore-stated currencies and may be withdrawn early by the relevant Member, or returned early by the Company to such Member, in accordance with the relevant clause of the CCA and the Company's Bye-Laws. The Class C Member Capital Commitment is returnable or may be withdrawn subject to the Company complying with its solvency margin, liquidity ratio, and all requirements of the Insurance Act and satisfying the obligations of the policyholders. The two Class C Members have equivalent interests in the Company, having both subscribed to one interest each, as per the CCA.

	FCDO GBP	FCDO USD	KFW USD	TOTAL USD
Initial fair value of capital commitment	30,000,000	49,929,600	48,405,000	98,334,600
Reserve fund – statutory capital requirement	–	(125,000)	(125,000)	(250,000)
Impairment	–	–	–	–
Total value of capital commitment	–	49,804,600	48,280,000	98,084,600
Equity grant	–	(16,203,411)	(15,704,823)	(31,908,234)
Accretion	–	8,005,755	7,761,304	15,767,059
Net movement on equity grant	–	(8,197,656)	(7,943,519)	(16,141,175)
Net value of loan	–	41,606,944	40,336,481	81,943,425
Foreign exchange movement	–	(10,330,712)	–	(10,330,712)
Fair value of loan 31 December 2024	–	31,276,232	40,336,481	71,612,712
Fair value of loan 31 December 2023	–	31,203,407	39,543,876	70,747,283
Net movement on loan for 2024	–	72,825	792,605	865,429
Net movement on equity grant	–	8,197,656	7,943,519	16,141,175
Foreign exchange movement	–	(2,066,454)	–	(2,066,454)
Fair value of equity grant 31 December 2024	–	6,131,202	7,943,519	14,074,721
Fair value of grant 31 December 2023	–	6,867,167	8,736,127	15,603,294
Net movement on grant for 2024	–	(735,965)	(792,608)	(1,528,573)

The foreign exchange amounts shown in the above table totaling \$12,397,166 which is for the period March 17, 2014 to 31 December 2024 (March 17, 2014 to 31 December 2023: \$11,734,023) are netted off against the foreign exchange movements for the current and prior periods on the GBP denominated marketable investments and cash and cash equivalents in the Statement of Income or Loss and Other Comprehensive Income or Loss. This reflects that the initial GBP capital commitment is economically hedged for foreign exchange purposes with the GBP assets included in marketable investments and cash and cash equivalents. Similarly, in respect of the equity grant accretion totaling \$15,767,059 (2023: \$14,156,884), this is netted off against the Class C loan write up in the Statement of Income or Loss and Other Comprehensive Income or Loss as the amount of the equity grant accretion equates the amount of interest expense accreted on Class C funding which the grant is intended to compensate. The amounts equate and there is a \$Nil

11. Class C members' returnable capital (continued)

impact on the Statement of Income or Loss and Other Comprehensive Income or Loss.

The subsequent fair value of the capital commitments has been calculated using discounted cash flow analysis. The interest rate ascertained from recent arm's length transactions at the time, which are substantially the same as these Class C loans, was 2% (2023: 2%). This interest rate was used to calculate the fair value of these loan commitments at the date of recognition. In relation to the FCDO Capital Commitment, the foreign exchange rate used on initial measurement was the spot exchange rate of GBP to USD on March 17, 2014 (GBP 1 : USD 1.66432). On subsequent measurement at year end, the spot exchange rate on 31 December 2024 was used (GBP 1: USD 1.25108). In relation to the accretion of FCDO loan, an average rate over the period from initial receipt of the loan to the period end was used (GBP1: USD 1.340691).

The Class C Members have terms of redemption for all or part of the returnable capital provided to the Company, which are established under the Company Bye-Laws and contractually confirmed in the 'Return of Funds' clause in the CCA. A Class C Member ceases to be a Member of the Company on the date that its capital is completely withdrawn from the Company and returned to that Class C Member, under Bye-Law 4.4.3.

Bye-Law 5 states: "Class C Member Capital is returnable or may be withdrawn subject to the Company complying with its solvency margin, liquidity ratio, and all requirements of the Insurance Act and satisfying its obligations to its Policy-holders provided that the Company shall use its best endeavours promptly to (and procure that any necessary third party shall) execute and deliver all such documents and perform such acts as may be required for the purpose of such compliance, as follows:

- Each Class C Member has the right to have its initial capital returned at the end of the term in accordance with its Capital Commitment Agreement;
- Each Class C Member will have its initial Capital returned prior to the end of the term set forth in its Capital Commitment Agreement, with seventy (70) Business Days prior written notice, if two-thirds of the Class A Members vote to return the Capital to such Member prior to the end of such term;
- If the Conference of the Parties, decides to discontinue the Company in Bermuda and continue the Company in a jurisdiction outside of Bermuda, each Class C Member will have the right to withdraw the entire amount of its initial Capital prior to the date of continuation. For the avoidance of doubt, the Company will only be discontinued once the initial Capital provided by the Class C Member that has requested the withdrawal of its Capital has been fully repaid;
- If the Company is deemed Financially Unsustainable each Class C Member will have the right to withdraw the entire amount of its Capital as it appears in the Capital C Account upon giving written notice to the Company. If the Company is deemed Financially Unsustainable, no further Policy will be issued;
- If there is a Legal Violation which cannot be cured in twenty-two (22) Business Days, each Class C Member will have the right to withdraw the entire amount of its Capital as it appears in the Capital C Account upon giving written notice of its intent to withdraw its Capital to the Company. If a Class C Member indicates that it will withdraw its Capital because of a Legal Violation, the Company will not issue Policies until the respective Class C Member has been repaid. The Company shall repay the Class C Member as soon as legally possible; or
- If a Class A Member is given a new Certificate of Good Standing (or holds a Policy under an existing Certificate of Good Standing) and a Class C Member objects, acting reasonably, to such Class A Member's participation in the Company, such Class C Member may provide the Company with a 155 Business Day written notice of its intent to withdraw its Capital and may subsequently withdraw the entire amount of its Capital as it appears in the Capital C Account at the end of such Class A Member's paid Policy term. If the Class C Member gives written notice to the Company that it will withdraw its Capital as it appears in the Capital C Account in accordance with this Bye-Law 5.6, no further Policies will be issued until the Capital has been repaid to such Class C Member. The Company shall repay the Class C Member as soon as legally possible.
- The Members, acting reasonably, may remove a Class B Member or Class C Member in accordance with this Bye-Law 5.7. Before a Class B Member or Class C

Member is removed, the Members must consult with the relevant Class B Member or Class C Member, and allow that Member to cure the issue giving rise to its potential removal, within seventy (70) Business Days of written notice of such issue being given to that Member by the other Members.

