



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DÉVELOPPEMENT

ADRiFi

Africa Disaster Risk Financing Programme
and its Multi-Donor Trust Fund

ANNUAL REPORT

Jan 2025 – Mar 2026



THE MULTI-DONOR
TRUST FUND

WITH THE SUPPORT OF



Contents

ABBREVIATIONS AND ACRONYMS.....	3
EXECUTIVE SUMMARY	5
INTRODUCTION AND BACKGROUND	8
REPORT ON STRATEGIC FOCUS AREAS OF THE 2025 ADRIFI MDTF WORKPLAN.....	11
Pillar 1: Participation in ARC Risk Pools and Premium Support	12
1.1 Overview	12
1.3 Accountability, Verification and Oversight Mechanisms	19
Pillar 2: Institutional Support and Reform.....	20
2.1 ARC Agency Emergency Support.....	21
2.2 MDTF Amendment Process.....	22
Pillar 3: Communication, M&E and Knowledge Management	23
3.1 ADRiFi Forum.....	24
3.2 Communication and Visibility	25
Pillar 4: Programme Coordination and Trust Fund Management	26
4.1 Gender Mainstreaming and Institutional Capacity	27
4.2 Financial Reporting	28
OUTCOMES AND IMPACT	31
CHALLENGES AND LESSONS LEARNED	34
5.1 Persistent Challenges.....	34
5.2 Lessons Learned	35
STRATEGIC RECOMMENDATIONS	37
6.1 Case Study.....	40
ANNEX - SOMALIA TESTIMONIES	42
THE MULTI-DONOR TRUST FUND.....	43

Abbreviations and Acronyms

AfDB	African Development Bank
AHFR	Department of Agricultural Finance and Rural Development (AfDB)
ARC	African Risk Capacity
ADRFi	Africa Disaster Risk Financing
BREFONS	Building Resilience for Food and Nutrition Security in the Horn of Africa
CAW	Climate Adaptation and Water (project, The Gambia)
CDRFI	Climate and Disaster Risk Financing and Insurance Forum
CRM	Complaints and Response Mechanism
DRC	Democratic Republic of the Congo
DRF	Disaster Risk Finance / Financing
FAO	Food and Agriculture Organization of the United Nations
GAP	Gender Action Plan
IDPs	Internally Displaced Persons
M&E	Monitoring and Evaluation
PAR	Project Appraisal Report
PIU	Project Implementation Unit
PMU	Project Management Unit
PWDs	Persons with Disabilities
RMC	Regional Member Country (of the African Development Bank)
SADC	Southern African Development Community
SODMA	Somalia Disaster Management Agency
SSP	South Sudanese Pound
TOR	Terms of Reference

Glossary of Key Terms and Indicators

Term	Definition
Anticipatory Action	Actions taken before or immediately after the onset of a forecasted or emerging climate hazard, based on risk information and pre-arranged financing mechanisms, with the objective of reducing humanitarian impacts, protecting livelihoods, and strengthening resilience.
ARC Pool	A risk-sharing mechanism managed by African Risk Capacity (ARC) through which participating countries collectively purchase sovereign climate risk insurance coverage. Pooling risks across multiple countries improves affordability, diversification, and access to international reinsurance markets.
Contingency Plan	A pre-approved operational plan developed by participating governments that outlines how insurance payouts will be used to respond to climate-related disasters. The plan specifies targeting criteria, response activities, implementation arrangements, timelines, and accountability mechanisms.
Direct Beneficiary	An individual who directly receives goods, services, cash assistance, food support, livelihood inputs, or other forms of assistance financed through ADRIFi-supported interventions or ARC payout-funded response activities.
Domestic Co-financing	Financial contributions made by participating governments toward the cost of sovereign climate risk insurance premiums or related disaster risk financing activities. Domestic co-financing demonstrates country ownership and contributes to the long-term sustainability of climate risk financing systems.
Insurance Payout	Funds disbursed to a participating country when a predefined climate hazard reaches an agreed trigger threshold under an ARC sovereign insurance policy. Payouts are used to finance implementation of approved contingency plans and rapid response interventions.
People Protected	Refers to the estimated population covered under sovereign climate risk insurance policies financed through ADRIFi-supported participation in African Risk Capacity (ARC) risk pools. Estimates are derived from ARC-approved insurance coverage calculations, risk models, and policy documentation, representing individuals who would be eligible to benefit from response interventions financed through insurance payouts in the event of a qualifying climate shock.
People Reached	Refers to individuals who directly received assistance through ARC-supported response interventions financed by sovereign insurance payouts and implemented under approved contingency plans. Assistance may include food support, cash transfers, social protection measures, water interventions, or other approved response activities.
Risk Transferred	The total monetary value of climate-related risks transferred from participating governments to international insurance and reinsurance markets through sovereign climate risk insurance policies. This represents the amount of financial protection available to governments in the event of a qualifying disaster.
Sovereign Climate Risk Insurance	A financial protection mechanism through which governments purchase insurance coverage against predefined climate-related hazards such as droughts, floods, and tropical cyclones. The insurance provides rapid payouts when agreed trigger conditions are met, enabling timely response to affected populations.