- The removal of a Class B Member or Class C Member requires a two-thirds affirmative vote of the Class A Members and two-thirds vote of the Class B Members and Class C Members voting together (excluding the Class B Member or Class C Member whose membership is under consideration). If the Members vote to remove a Class B Member or C Member from the Company membership, the relevant Class B Member will have the entire amount of its then-current Capital returned to it and the relevant Class C Member will have its initial Capital returned to it, within seventy (70) Business Days of the date of such vote.”

At the date of approval of these financial statements, none of these criteria have been met that would trigger a redemption.

12. Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

Figures in USD	31 December 2024			31 December 2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Insurance contracts issued						
Drought	–	(3,807,383)	(3,807,383)	–	(12,522,694)	(12,522,694)
Tropical cyclone	–	(4,161,314)	(4,161,314)	–	(2,889,672)	(2,889,672)
NSB	–	(22,048,960)	(22,048,960)	–	(11,593,999)	(11,593,999)
O&E	–	–	–	–	(503,576)	(503,576)
Total insurance contracts issued	–	(30,017,657)	(30,017,657)	–	(27,509,941)	(27,509,941)
Reinsurance contracts held						
Drought	3,018,856	–	3,018,856	436,584	–	436,584
Tropical cyclone	–	(139,470)	(139,470)	57,811	–	57,811
NSB	5,546,967	–	5,546,967	2,201,294	–	2,201,294
O&E	–	–	–	460,454	–	460,454
Total reinsurance contracts held	8,565,823	(139,470)	8,426,353	3,156,143	–	3,156,143

12.1. Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

The Company disaggregates information to provide disclosure in respect of major product lines separately: drought, tropical cyclone, non-sovereign business and O&E. This disaggregation has been determined based on how the company is managed.

12.1.1. Drought

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for drought product line, is disclosed in the table below:

Figures In Usd	31 December 2024				
	Liabilities for remaining coverage		Liabilities for Incurred Claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 1 January 2024	-	-	13,179,862	3,977,960	17,157,822
Insurance contract assets as at 1 January 2024	(4,635,127)	-	-	-	(4,635,127)
Net insurance contract (assets)/ liabilities as at 1 January 2024	(4,635,127)	-	13,179,862	3,977,960	12,522,695
Insurance revenue	(32,695,757)	-	-	-	(32,695,757)
Insurance service expenses	-	-	70,164,708	(750,069)	69,414,639
Incurred claims and other expenses	-	-	13,939,145	3,227,891	17,167,036
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	56,225,563	(3,977,960)	52,247,603
Insurance finance expenses	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(32,695,757)	-	70,164,708	(750,069)	36,718,882
Cash flows	23,971,231	-	(69,405,425)	-	45,434,194
Premium received	23,971,231	-	-	-	23,971,231
Claims and other expenses paid	-	-	(69,405,425)	-	(69,405,425)
Insurance acquisition cash flows	-	-	-	-	-
Other movements	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2024	(13,359,653)	-	13,939,145	3,227,891	3,807,383
Insurance contract liabilities as at 31 December 2024	-	-	13,939,145	3,227,891	17,167,036
Insurance contract assets as at 31 December 2024	(13,359,653)	-	-	-	(13,359,653)
Net insurance contract (assets)/ liabilities as at 31 December 2024	(13,359,653)	-	13,939,145	3,227,891	3,807,383

12.1.1. Drought (continued)

Figures In Usd	31 December 2023				
	Liabilities for remaining coverage		Liabilities for Incurred Claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 1 January 2023	1,356,401	-	19,652,003	5,712,931	26,721,335
Insurance contract assets as at 1 January 2023	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 1 January 2023	1,356,401	-	19,652,003	5,712,931	26,721,335
Insurance revenue	(38,386,254)	-	-	-	(38,386,254)
Insurance service expenses	-	-	11,586,562	(1,734,971)	9,851,591
Incurred claims and other expenses	-	-	15,119,033	-	15,119,033
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(3,532,471)	(1,734,971)	(5,267,442)
Total changes in the statement of comprehensive income	(38,386,254)		11,586,562	(1,734,971)	(28,534,663)
Cash flows	32,394,726	-	(18,058,703)	(1,734,971)	14,336,023
Premium received	32,394,726	-	-	-	32,394,726
Claims and other expenses paid	-	-	(18,058,703)	-	(18,058,703)
Insurance acquisition cash flows	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2023	(4,635,127)	-	13,179,862	3,977,960	12,522,694
Insurance contract liabilities as at 31 December 2023	-	-	13,179,862	3,977,960	17,157,822
Insurance contract assets as at 31 December 2023	(4,635,127)	-	-	-	(4,635,127)
Net insurance contract (assets)/ liabilities as at 31 December 2023	(4,635,127)	-	13,179,862	3,977,960	12,522,694

12.1.2. Tropical cyclone

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for tropical cyclone product line, is disclosed in the table below:

Figures In Usd	31 December 2024				
	Liabilities for remaining coverage		Liabilities for Incurred Claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 1 January 2024	2,889,672	-	-	-	2,889,672
Insurance contract assets as at 1 January 2024	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 1 January 2024	2,889,672	-	-	-	2,889,672
Insurance revenue	(4,417,938)	-	-	-	(4,417,938)
Insurance service expenses	-	-	4,461,415	58,425	4,519,840
Incurred claims and other expenses	-	-	3,257,506	58,425	3,315,931
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	1,203,909	-	1,203,909
Insurance finance expenses	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(4,417,938)	-	4,461,415	58,425	101,902
Cash flows	2,373,649	-	(1,203,909)	-	1,169,740
Premium received	2,373,649	-	-	-	2,373,649
Claims and other expenses paid	-	-	(1,203,909)	-	(1,203,909)
Insurance acquisition cash flows	-	-	-	-	-
Other movements	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2024	845,383	-	3,257,506	58,425	4,161,314
Insurance contract liabilities as at 31 December 2024	845,383	-	3,257,506	58,425	4,161,314
Insurance contract assets as at 31 December 2024	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2024	845,383	-	3,257,506	58,425	4,161,314