EXECUTIVE SUMMARY

1

01 | EXECUTIVE SUMMARY

The Africa Disaster Risk Financing (ADRFi) Programme continued to strengthen climate resilience, disaster preparedness, and sovereign climate risk financing systems across Africa during the January 2025- March 2026 reporting period. Implemented by the African Development Bank through the ADRFi Multi-Donor Trust Fund (MDTF), the programme supported Regional Member Countries (RMCs) in improving their capacity to anticipate, prepare for, and respond to climate-related shocks through sovereign climate risk insurance, institutional strengthening, technical assistance, and knowledge sharing.

USD 13,500,000

Premium support approved under ARC
Pool 12

USD 104,176,758

Climate risk transferred to insurance
markets

557,067

Vulnerable people reached through
ARC-supported responses

Note: The report presents progress and results from ADRFi MDTF-supported activities and, where relevant, wider ADRFi Programme outcomes enabled through a combination of MDTF resources, Bank financing, country contributions and partner support.

The reporting period from January 2025 to March 2026 was marked by significant progress in expanding sovereign climate risk financing coverage, strengthening country ownership of disaster risk financing systems, promoting gender-responsive approaches to climate resilience, and advancing strategic reforms designed to broaden Africa's climate risk financing architecture. Building on the momentum of preceding cycles, the ADRFi Multi-Donor Trust Fund (MDTF) approved a total of **USD 13,500,000** in premium support to enable the participation of 10 countries in the African Risk Capacity (ARC) sovereign risk pool (Pool 12).

This represents an increase of approximately 48 percent over the USD 9.15 million in premium support extended to 10 countries under Pool 11 in 2024, reflecting both the growing demand for sovereign climate risk transfer instruments and the deepening engagement of participating governments. Through their participation in the ARC pools, these 10 countries collectively transferred **USD 104,176,758** in climate risk to international insurance markets, securing coverage for **10,417,676 vulnerable people**, of whom 5,155,444 were men and 5,262,232 were women, against the impacts of drought, floods, and tropical cyclones.



01 • EXECUTIVE SUMMARY

The value of these investments was most clearly demonstrated through the activation of sovereign insurance mechanisms in the aftermath of climate-related shocks. During the reporting period, ADRiFi-supported countries received a total of **USD 16,389,844** in insurance payouts, comprising drought-related disbursements to Benin and Somalia and a tropical cyclone payout to Madagascar. This figure represents a substantial improvement over 2024, when payouts triggered in favor of MDTF-supported countries amounted to USD 7,722,366, an increase of approximately 112 percent. While this increase demonstrates the effectiveness and responsiveness of sovereign climate risk financing mechanisms in providing timely support following climate shocks, it also reflects the growing frequency and severity of climate-related disasters affecting participating countries. These resources enable governments to activate pre-agreed contingency plans and deliver timely assistance to affected populations before climate shocks escalate into full-scale humanitarian crises. In parallel, ARC-supported response interventions implemented during the reporting period reached **557,067 vulnerable people** through food assistance, social protection, and cash transfer programs, with women representing over 53 percent of beneficiaries. Beneficiary figures reflect implementation of response activities during the reporting period and may therefore not correspond directly to the countries receiving insurance payouts during the same reporting cycle.

Beyond premium financing, ADRiFi continued to strengthen national disaster risk financing systems and institutional preparedness across participating countries. The programme supported the adoption of multi-year premium financing arrangements that provide governments with greater budgetary predictability, reinforced contingency planning systems to ensure that payouts translate into timely and well-targeted response, and expanded the range of climate risk financing products available to address a broader spectrum of hazards. In parallel, ADRiFi promoted the integration of disaster risk financing within national resilience and preparedness frameworks, embedding sovereign risk transfer within wider policy and planning processes rather than treating it as a stand-alone instrument. The programme also continued to encourage participating countries to increase their domestic contributions toward sovereign insurance premiums, a trend that reflects growing national ownership of climate risk financing mechanisms and marks tangible progress toward the long-term financial sustainability of the model.

Gender equality and social inclusion remained central to implementation. Gender Action Plans were operationalized across active country programmes, and Somalia completed the portfolio's first institutional gender audit. The programme also strengthened sex-, age-, and disability-disaggregated monitoring and built capacity for inclusive climate resilience programming, training approximately **223 stakeholders**, 47 percent of them women.

Knowledge sharing and regional collaboration remained important pillars of implementation. The 2025 Climate and Disaster Risk Financing and Insurance (CDRFI) Forum brought together representatives from more than **29 African countries** to exchange experiences on sovereign climate risk financing, disaster preparedness, contingency planning, and gender-responsive resilience. The programme also strengthened monitoring, evaluation, and learning systems by documenting beneficiary experiences, operational lessons, and evidence from sovereign insurance interventions.

The reporting period also marked an important phase in the strategic evolution of the programme. Donors approved the **extension of the ADRiFi MDTF to 2031**, ensuring continuity of support while broader reform discussions continue.

Overall, the reporting period reaffirmed the continued value of pre-arranged climate risk financing as a tool for strengthening resilience, enhancing disaster preparedness, and protecting vulnerable populations from the growing impacts of climate change. The expansion of premium support to 12 countries under Pool 12, the disbursement of USD 16,389,844 in payouts to Benin, Somalia, and Madagascar, and the steady increase in domestic contributions together signaled both deepening country ownership and the maturing of the sovereign risk transfer model. Through this combination of sovereign insurance, institutional strengthening, gender-responsive programming, and regional knowledge exchange, ADRiFi continued to advance more resilient, inclusive, and sustainable climate risk financing systems across Africa, while laying the groundwork for the broader reforms needed to expand the continent's climate risk financing architecture in the years ahead.

INTRODUCTION AND BACKGROUND

2

02 | INTRODUCTION AND BACKGROUND

As the African Development Bank Group's flagship initiative for strengthening climate resilience and disaster preparedness, ADRiFi supports Regional Member Countries in managing climate-related risks through sovereign risk financing solutions, technical assistance, and institutional capacity development. Since 2018, the programme has played a leading role in expanding access to sovereign climate risk insurance and promoting more proactive and financially sustainable approaches to disaster response across Africa.

Through its integrated approach, ADRiFi supports countries in strengthening disaster risk management systems, enhancing preparedness and anticipatory action, and improving financial resilience against climate-related shocks. The programme facilitates access to sovereign climate risk insurance, contingency financing mechanisms, and technical assistance while supporting the development of national disaster risk financing frameworks, multi-hazard early warning systems, and institutional capacities needed to respond effectively to increasingly frequent and severe climate events. Over time, ADRiFi has evolved from a programme primarily focused on premium financing support to a broader platform for strengthening national climate and disaster risk financing ecosystems capable of protecting vulnerable populations and supporting long-term resilience.

The establishment of the ADRiFi Multi-Donor Trust Fund (MDTF) in 2021 significantly strengthened the programme's ability to respond to growing demand for climate and disaster risk financing solutions across Africa. Supported through contributions from development partners including the United Kingdom, Switzerland, the United States, Canada, Norway, and the Netherlands, the MDTF has enabled participating countries to access premium support, thereby strengthening sovereign climate risk financing systems, building institutional

capacity, and improving preparedness for climate-related shocks. The programme has supported interventions across **18 Regional Member Countries**, namely Benin, Burkina Faso, Chad, Comoros, Djibouti, The Gambia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Lesotho, Somalia, Sudan, South Sudan, Zambia, and Zimbabwe.

Building on these foundations, this report presents the progress achieved under the ADRiFi MDTF workplan during the January 2025 to March 2026 reporting period. It offers a comprehensive account of the activities implemented, the results achieved, and the emerging outcomes observed across the programme's strategic pillars, namely sovereign climate risk financing, institutional strengthening, gender-responsive programming, communication, monitoring and evaluation, and knowledge management. In addition to documenting these achievements, the report critically examines the challenges encountered during implementation and distills the principal lessons learned, with a view to strengthening the design and delivery of future activities. It concludes with a set of strategic recommendations intended to inform forward planning and to support evidence-based decision-making by the MDTF Oversight Committee as the programme advances toward its longer-term objectives.

STRATEGIC FOCUS AREAS OF THE 2025 ADRIFI MDTF WORKPLAN

3

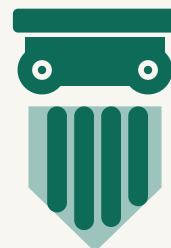
03 | REPORT ON STRATEGIC FOCUS AREAS OF THE 2025 ADRIFI MDTF WORKPLAN

During the reporting period, ADRiFi implementation was guided by the four strategic focus areas aligned with the 2025 MDTF Annual Workplan and Budget:



PILLAR 1

**PARTICIPATION IN ARC RISK
POOLS AND PREMIUM SUPPORT**



PILLAR 2

**INSTITUTIONAL SUPPORT
AND REFORM**



PILLAR 3

**MONITORING AND
EVALUATION,
COMMUNICATION, AND
KNOWLEDGE MANAGEMENT**



PILLAR 4

**PROGRAMME COORDINATION
AND TRUST FUND
MANAGEMENT**



CROSS-CUTTING PRIORITY

Across all focus areas, gender equality and social inclusion remained cross-cutting priorities in line with the AfDB Gender Marker System, Global Affairs Canada (GAC) requirements, and ADRiFi Gender Action Plans.



PILLAR 1.

PARTICIPATION IN ARC RISK POOLS AND PREMIUM SUPPORT

1.1 OVERVIEW

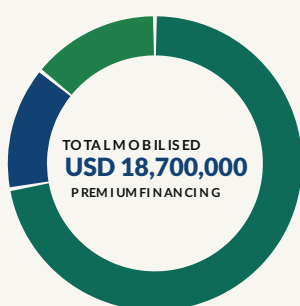
The participation of Regional Member Countries (RMCs) in African Risk Capacity (ARC) sovereign risk pools remained the largest area of ADRiFi MDTF investment during the reporting period.

Through premium financing support, ADRiFi continued to strengthen sovereign climate risk financing systems, expand insurance coverage, improve disaster preparedness, and promote anticipatory action across participating countries.