12.1.2. Tropical cyclone (continued)

31 December 2023					
Figures In Usd	Liabilities for remaining coverage		Liabilities for Incurred Claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 1 January 2023	136,793	-	-	-	136,793
Insurance contract assets as at 1 January 2023	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 1 January 2023	136,793	-	-	-	136,793
Insurance revenue	(3,497,121)	-	-	-	(3,497,121)
Insurance service expenses	-	-	300,977	-	300,977
Incurred claims and other expenses	-	-	670,874	-	670,874
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(369,897)	-	(369,897)
Insurance finance expenses	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(3,497,121)	-	300,977	-	(3,196,144)
Cash flows	6,250,000	-	(300,977)	-	5,949,023
Premium received	6,250,000	-	-	-	6,250,000
Claims and other expenses paid	-	-	(300,977)	-	(300,977)
Insurance acquisition cash flows	-	-	-	-	-
Other movements	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2023	2,889,672	-	-	-	2,889,672
Insurance contract liabilities as at 31 December 2023	2,889,672	-	-	-	2,889,672
Insurance contract assets as at 31 December 2023	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2023	2,889,672	-	-	-	2,889,672

12.1.3. Inclusive Insurance Solutions

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for IIS product line, is disclosed in the table below:

Figures In Usd	31 December 2024				
	Liabilities for remaining coverage		Liabilities for Incurred Claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 1 January 2024	8,717,225	-	2,414,905	461,869	11,593,999
Insurance contract assets as at 1 January 2024	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 1 January 2024	8,717,225	-	2,414,905	461,869	11,593,999
Insurance revenue	(5,422,201)	-	-	-	(5,422,201)
Insurance service expenses	7,434,745	-	8,803,139	442,271	16,680,155
Incurred claims and other expenses	6,858,948	-	3,408,162	832,473	11,099,583
Amortisation of insurance acquisition cash flows	575,797	-	-	-	575,797
Changes that relate to past service - adjustments to the LIC	-	-	5,394,977	(390,202)	5,004,775
Insurance finance expenses	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	2,012,544	-	8,803,139	442,271	11,257,954
Cash flows	6,543,091	-	(7,346,084)	-	(802,993)
Premium received	7,123,750	-	-	-	7,123,750
Claims and other expenses paid	-	-	(7,346,084)	-	(7,346,084)
Insurance acquisition cash flows	(580,659)	-	-	-	(580,659)
Other movements	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2024	17,272,860	-	3,871,960	904,140	22,048,960
Insurance contract liabilities as at 31 December 2024	17,272,860	-	3,871,960	904,140	22,048,960
Insurance contract assets as at 31 December 2024	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2024	17,272,860	-	3,871,960	904,140	22,048,960

12.1.3. Inclusive Insurance Solutions (continued)

Figures In Usd	31 December 2023					Total
	Liabilities for remaining coverage		Liabilities for Incurred Claims		Total	
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 1 January 2023	-	-	120,342	5,730		126,072
Insurance contract assets as at 1 January 2023	105,320	-	-	-		105,320
Net insurance contract (assets)/ liabilities as at 1 January 2023	(105,320)	-	120,342	5,730		20,752
Insurance revenue	(4,414,013)	-	-	-		(4,414,013)
Insurance service expenses	376,206	-	2,635,326	456,139		3,467,671
Incurred claims and other expenses	-	-	2,375,485	-		2,375,485
Amortisation of insurance acquisition cash flows	376,206	-	-	-		376,206
Changes that relate to past service - adjustments to the LIC	-	-	259,841	456,139		715,980
Insurance finance expenses	-	-	-	-		-
Effect of movement in exchange rates	-	-	-	-		-
Total changes in the statement of comprehensive income	(4,037,807)	-	2,635,326	456,139		(946,342)
Cash flows	12,860,352	-	(340,763)	-		12,519,589
Premium received	13,304,929	-	-	-		13,304,929
Claims and other expenses paid	-	-	(340,763)	-		(340,763)
Insurance acquisition cash flows	(444,577)	-	-	-		(444,577)
Other movements	-	-	-	-		-
Net insurance contract (assets)/ liabilities as at 31 December 2024	8,717,225	-	2,414,905	461,869		11,593,999
Insurance contract liabilities as at 31 December 2023	8,717,225	-	2,414,905	461,869		11,593,999
Insurance contract assets as at 31 December 2023	-	-	-	-		-
Net insurance contract (assets)/ liabilities as at 31 December 2023	8,717,225	-	2,414,905	461,869		11,593,999

12.1.4. Outbreaks and Epidemics

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for IIS product line, is disclosed in the table below:

Figures In Usd	31 December 2024				
	Liabilities for remaining coverage		Liabilities for Incurred Claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 1 January 2024	484,529	-	-	19,099	503,628
Insurance contract assets as at 1 January 2024	-	-	(52)	-	(52)
Net insurance contract (assets)/ liabilities as at 1 January 2024	484,529	-	(52)	19,099	503,576
Insurance revenue	484,529	-	-	-	(484,529)
Insurance service expenses	-	-	52	(19,099)	(19,047)
Incurred claims and other expenses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	52	(19,099)	(19,047)
Insurance finance expenses	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(484,529)	-	52	(19,099)	(503,576)
Cash flows	-	-	-	-	-
Premium received	-	-	-	-	-
Claims and other expenses paid	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
Other movements	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2024	-	-	-	-	-
Insurance contract liabilities as at 31 December 2024	-	-	-	-	-
Insurance contract assets as at 31 December 2024	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2024	-	-	-	-	-

12.1.4. Outbreaks and Epidemics (continued)

31 December 2023					
Figures In Usd	Liabilities for remaining coverage		Liabilities for Incurred Claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 1 January 2023	484,464	-	-	19,099	503,563
Insurance contract assets as at 1 January 2023	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 1 January 2023	484,464	-	-	19,099	503,563
Insurance revenue	(508,065)	-	-	-	(508,065)
Insurance service expenses	-	-	(52)	-	(52)
Incurred claims and other expenses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(52)	-	(52)
Insurance finance expenses	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(508,065)	-	(52)	-	(508,117)
Cash flows	508,130	-	-	-	508,130
Premium received	508,130	-	-	-	508,130
Claims and other expenses paid	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
Other movements	-	-	-	-	-
Net insurance contract (assets)/ liabilities as at 31 December 2024	484,529	-	(52)	19,099	503,576
Insurance contract liabilities as at 31 December 2023	484,529	-	-	19,099	503,628
Insurance contract assets as at 31 December 2023	-	-	(52)	-	(52)
Net insurance contract (assets)/ liabilities as at 31 December 2023	484,529	-	(52)	19,099	503,576

12.2. Roll-forward of net asset or liability for reinsurance contracts held showing the Assets for remaining coverage and the amounts recoverable on incurred claims.