During the reporting period, the ADRiFi MDTF provided USD 13,500,000 in premium support for ARC Pool 12A and Pool 12B, accounting for approximately 72 percent of the total USD 18,700,000 mobilized for sovereign climate risk insurance premium financing. The remaining share was jointly covered by participating government contributions (14 percent) and the African Development Bank (14 percent). Through this support, ADRiFi enabled country participation in both ARC Pool 12A and Pool 12B,

extending premium subsidies for drought, tropical cyclone, and flood insurance coverage across West, Eastern, and Southern Africa, and thereby advancing the programme's objectives of geographic expansion and product diversification. Pool 12A support focused on Benin, Burkina Faso, Togo, and Somalia, while Pool 12B support covered Comoros, Madagascar, Malawi, Mozambique, Somalia, Zambia, and Zimbabwe. Notably, Madagascar further strengthened its sovereign climate risk protection by taking up flood insurance coverage during the period, complementing its existing drought and tropical cyclone instruments and marking an important milestone in the diversification of climate risk financing solutions available to participating countries.

PREMIUM FINANCING COMPOSITION • USD 18,700,000 MOBILIZED



USD 13,500,000 • 72%

ADRIFI MULTI-DONOR TRUST FUND



USD 2,550,000 • 14%

PARTICIPATING GOVERNMENT CONTRIBUTIONS



USD 2,650,000 • 14%

AFRICAN DEVELOPMENT BANK

HAZARDS COVERED UNDER POOL 12A AND POOL 12B



Drought

POOL 12A • POOL 12B



Tropical Cyclone

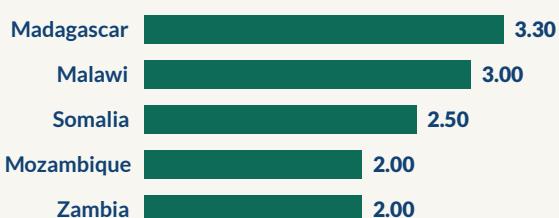
POOL 12B



Flood

POOL 12B

TOTAL PREMIUM FINANCED BY COUNTRY • USD MILLIONS, ARC POOL 12A AND POOL 12B



10 COUNTRIES PARTICIPATED IN ARC POOL 12A AND POOL 12B WITH ADRIFI PREMIUM SUPPORT

TABLE 1 • COUNTRIES SUPPORTED UNDER ARC POOL 12A AND POOL 12B

	COUNTRY	RISK TYPE		GOVERNMENT CONTRIBUTION (USD)	ADRIFI ADF CONTRIBUTION (USD)	ADRIFI MDTF CONTRIBUTION (USD)	TOTAL PREMIUM FINANCED (USD)
ARC POOL 12A	Benin		Drought	-	-	1,000,000	1,000,000
	Burkina Faso		Drought	400,000	-	1,000,000	1,400,000
	Togo		Drought	500,000	-	500,000	1,000,000
	Somalia (Gu)		Drought	-	-	500,000	500,000
	Total Pool 12A			900,000	-	3,000,000	3,900,000
ARC POOL 12B	Somalia (Deyr)		Drought	-	-	2,000,000	2,000,000
	Madagascar		Drought	250,000	250,000	-	500,000
	Madagascar		Tropical Cyclone	-	1,400,000	400,000	1,800,000
	Madagascar		Flood	-	-	1,000,000	1,000,000
	Malawi		Drought	-	1,000,000	2,000,000	3,000,000
	Comoros		Tropical Cyclone	-	-	500,000	500,000
	Mozambique		Drought	-	-	2,000,000	2,000,000
	Zambia		Drought	1,000,000	-	1,000,000	2,000,000
	Zimbabwe		Drought	400,000	-	1,600,000	2,000,000
Total Pool 12B				1,650,000	2,650,000	10,500,000	14,800,000
Total Pool 12				2,550,000	2,650,000	13,500,000	18,700,000

HAZARD KEY



Drought



Tropical Cyclone



Flood

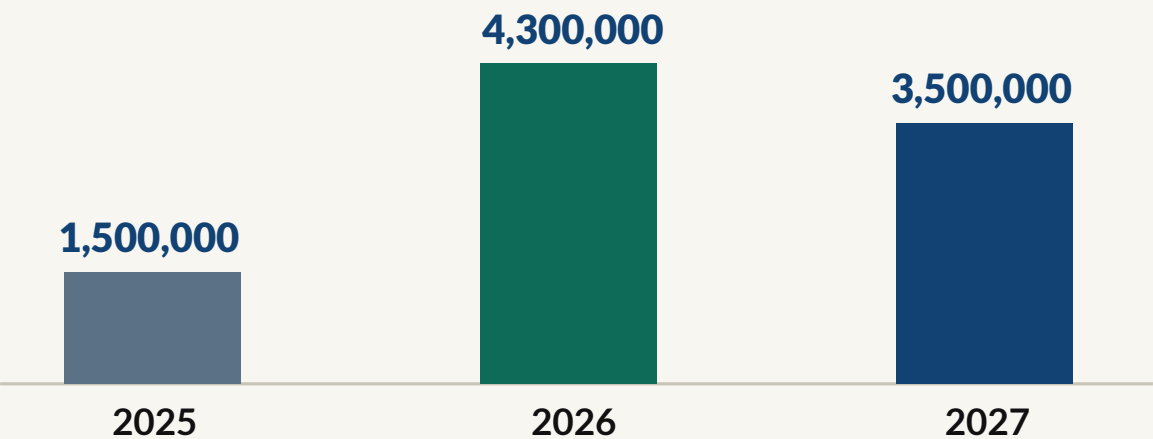
MULTI-YEAR PREMIUM FINANCING COMMITMENTS AMOUNTING TO USD 9,300,000 FOR BENIN, TOGO, MALI, AND NIGER OVER THE PERIOD 2025-2027