12.2.1. Drought

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on drought insurance ceded to reinsurers is disclosed in the table below:

Figures In Usd	31 December 2024					Total
	Assets for remaining coverage		Amounts recoverable on incurred claims			
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		
Reinsurance contract assets as at 1 January 2024	436,584	-	-	-	-	436,584
Reinsurance contract liabilities as at 1 January 2024	-	-	-	-	-	-
Net reinsurance contract assets/ (liabilities) as at 1 January 2024	436,584	-	-	-	-	436,584
Reinsurance premium	(11,083,577)	-	-	-	-	(11,083,577)
Amounts recoverable from reinsurers for incurred claims	321,307	-	16,777,639	-	-	17,098,946
Amounts recoverable for incurred claims and other expenses	-	-	-	-	-	-
Amortisation of insurance acquisition cash flows	75,000	-	-	-	-	75,000
Changes to amounts recoverable for incurred claims	246,307	-	16,777,639	-	-	17,023,946
Total changes in the statement of comprehensive income	(10,762,270)	-	16,777,639	-	-	6,015,369
Cash flows	-	-	-	-	-	-
Premium paid	13,505,946	-	-	-	-	13,505,946
Amounts received	-	-	(16,777,639)	-	-	(16,777,639)
Insurance acquisition cash flows	(161,404)	-	-	-	-	(161,404)
Total cash flows	13,344,542	-	(16,777,639)	-	-	(3,433,097)
Net reinsurance contract assets/ (liabilities) as at 31 December 2024	3,018,856	-	-	-	-	3,018,856
Reinsurance contract assets as at 31 December 2024	3,018,856	-	-	-	-	3,018,856
Reinsurance contract liabilities as at 31 December 2024	-	-	-	-	-	-
Net reinsurance contract assets/ (liabilities) as at 31 December 2024	3,018,856	-	-	-	-	3,018,856

12.2.1. Drought (continued)

31 December 2023					
Figures In Usd	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 1 January 2023	529,371	-	-	-	529,371
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-
Net reinsurance contract assets/ (liabilities) as at 1 January 2024	529,371	-	-	-	529,371
Reinsurance premium	(13,260,060)	-	-	-	(13,260,060)
Amounts recoverable from reinsurers for incurred claims	472,458	-	525,932	-	998,390
Amounts recoverable for incurred claims and other expenses	-	-	(116,181)	-	(116,181)
Amortisation of insurance acquisition cash flows	472,458	-	-	-	472,458
Changes to amounts recoverable for incurred claims	-	-	642,113	-	642,113
Total changes in the statement of comprehensive income	(12,787,602)		525,932	-	(12,261,670)
Cash flows					
Premium paid	12,948,022	-	-	-	12,948,022
Amounts received	-	-	(525,932)	-	(525,932)
Insurance acquisition cash flows	(253,207)	-	-	-	(253,207)
Total cash flows	12,694,815	-	(525,932)	-	12,168,883
Net reinsurance contract assets/ (liabilities) as at 31 December 2023	436,584	-	-	-	436,584
Reinsurance contract assets as at 31 December 2023	436,584	-	-	-	436,584
Reinsurance contract liabilities as at 31 December 2023	-	-	-	-	-
Net reinsurance contract assets/ (liabilities) as at 31 December 2023	436,584	-	-	-	436,584

12.2.2. Tropical cyclone

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on tropical cyclone insurance ceded to reinsurers is disclosed in the table below:

31 December 2024					
Figures In Usd	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 1 January 2024	57,811	-	-	-	57,811
Reinsurance contract liabilities as at 1 January 2024	-	-	-	-	-
Net reinsurance contract assets/ (liabilities) as at 1 January 2024	57,811	-	-	-	57,811
Reinsurance premium	(849,023)	-	-	-	(849,023)
Amounts recoverable from reinsurers for incurred claims	-	-	12,719	-	12,719
Amounts recoverable for incurred claims and other expenses	-	-	12,719	-	12,719
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Total changes in the statement of comprehensive income	(849,023)		12,719	-	(836,304)
Cash flows	-	-	-	-	-
Premium paid	656,683	-	-	-	656,683
Amounts received	-	-	-	-	-
Insurance acquisition cash flows	(17,660)	-	-	-	(17,660)
Total cash flows	639,023	-	-	-	639,023
Net reinsurance contract assets/ (liabilities) as at 31 December 2024	(152,189)	-	12,719	-	(139,470)
Reinsurance contract assets as at 31 December 2024	-	-	12,719	-	-
Reinsurance contract liabilities as at 31 December 2024	(152,189)	-	-	-	(139,470)
Net reinsurance contract assets/ (liabilities) as at 31 December 2024	(152,189)	-	12,719	-	(139,470)

12.2.2. Tropical cyclone (continued)

31 December 2023					
Figures In Usd	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 1 January 2023	-	-	-	-	-
Reinsurance contract liabilities as at 1 January 2023	(354,775)	-	-	-	(354,775)
Net reinsurance contract assets/ (liabilities) as at 1 January 2024	(354,775)	-	-	-	(354,775)
Reinsurance premium	(2,103,878)	-	-	-	(2,103,878)
Amounts recoverable from reinsurers for incurred claims	95,310	-	-	-	95,310
Amounts recoverable for incurred claims and other expenses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	95,310	-	-	-	95,310
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Total changes in the statement of comprehensive income	(2,008,568)			-	(2,008,568)
Cash flows					
Premium paid	2,421,154	-	-	-	2,421,154
Amounts received	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	2,421,154	-	-	-	2,421,154
Net reinsurance contract assets/ (liabilities) as at 31 December 2023	57,811	-	-	-	57,811
Reinsurance contract assets as at 31 December 2023	57,811	-	-	-	57,811
Reinsurance contract liabilities as at 31 December 2023	-	-	-	-	-
Net reinsurance contract assets/ (liabilities) as at 31 December 2023	57,811	-	-	-	57,811

12.2.3. Inclusive Insurance Solutions

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on IIS insurance ceded to reinsurers is disclosed in the table below:

31 December 2024						
Figures In Usd	Assets for remaining coverage		Amounts recoverable on incurred claims		Total	
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		
Reinsurance contract assets as at 1 January 2024	1,795,933	-	370,971	34,390	2,201,294	
Reinsurance contract liabilities as at 1 January 2024	-	-	-	-	-	
Net reinsurance contract assets/(liabilities) as at 1 January 2024	1,795,933	-	370,971	34,390	2,201,294	
Reinsurance premium	(9,261,787)	-	-	-	(9,261,787)	
Amounts recoverable from reinsurers for incurred claims	466,190	-	16,675,008	610,025	17,751,223	
Amounts recoverable for incurred claims and other expenses	-	-	2,918,286	-	2,918,286	
Amortisation of insurance acquisition cash flows	317,939	-	-	-	317,939	
Changes to amounts recoverable for incurred claims	148,251	-	13,756,722	610,025	14,514,998	
Total changes in the statement of comprehensive income	(8,795,597)	-	16,675,008	610,025	8,489,436	
Cash flows	-	-	-	-	-	
Premium paid	9,221,111	-	-	-	9,221,111	
Amounts received	-	-	(13,852,971)	-	(13,852,971)	
Insurance acquisition cash flows	(511,903)	-	-	-	(511,903)	
Total cash flows	8,709,208	-	(13,852,971)	-	(5,143,763)	
Net reinsurance contract assets/(liabilities) as at 31 December 2024	1,709,544	-	3,193,008	644,415	5,546,967	
Reinsurance contract assets as at 31 December 2024	1,709,544	-	3,193,008	644,415	5,546,967	
Reinsurance contract liabilities as at 31 December 2024	-	-	-	-	-	
Net reinsurance contract assets/(liabilities) as at 31 December 2024	1,709,544	-	3,193,008	644,415	5,546,967	

12.2.3. Inclusive Insurance Solutions (continued)

31 December 2023						
Figures In Usd	Assets for remaining coverage		Amounts recoverable on incurred claims		Total	
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		
Reinsurance contract assets as at 1 January 2023	-	-	60,171	2,865	63,036	
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-	
Net reinsurance contract assets/ (liabilities) as at 1 January 2024	-	-	60,171	2,865	63,036	
Reinsurance premium	(2,703,104)	-	-	-	(2,703,104)	
Amounts recoverable from reinsurers for incurred claims	244	-	378,622	31,525	410,391	
Amounts recoverable for incurred claims and other expenses	-	-	55,844	-	55,844	
Amortisation of insurance acquisition cash flows	244	-	-	-	244	
Changes to amounts recoverable for incurred claims	-	-	322,778	31,525	354,303	
Total changes in the statement of comprehensive income	(2,702,860)		378,622	31,525	(2,292,713)	
Cash flows	-	-	-	-	-	
Premium paid						
Amounts received						
Insurance acquisition cash flows						
Total cash flows	4,498,793	-	(67,822)	-	4,430,971	
Net reinsurance contract assets/ (liabilities) as at 31 December 2023	1,795,933	-	370,971	34,390	2,201,294	
Reinsurance contract assets as at 31 December 2023	1,795,933	-	370,971	34,390	2,201,294	
Reinsurance contract liabilities as at 31 December 2023	-	-	-	-	-	
Net reinsurance contract assets/ (liabilities) as at 31 December 2023	1,795,933	-	370,971	34,390	2,201,294	

12.2.4. Outbreaks and Epidemics

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on O&E insurance ceded to reinsurers is disclosed in the table below:

31 December 2024					
Figures In Usd	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 1 January 2024	441,407	-	19,047	-	460,454
Reinsurance contract liabilities as at 1 January 2024	-	-	-	-	-
Net reinsurance contract assets/ (liabilities) as at 1 January 2024	441,407	-	19,047	-	460,454
Reinsurance premium	(484,530)	-	-	-	(484,530)
Amounts recoverable from reinsurers for incurred claims	43,123	-	19,047	-	24,076
Amounts recoverable for incurred claims and other expenses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	43,123	-	-	-	43,123
Changes to amounts recoverable for incurred claims	-	-	19,047	-	(19,047)
Total changes in the statement of comprehensive income	(441,407)		19,047	-	(460,454)
Cash flows	-	-	-	-	-
Premium paid	-	-	-	-	-
Amounts received	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	-	-	-	-	-
Net reinsurance contract assets/ (liabilities) as at 31 December 2024	-	-	-	-	-
Reinsurance contract assets as at 31 December 2024	-	-	-	-	-
Reinsurance contract liabilities as at 31 December 2024	-	-	-	-	-
Net reinsurance contract assets/ (liabilities) as at 31 December 2024	-	-	-	-	-

12.2.4. Outbreaks and Epidemics (continued)

Figures In Usd	31 December 2023					Total
	Assets for remaining coverage		Amounts recoverable on incurred claims			
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		
Reinsurance contract assets as at 1 January 2023	-	-	19,099	-		19,099
Reinsurance contract liabilities as at 1 January 2023	(21,559)	-	-	-		(21,559)
Net reinsurance contract assets/(liabilities) as at 1 January 2024	(21,559)	-	19,099	-		(2,460)
Reinsurance premium	(508,065)	-	-	-		(508,065)
Amounts recoverable from reinsurers for incurred claims	45,219	-	(52)	-		45,167
Amounts recoverable for incurred claims and other expenses	-	-	-	-		-
Amortisation of insurance acquisition cash flows	45,219	-	-	-		45,219
Changes to amounts recoverable for incurred claims	-	-	(52)	-		(52)
Total changes in the statement of comprehensive income	(462,846)		(52)			(462,898)
Cash flows	-	-	-	-		-
Premium paid	971,036	-	-	-		971,036
Amounts received	-	-	-	-		-
Insurance acquisition cash flows	(45,224)	-	-	-		(45,224)
Total cash flows	925,812	-	-	-		925,812
Net reinsurance contract assets/(liabilities) as at 31 December 2023	441,407	-	19,047	-		460,454
Reinsurance contract assets as at 31 December 2023	441,407	-	19,047	-		460,454
Reinsurance contract liabilities as at 31 December 2023	-	-	-	-		-
Net reinsurance contract assets/(liabilities) as at 31 December 2023	441,407	-	19,047	-		460,454

13. Reserve Fund

In accordance with the Company's Memorandum of Association, the reserve fund consists of \$250,000 of capital contribution, which was funded in equal amounts by FCDO and KfW.