The implementation of multi-year premium financing commitments further strengthened sustainability by improving predictability of participation, reducing annual financing uncertainties, and supporting longer-term disaster risk financing planning. In 2025, ADRiFi formalized multi-year premium financing commitments amounting to USD 9,300,000 for Benin, Togo, Mali, and Niger over the period 2025-2027. These arrangements were designed to facilitate the mobilization of co-financing from governments and Bank resources, ensure continuity of sovereign climate risk insurance coverage, reduce administrative burdens associated with annual approvals, and improve the timeliness of premium payments. The multi-year approach also enhances the financial stability of the ARC risk pool and supports longer-term disaster risk financing planning by participating countries.

TABLE 2 • APPROVED MULTI-YEAR PREMIUM FINANCING COMMITMENTS UNDER ADRIFI MDTF

COUNTRY	2025 (USD)	2026 (USD)	2027 (USD)	TOTAL COMMITMENT (USD)	RATIONALE
Benin	1,000,000	1,000,000	1,000,000	3,000,000	Leverage ADF resources and support agricultural insurance expansion
Togo	500,000	500,000	500,000	1,500,000	Secure government co-financing and timely premium payments
Mali	–	2,000,000	2,000,000	4,000,000	Sustain co-financing under PARCB and secure future participation
Niger	–	800,000	–	800,000	Regularization of outstanding ARC premium commitment
Total	1,500,000	4,300,000	3,500,000	9,300,000	

COMMITMENT PROFILE BY YEAR • USD



RESULTS ACHIEVED



CLIMATE RISK TRANSFERRED AND PEOPLE PROTECTED

Beyond financing sovereign insurance premiums, ADRIFi support contributed to strengthening resilience among vulnerable populations through pre-arranged financing mechanisms. During the reporting period, approximately **USD 104,176,758** in climate risk was transferred to insurance markets, significantly exceeding programme targets and reducing the fiscal burden on participating governments during climate-related emergencies. Approximately **10,417,676** vulnerable people were protected through sovereign climate risk coverage, including **5,262,232 women (50.5%)** and 5,155,444 men (49.5%). This represents a 36.4% increase from the 7,638,989 vulnerable people protected under Pool 11, demonstrating the growing scale, reach, and impact of sovereign climate risk financing mechanisms across participating countries.



DIVERSIFICATION OF CLIMATE RISK FINANCING INSTRUMENTS

The programme also strengthened diversification of climate risk financing instruments with Madagascar expanding coverage across drought, flood, and tropical cyclone products. Comoros, Madagascar, Malawi, Mozambique and Zambia similarly strengthened risk diversification through multi-hazard approaches, by joining the World Bank's REPAIR (Regional Emergency Preparedness and Access to Inclusive Recovery)¹ programme, and adopting complementary disaster risk financing instruments to ARC sovereign risk insurance supported through ADRIFi. This progress contributes to improved preparedness for increasingly complex climate risks and reduces dependence on post-disaster humanitarian appeals.



COUNTRY OWNERSHIP AND DOMESTIC INVESTMENT

A key achievement during the reporting period was the continued strengthening of country ownership and domestic investment in sovereign climate risk financing systems. Six countries, Burkina Faso, Lesotho, Madagascar, Togo, Zambia, and Zimbabwe, allocated domestic resources toward sovereign insurance premiums, demonstrating growing commitment to ex-ante disaster risk financing and reduced dependence on donor support. Government contributions were complemented by African Development Bank resources and MDTF financing through blended financing arrangements.



SOVEREIGN INSURANCE PAYOUTS ACTIVATED

During the reporting period, ADRIFi-supported countries received a total of **USD 16,389,844** in sovereign insurance payouts following drought and tropical cyclone events. These payouts enabled governments to activate pre-approved contingency plans and provide timely assistance to affected populations before climate shocks escalated into severe humanitarian crises. Benin received a payout of USD 1,467,765 following drought conditions. Somalia received a payout of USD 5,484,778 under drought coverage, while Madagascar received USD 9,437,301 following tropical cyclone events. These payouts demonstrate the value of pre-arranged sovereign climate risk financing in enabling timely response and protecting vulnerable populations from the impacts of climate-related shocks. At the same time, the increased level of payouts highlights the growing exposure of participating countries to climate-related disasters, reinforcing the importance of continued investments in preparedness, resilience building, and risk financing mechanisms.

Relationship between payouts and beneficiaries reached: The insurance payouts reported in Table 3 relate to sovereign insurance triggers that occurred during the current reporting period under Pool 12. By contrast, the beneficiary figures presented in Table 4 relate to response activities implemented during the reporting period using resources mobilized through payouts triggered under the previous ARC pool cycle (Pool 11). Consequently, beneficiary numbers should not be interpreted as direct beneficiaries of the USD 16.39 million reported in Table 3.

¹ The World Bank's REPAIR (Regional Emergency Preparedness and Access to Inclusive Recovery) program is a disaster risk financing initiative designed to build rapid-response financial buffers against climate and other shocks in Eastern and Southern Africa. The program is structured in phases and aims to cover up to 12 countries by 2031. As of 2026, the participating countries include: Comoros, Madagascar, Mozambique, Angola, Burundi, Malawi, Seychelles, Zambia and the Democratic Republic of Congo (DRC). The programme provides participating governments with pre-arranged financial instruments including Reserve Funds, Contingent Financing and Sovereign Parametric Insurance to deploy rapid funds in the event of a qualifying disaster.

PILLAR 1 • SOVEREIGN PAYOUTS

A TOTAL OF USD 16,389,844 IN SOVEREIGN INSURANCE PAYOUTS FOLLOWING DROUGHT AND TROPICAL CYCLONE EVENTS

TABLE 3 • ARC INSURANCE PAYOUTS TRIGGERED IN ADRIFI-SUPPORTED COUNTRIES (2025)

	Benin	DROUGHT		1,467,765
	Somalia	DROUGHT		5,484,778
	Madagascar	TROPICAL CYCLONES		9,437,301
TOTAL • PAYOUT AMOUNT (USD)				16,389,844

 During the reporting period, approximately **557,067** vulnerable people benefited from food assistance and social cash transfers, of whom **296,221 were women (53.2%)** and 260,846 were men (46.8%), with assistance prioritizing vulnerable households, including female-headed households and persons with disabilities. The interventions contributed to improved food security, strengthened household resilience, and enhanced governments’ ability to deliver timely assistance before climate shocks escalated into severe humanitarian crises.

 The reporting period also demonstrated increasing integration of gender-responsive targeting approaches, beneficiary accountability mechanisms, community validation processes, post-distribution monitoring systems, and grievance redress mechanisms, contributing to more inclusive and effective humanitarian responses.



APPROXIMATELY 557,067 VULNERABLE PEOPLE BENEFITED FROM FOOD ASSISTANCE AND SOCIAL CASH TRANSFERS

TABLE 4 • ARC-SUPPORTED RAPID RESPONSE INTERVENTIONS DURING THE REPORTING PERIOD

COUNTRY	TOTAL BENEFICIARIES REACHED	WOMEN • MEN SPLIT		VALUE OF ASSISTANCE DELIVERED (USD)	TYPE OF BENEFIT
Malawi	226,224 BENEFICIARIES	WOMEN 124,423 • 55.0%	MEN 101,801	376,783	Scale-up of social cash transfers and food assistance to vulnerable households
Lesotho	291,861 BENEFICIARIES	WOMEN 151,767 • 52.0%	MEN 140,094	2,767,958	Food assistance, provision of sorghum and essential food items
Somalia	38,982 BENEFICIARIES	WOMEN 20,031 • 51.4%	MEN 18,951	2,183,565	Food assistance interventions through drought response mechanisms
Total	557,067 BENEFICIARIES	 WOMEN 296,221 • 53.2% MEN 260,846		5,328,306	Rapid humanitarian response and protection against acute food insecurity

Notes: Malawi: USD 376,783 comprises USD 65,746 (Drought payout) and USD 311,037 (Anticipatory Drought payout). Somalia: USD 2,183,565 comprises USD 1,455,710 (Sovereign Crop Drought payout) and USD 727,855 (Replica Start Network Crop Drought payout).



557,067

VULNERABLE PEOPLE REACHED
THROUGH ARC-SUPPORTED
RESPONSES



296,221

WOMEN REACHED • 53.2% OF
BENEFICIARIES



3

COUNTRIES WITH ARC-SUPPORTED
RAPID RESPONSE DURING THE
REPORTING PERIOD

PILLAR 1 • KEY RESULTS

TABLE 5 • PILLAR 1 KEY RESULTS • RESULT AREA AND ACHIEVEMENT

RESULT AREA	ACHIEVEMENT
 Countries Supported Through ARC Pools	10 countries participated in ARC Pool 12A and Pool 12B with ADRiFi premium support
 MDTF Premium Support	USD 13,500,000 approved for sovereign climate risk insurance participation
 Total Premium Financing Leveraged	USD 18,700,000 mobilized through MDTF, government, and AfDB co-financing
 Climate Risk Transferred	USD 104,176,758 transferred to insurance markets
 Vulnerable People Protected	10,417,676 vulnerable people protected through sovereign climate risk insurance coverage
 Women Protected	5,262,232 (50.5%) women protected
 Direct Beneficiaries Reached Through ARC Responses from Pool 11	557,067 reached through food assistance, social cash transfers, and water interventions
 Women Beneficiaries Reached	296,221 women reached (53.2%)
 Countries with Multiple Risk Financing Instruments	5 countries adopted two or more ex-ante climate risk financing mechanisms
 Domestic Co-financing	6 countries contributed domestic resources toward sovereign insurance premiums

1.3 ACCOUNTABILITY, VERIFICATION AND OVERSIGHT MECHANISMS

Robust accountability and verification systems remained central to the implementation of ADRIFi-supported sovereign climate risk financing interventions during the reporting period. These mechanisms helped ensure that humanitarian assistance reached intended beneficiaries, strengthened transparency in payout implementation, and improved the quality and credibility of programme results reporting. Implementation of ARC-supported response interventions was coordinated through national disaster management institutions in collaboration with ARC Ltd, implementing partners, local authorities, and community structures. Governments maintained responsibility for beneficiary targeting, operational oversight, and compliance with approved contingency plans, while ARC Ltd provided technical oversight on payout activation, contingency planning verification, and implementation monitoring.