14. Trust Funds

A 'Premium Support Facility Trust' ("PSF Trust") was established on November 23, 2021 with Appleby Global Trust Services (Bermuda) Ltd. acting as trustee. The intended purpose of the PSF Trust is to receive trust funds from Donors pursuant to Grant Agreements entered into by the Company and Donors, intended to provide financing support for risk transfer programs. Subject to the eligibility requirements, on application to the trustee, the Company may receive distributions as premium-subsidized co-payments for ARC Member States insurance or other risk transfer transaction premiums. During the year ended December 31, 2024, premium subsidy grant disbursements received by the Company amounted to \$4,299,000 (2023: \$15,464,146).

15. Grants

US Grant

ARC Ltd. was awarded a federal assistance award from the U.S. Department of State with a performance term of July 6, 2023 to July 6, 2026. The total amount awarded to ARC Ltd. was \$11,731,000. The funds were awarded to ARC Ltd. for the purpose of strengthening food security across Africa and increasing the capacity of African governments to support climate resilience. The agreement includes a budget which stipulates the authorized activities for which the funds can be expended, thereby limiting how the funds are used. During the year, \$1,664,514 was utilized, \$2,112,208 has been utilized since inception and \$9,618,792 remains available. Total grant disbursement of \$853,638 was received since inception and management have raised a full provision on the amount recoverable from the grant due to uncertainty on the collectability of said balance. The income and expenses from this grant offset and therefore they are shown net on the Statement of Income or Loss and Other Comprehensive Income or Loss within General and administration expenses. The grant was terminated effective February 26, 2025.

ISF Grant

On June 7, 2024, the Company entered into a grant agreement as the lead grantee with Frankfurt School of Finance & Management gemeinnützige GmbH ("FS"), a non-profit private limited company established and existing under the laws of Germany, where the Company is to receive support on its project with the working title "Rice Value Chain Climate Cover in Ivory Coast". The maximum amount of the grant allocated is EUR 1,551,142. During the year, grant disbursement received by the Company amounted to EUR 737,000 while EUR 1,075,470 were utilized.

Grant to GP3 Institute

Effective August 2020, the Company entered into an agreement with GP3 Institute Trust, a non-profit which provides Legal Advisory and Governance Support Services for public private corporation initiatives within the United Nations Sustainable Development Goals framework. The Company's Legal Secretary service is provided by the GP3 Institute Trust. The Company provides grant funding to GP3 Institute in recognition of the legal and governance services provided to the Company. The amount of \$Nil (2023: \$Nil) representing grant funding due to GP3 Institute is included in accounts payable and accrued liabilities at the year end.

16. Net Investment Income

Figures in USD	31 December 2024	31 December 2023
Interest and dividend income	2,586,442	2,383,075
Amortization of bonds	11,403	2,911
Realized gain/(loss) on investments	1,690,031	(746,862)
Unrealized gains on forwards and derivatives	412,493	40,383
Gross investment income/(loss)	4,700,369	1,679,507
Less: Investment managers, custody and portfolio fees	(91,117)	(97,024)
Other interest and similar income	4,609,252	1,582,483

Interest rates on investments ranged from 0.00% to 9.75% (2023: 0.00% to 9.00%) during the year.

17. Expenses and Reimbursements

Figures in USD	31 December 2024	31 December 2023
Member costs	508,413	133,745
Board costs	395,696	413,253
Corporate secretarial and regulatory fees	(53,240)	101,052
Legal fees	5,000	62,511
Insurance	229,146	149,389
Bank charges	44,494	27,861
External audit	194,670	118,917
Internal audit	15,000	–
Insurance manager's fees	315,000	280,000
Actuarial and loss reserve specialist fees	49,013	272,898
Executive management and administration	5,778,197	3,854,297
Reinsurance broker fees	181,178	230,074
Communications	215,404	169,557
Depreciation	24,101	16,203
Provision for doubtful debts on convertible loan (note 8)	266,062	–
Provision for doubtful debts on US Grants recoveries (note 14)	1,258,570	–
Total general and administration expenses	9,426,704	5,829,757
<i>Once-off costs:</i>		
Executive recruitment	48,978	–
Consultancy	427,937	241,336
Total once-off costs	476,915	241,336
Claims incurred (claims expenses)	87,202,470	18,165,393
Change risk adjustment (LIC)	(268,478)	2,191,110
Insurance acquisition expenses	–	376,206
Loss component - regular release of loss component	–	(7,112,522)
Best estimate adjustment	3,665,126	–
Insurance revenue expense	90,599,118	13,620,187

18. Related Party Transactions

The Company provides insurance coverage to Class A Members, as described in note 1. The premiums and related transactions with these Class A Members are thus related party transactions. In addition, as described in note 11 above, the two Class C Members provided Returnable Capital to the Company. These financial liabilities are also related party transactions, given that ARC Ltd. is a mutual company.

Remuneration during the year in respect of the Board of Directors is in the form of an annual fixed Honorarium of \$30,000 (2023: \$30,000) for Board Chair, \$25,000 (2023: \$25,000) for Board Committee Chair, \$20,000 (2023: \$20,000) per Director and \$10,000 (2023: \$10,000) for the Board Advisor. There were six Directors on the Board and one Advisor to the Board at the beginning and end of the year. The total Honorarium paid during the year was \$167,500 (2023: \$150,000). The total amount of travel and subsistence expenses reimbursed to Directors, or to entities who have paid on behalf of respective Directors, for the year was \$87,528 (2023: \$43,525).

19. Taxation

Under current Bermuda law, the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes until March 31, 2035. At present, the Bermuda government has enacted legislation for its 15% corporate income tax ("CIT") that would apply to Bermuda businesses that are part of multinational enterprise groups (MNE Groups) with annual revenue of €750 million or more. The corporate income tax was enacted on December 27, 2023 and will be effective for tax years beginning on or after January 1, 2025. The Company is out of scope of the CIT since it is not an MNE Group.