To strengthen targeting accuracy and inclusion, participating countries applied community-based beneficiary identification and verification processes, including household verification visits, community validation meetings, and beneficiary registration systems. Particular attention was given to vulnerable groups, including female-headed households, internally displaced persons, older persons, and persons with disabilities.

Complaints and Response Mechanisms (CRMs), including community feedback structures and grievance reporting channels, were operationalized in several countries to strengthen beneficiary accountability and address exclusion concerns.

Monitoring and supervision activities were conducted to verify assistance delivery, beneficiary reach, and compliance with approved response plans. Across interventions, monitoring systems increasingly incorporated sex-, age-, and disability-disaggregated data, strengthening evidence generation, inclusion monitoring, and results reporting. These systems supported more accurate tracking of beneficiaries reached and improved reporting against ADRIFi's Performance Measurement Framework (PMF) indicators. The reporting period demonstrated continued progress in institutionalizing accountability, beneficiary verification, and results measurement systems within sovereign climate risk financing operations. These measures strengthened operational transparency, improved confidence in reported results, and contributed to more inclusive and accountable humanitarian response mechanisms across participating countries.

TABLE 6 • ACCOUNTABILITY AND RESULTS ASSURANCE MECHANISMS • MECHANISM AND PURPOSE

MECHANISM	PURPOSE
 Community validation processes	Verify beneficiary eligibility and reduce exclusion errors
 Beneficiary registration systems	Improve targeting accuracy and reporting
 Complaints and Response Mechanisms (CRMs)	Capture beneficiary feedback and grievances
 Post-distribution monitoring	Verify assistance delivery and utilization
 Sex-, age-, and disability-disaggregated reporting	Track inclusion and gender results
 Joint supervision missions	Verify implementation quality and compliance



PILLAR 2.

INSTITUTIONAL SUPPORT AND REFORM

During the reporting period, ADRiFi implemented activities under Pillar 2 of the 2025 MDTF Annual Workplan and Budget aimed at: 1) Strengthening institutional systems, supporting operational sustainability within the African Risk Capacity (ARC) ecosystem, and 2) Advancing reform of the ADRiFi Multi-Donor Trust Fund (MDTF), and strengthening gender-responsive institutional capacity across participating Regional Member Countries (RMCs). These interventions contributed to strengthening governance, institutional preparedness, operational continuity, and country ownership of sovereign climate and disaster risk financing

systems. Beyond supporting sovereign insurance participation, ADRiFi focused on strengthening the institutional foundations required for sustainable climate risk financing. Key achievements included support to ARC Agency operational continuity, advancement of MDTF reform processes, implementation of Gender Action Plans (GAPs), institutional gender audits, and capacity-building initiatives that strengthened the ability of governments and partners to plan for, manage, and monitor climate disaster risks using inclusive and evidence-based approaches.

TABLE 7 • PILLAR 2 KEY RESULTS • RESULT AREA AND ACHIEVEMENT

RESULT AREA	ACHIEVEMENT
 ARC Agency Emergency Support	USD 6 million approved to support institutional continuity and technical services
 MDTF Reform	MDTF extension approved for additional 5 years until February 2031 , while broader reform discussions continue
 Stakeholders Trained	223 stakeholders trained, including 105 women (47.1%)
 Countries Implementing GAPs	10 countries
 Institutional Gender Audits	Somalia completed; Comoros and Djibouti initiated
 Gender-Sensitive DRF Strategies	5 strategies developed and validated



2.1 ARC AGENCY EMERGENCY SUPPORT

The reporting period was characterized by increasing financial pressures within the global climate and disaster risk financing landscape, which affected the predictability and availability of donor financing resources supporting ARC Agency operations. The ARC Agency reported an institutional financing gap and called for Emergency Support. The MDTF responded positively through a grant of USD 6 million to allow ARC Agency to continue to play its central role in providing technical assistance, capacity development, contingency planning support, and facilitation of sovereign disaster preparedness systems across Africa.

The proposed support was linked to capacity-building resources provided through the Government of the Netherlands' contribution to the MDTF. In line with MDTF governance procedures, the proposed allocation progressed through technical review and approval processes involving the Technical Review Committee, Oversight Committee, and ultimately, the Board of Directors, which approved the proposal on 29th October 2025. Following Board approval, the Bank worked closely with ARC and the World Food Programme to finalize a Third-Party Implementation Agreement (TPIA), which was ready for signature by the end of the reporting period in March 2026.