20. Capital Risk Management and Statutory Financial Data

20.1. Bermuda

ARC Ltd. is a mutual insurance Company, registered as a Class 2 Insurer under the Bermuda Insurance Act 1978 and Related Regulations ("the Act"). In accordance with the Act, statutory capital and surplus at year end was \$26,757,215 (December 31, 2023: \$62,811,197) and the amount required to be maintained by the Company was \$2,445,592 (December 31, 2023: \$4,583,406). The Company has met the minimum solvency margin requirement at the year end. In addition, a minimum liquidity ratio must be maintained whereby relevant assets, as defined by the Act, must exceed 75% of relevant liabilities. The ratio was met at the period end.

Under the Act, the Company is required to prepare Statutory Financial Statements. The Bermuda Statutory accounting regulations allow the recognition of Class C Member Capital as Statutory Capital, as opposed to debt financial liabilities or equity grant under IFRS. The Members' equity is comprised of the reserve fund, retained earnings and Class C equity grant. The Company's objectives when managing 'capital' are to comply with the minimum capital and surplus requirements of the Act and to safeguard the Company's ability to continue as a going concern.

In disclosure note 11, there is reference to "Financially Unsustainable", which is a term taken directly from the Company's Bye-Laws. Financially unsustainable is defined in the Bye-Laws as a reduction of capital which endangers the Company's capacity to maintain its claim-paying capacity in a financially sustainable manner as measured by the ECR ratio. The ECR ratio is the Enhanced Capital Requirement under Bermuda Insurance regulations. Should the statutory capital of the Company decrease to a level below 150% of the ECR, then this would be deemed "financially unsustainable". At no point to the date of approval of these financial statements has the Company been Financially Unsustainable, based on the above definition.

20.1. Bermuda (continued)

The difference between the Company's statutory capital and surplus and Members' equity as per these financial statements is as shown in the below table.

Figures in USD	31 December 2024	31 December 2023
Statutory capital and surplus	26,757,215	62,811,197
<i>Adjust for: Non-admitted items for statutory purposes</i>		
Prepaid expenses	409,469	348,685
Deferred policy acquisition costs	269,277	140,443
<i>Adjust for Impact of IFRS 17 application</i>	(3,546,011)	(756,750)
<i>Adjust for: Class C Members' returnable capital</i>		
FCDO – Initial contribution treated as equity capital	(49,929,600)	(49,929,600)
Less: FCDO initial contribution treated as equity grant	6,131,202	6,867,167
KfW – Initial contribution treated as equity capital	(48,405,000)	(48,405,000)
Less: KfW initial contribution treated as equity grant	7,943,519	8,736,127
Forex revaluation of GBP capital contribution	12,397,169	11,734,024
Reserve fund – Initial contribution designated as share capital	250,000	250,000
Members' deficit	(47,722,760)	(8,203,707)

20.2. Participating African Countries

ARCLtd. has been granted approval for issuance of the Insurance Policies recognised in these financial statements in each of the participating Class A Member countries via a written letter of exemption from national insurance laws and regulations.

21. Management of Insurance and Financial Risk

The Company is exposed to a range of risks through its financial assets, financial liabilities and insurance liabilities. This section summarises these risks and the way the Company manages them.

21.1. Insurance risk

The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount of any resulting claim. The principal risk the Company faces under such contracts is that provisions for claims liabilities are estimates which are subject to variability, and the variability could be material in the near term. The variability arises because the amount of rainfall, which impacts on the ultimate settlement of claims, has not yet been fully determined as it is a future event. Provision for claims liabilities are based on all relevant information available to the Company. Methods of estimation are used which the Company believes produce reasonable results given current information.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Company only insures the drought risks of participating African member states, therefore, there is a concentration of insurance risk within the industry sector and broadly within the territories the Company serves.

The variability of risks is improved by the use of reinsurance arrangements. Similar to other insurance companies, in order to minimise financial exposure arising from large claims (from, for example, correlated drought events affecting multiple insured countries), the Company, in the normal course of business, will enter into agreements with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance, wherever applicable, are thoroughly reviewed by the Company. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the Statement of Financial Position as reinsurance assets.

The following tables show the concentration of net insurance contract liabilities by type of contract:

Figures in USD	31 December 2024			31 December 2023		
	Insurance	Reinsurance held	Net	Insurance	Reinsurance held	Net
Drought	3,807,383	(3,018,856)	788,527	12,522,694	(436,584)	12,086,110
Tropical cyclone	4,161,314	139,470	4,300,784	2,889,672	(57,811)	2,831,861
NSB	22,048,960	(5,546,967)	16,501,993	11,593,999	(2,201,294)	9,392,705
O&E	–	–	–	503,576	(460,454)	43,122
Total net insurance	30,017,657	(8,426,353)	21,591,304	27,509,941	(3,156,143)	24,353,799

21.1.1. Claims development table

Any claim pay-outs are made shortly after the end of the underlying risk years for each respective policyholder. The risk years, as explained in Note 3.2.5.3., are the growing seasons for each participating country. Practically, this means that within four weeks of the growing season ending, any relevant claim pay-out shall be made, subject to conditions around Financial Implementation Plan ("FIP") and other required documentation being in order. Claims paid for in the current period net of recoveries of \$53,918,939 (2023: \$18,106,688) represent claim pay-outs under the drought program for \$52,381,480 to Burkina Faso, Madagascar, Malawi, Mozambique, Zambia and Zimbabwe; payouts under the tropical cyclone program for \$1,203,090 to Madagascar; and pay-outs under the non-sovereign program for \$333,550.

Figures in USD	31 December 2024	31 December 2023
Claims development: At the end of the year	33,509,855	19,689,753

21.2. Financial risk

21.2.1. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

Prudent liquidity risk management implies maintaining sufficient cash and deposits and the availability of funding through an adequate amount of committed credit facilities. The Company's cash and cash equivalents have a maturity profile that ensures that it is able to meet liabilities arising from claims received. The Company shall also mitigate future liquidity risks by holding highly liquid financial assets which may be sold quickly in response to needs for liquidity. The Company holds derivatives, whose maturities are disclosed in Note 6.

All claims stated in the financial statements are expected to be settled within one year after the reporting date.

21.2.2. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk); market interest rates (interest rate risk), and market prices (price risk).

21.2.2.1. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. Management assesses that, there is minimal risk of significant losses due to exchange rate fluctuations, based on the fact that the GBP denominated financial liability and grant equity are hedged by the GBP denominated marketable investments. All premium and risk exposures are denominated in USD.

21.2.2.2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently funds its insurance liabilities with a portfolio of cash accounts and fixed term deposits which are subject to interest rate risk. Short-term insurance liabilities are not directly sensitive to the level of market interest rates as they are undiscounted and contractually non-interest bearing. The Company manages interest rate risk by matching the cash flows profile of assets and liabilities.

21.2.2.3. Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market. The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

The Company has no significant concentration of price risk.

21.2.3. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company (including accrued investment income and cash and cash equivalents), other than those relating to reinsurance contracts as described in note 2 (d) above, the maximum credit risk exposure to the Company is the carrying value as disclosed in the interim financial statements at the date of the Statement of Financial Position. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company does not hold any collateral in relation to its credit risk. Most of the reinsurers have a rating of at least A- or fully collateralized.

21.2.4. Prepayment risk

At December 31, 2024, the Company held \$1,146,252 (2023: \$1,889,413) of its fixed income portfolio in commercial mortgage bonds. The assets are exposed to prepayment risk, which occurs when holders of underlying loans increased the frequency with which they prepay the outstanding principal before the maturity date and/or re-finance at a lower interest rate cost. The adverse impact of prepayment is more evident in a declining interest rate environment. As a result, the Company will be exposed to reinvestment risk, as cash flows received by the Company will be accelerated and will be reinvested at the prevailing interest rates.

22. Segregated account

On November 18, 2022, the Company received approval to be registered as a segregated accounts company under the Segregated Accounts Companies Act 2000, as amended (SAC Act). The Company introduced the Outbreaks and Epidemics Insurance Program (O&E Program), which was written through the Company's Outbreaks and Epidemics Segregated Account.

The Regional Emergency Preparedness and Access to Inclusive Recovery (REPAIR) Program seeks to strengthen the financial and operational preparedness of participating countries to respond quickly to climate and other shocks in Eastern and Southern Africa (ESA). The World Bank Board has approved the Company to serve as the REPAIR Program Implementation Unit (PIU).

22. Segregated account (continued)

The activities of the REPAIR PIU are grant-funded by the World Bank. In light of this, in September 2024, the Company established a new segregated account in order to support the Repair Program, the “REPAIR Account”. The REPAIR PIU will receive in semi-annual tranches a grant of a total amount of \$26 million in its dedicated bank account from the World Bank over a three-year period. The grant will fund: (a) product development for insurance where deemed required and (b) the design and set-up of additional disaster risk financing instruments. This will directly fund all of the activities of the REPAIR Account and some of the funding will be allocated to the Company’s general and administrative costs, which will benefit the Company’s core strategic activities. During the year, \$705,028 was utilized for general and administrative cost. The income and expenses from this grant offset and therefore they are shown net on the Statement of Income or Loss or Other Comprehensive Income or Loss within General and administration expenses.

Figures in USD	General Cell	O&E Cell	REPAIR Cell	Consolidated
Assets				
Fixed assets	244,439	-	-	244,439
Prepaid expenses	409,469	-	-	409,469
Other receivable	310,874	-	705,028	1,015,902
Due from/(to) cell	746,125	(41,097)	(705,028)	-
Reinsurance contract assets	8,565,823	-	-	8,565,823
Accrued investment income	275,012	-	-	275,012
Investment in Pula Advisors GmbH	828,544	-	-	828,544
Marketable investments	33,176,402	-	-	33,176,402
Cash and cash equivalents	17,347,509	590,127	-	17,937,636
Total Assets	61,904,197	549,030	-	62,453,227
Liabilities				
Class C Members’ Returnable Capital	71,612,712	-	-	71,612,712
Insurance contract liabilities	30,017,657	-	-	30,017,657
Reinsurance contract liabilities	139,470	-	-	139,470
Deferred income - other	-	453,333	-	453,333
Accounts payable and accrued liabilities	7,947,565	5,250	-	7,952,815
Total Liabilities	109,717,404	458,583	-	110,175,987
Members’ Equity				
Reserve fund	250,000	-	-	250,000
Retained (deficit)/equity	(62,137,928)	90,447	-	(62,047,481)
Accumulated other comprehensive income:				
Class C Members’ equity grant	14,074,721	-	-	14,074,721
Total Members’ (Deficit)/Equity	(47,813,207)	90,447	-	(47,722,760)
Total Liabilities and Members’ Equity	61,904,197	549,030	-	62,453,227

22. Segregated account (continued)

Figures in USD	General Cell	O&E Cell	REPAIR Cell	Consolidated
Insurance revenue	42,535,894	484,529	-	43,020,423
Insurance revenue expense	(90,618,165)	19,047	-	(90,599,118)
Insurance service result before reinsurance contracts held	(48,082,271)	503,576	-	(47,578,695)
Allocation of reinsurance premium	(21,194,386)	(484,530)	-	(21,678,916)
Amounts recoverable from reinsurance for incurred claims	34,862,882	24,076	-	34,886,958
Net expense from reinsurance contracts held	13,668,496	(460,454)	-	13,208,042
Net insurance financial service result	(34,413,775)	43,122	-	(34,370,653)
General and administrative expenses	(9,446,741)	20,037	-	(9,426,704)
Once-off and start-up costs	(476,915)	-	-	(476,915)
Net investment income	4,609,252	-	-	4,609,252
Other income	50,000	(20,037)	-	29,963
Unrealized gain on marketable investments	1,309,622	-	-	1,309,622
Unrealized loss on foreign exchange	619,346	-	-	619,346
Realised gain on foreign exchange	(284,391)	-	-	(284,391)
Net (loss)/income for the period	(38,033,602)	43,122	-	(37,990,480)
Write down of Equity grant from Class C Members	(1,528,573)	-	-	(1,528,573)
Total comprehensive (loss)/income for the period	(39,562,175)	43,122	-	(39,519,053)

23. Subsequent events

Subsequent events were evaluated to April 15, 2025, the date the financial statements were available to be issued.

On 26 February, 2025, the US Department of State notified the Company of the termination of the US Grant. At year-end, management raised a full provision on the amount recoverable from the grant due to uncertainty on the collectability of said balance. On 27 March 2025, \$763,254 of the outstanding amount was received. This is considered a non-adjusting event.

No events have occurred subsequent to December 31, 2024 requiring adjustments or disclosures in these financial statements.

24. Approval of the financial statements

These financial statements were approved by the Board of Directors on April 15, 2025. Management does not have the power to change or amend the financial statements after the date of approval by the Board of Directors.



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