BOX 1 · EXPECTED RESULTS FROM THE ARC AGENCY EMERGENCY SUPPORT GRANT (USD 6 MILLION)

ARC AGENCY EMERGENCY SUPPORT GRANT · USD 6 MILLION

The emergency support approved by the ADRIFi MDTF will help sustain ARC Agency's core technical services and strengthen disaster risk financing systems across participating African countries.



EXPECTED OUTCOMES

- **USD 165 million** in climate risks transferred to insurance markets
- **17 million people** protected through sovereign climate risk insurance
- Reduction in the average time between disaster trigger and response activation from **163 to 120 days**



EXPECTED OUTPUTS

- **26 countries** with calibrated disaster risk models and contingency planning support
- **250 policymakers** and technical experts trained on disaster risk financing and climate risk management
- **26 gender-responsive** contingency plans developed or strengthened
- **20 ARC Treaty** ratifications supported across member states
- ARC Financial Sustainability Strategy developed and approved



2.2 MDTF AMENDMENT PROCESS

During the reporting period, ADRiFi advanced the strategic review and amendment process of the MDTF. Building lessons learned from the implementation of ADRiFi and in response to growing demand for more diversified climate risk financing solutions, the review process aimed at facilitating greater engagement with private sector actors, expanding the range of eligible financing instruments, and strengthening the Fund's ability to mobilize additional resources and partnerships. The proposed amendments were also aimed at strengthening operational efficiency, expanding financing instruments, and positioning the programme to respond more effectively to climate risk financing needs from the sovereign to the meso-level, and micro-level.

The amendment process also aimed at addressing the need to extend the lifespan of the MDTF, of which the first phase was set to end in February 2026. Throughout the reporting period, ADRiFi continued engagement with the Oversight Committee, Bank departments, and development partners to refine the amendment framework and prepare documentation for formal approval processes. However, as the discussions on the amendments were not conclusive, donors agreed to carry them forward in 2026. In the meantime, to allow for the continuation of activities under the MDTF, the donors approved the expansion of its lifespan for an additional 5 years until 2031.

MDTF LIFESPAN EXTENSION





PILLAR 3.

COMMUNICATION, M&E AND KNOWLEDGE MANAGEMENT

During the reporting period, ADReFi strengthened programme visibility, results monitoring, knowledge generation, and institutional learning across participating RMCs. Activities implemented under Pillar 3 focused on documenting programme achievements, making progress on evidence-based reporting systems, promoting peer-to-peer learning, and improving communication on sovereign climate risk financing and gender-responsive resilience.

TABLE 8 • PILLAR 3 KEY RESULTS • RESULT AREA AND ACHIEVEMENT

RESULT AREA	ACHIEVEMENT
 Regional Knowledge Exchange	ADReFi Forum convened with 75 participants from more than 29 African countries
 Women's Participation	34 women participated, representing 45.3% of forum participants
 Knowledge Products and Evidence	Beneficiary stories, case studies, photographs, and field documentation produced from Somalia and Mozambique
 Monitoring and Results Systems	Strengthened sex-, age-, and disability-disaggregated reporting and evidence generation
 Gender-Responsive Communication	Women's experiences and inclusive beneficiary targeting approaches documented and disseminated
 Programme Visibility	Preparatory work completed for ADReFi digital communication platforms and institutional branding



3.1 ADRIFI FORUM

During the reporting period, ADRiFi strengthened regional knowledge exchange and institutional learning through the Climate and Disaster Risk Financing and Insurance (CDRFI) Forum hosted in Mozambique. The Forum convened approximately 75 participants from more than 29 African countries, including representatives from governments, humanitarian agencies, development partners, regional institutions, and climate risk financing organizations. Participants included 41 men and 34 women, contributing to ADRiFi targets on inclusive capacity building and regional knowledge sharing.



75

PARTICIPANTS CONVENED
AT THE CDRFI FORUM,
MOZAMBIQUE



29+

AFRICAN COUNTRIES
REPRESENTED



34

WOMEN PARTICIPANTS
- 45.3% OF THE FORUM

The Forum provided a platform for peer learning and technical exchange on sovereign climate risk financing systems, disaster preparedness, ARC insurance operations, contingency planning, and gender-responsive humanitarian response approaches. Country experiences from Mozambique, Somalia, Malawi, Zimbabwe, and Madagascar highlighted operational lessons from drought response implementation, sovereign insurance payouts, and inclusive beneficiary targeting systems. Discussions also supported regional learning on product diversification, including flood and tropical cyclone insurance coverage.

The ADRiFi Forum strengthened broader institutional learning on climate resilience financing, inclusive DRF systems, gender-responsive monitoring, and cross-country policy coordination. The Forum contributed to strengthening institutional capacity among participating countries to operationalize gender-responsive disaster preparedness systems, improve sex-disaggregated monitoring approaches,

and strengthen coordination between governments, humanitarian institutions, and financing partners. The Forum further contributed to improved regional dialogue on anticipatory action and rapid response financing mechanisms. Lessons shared through country experiences supported knowledge exchange on how pre-arranged sovereign climate risk financing mechanisms can improve the timeliness, predictability, and scale of humanitarian response while strengthening protection of vulnerable populations affected by climate-related shocks, particularly women and female-headed households.

Overall, the ADRiFi Forum strengthened regional collaboration, institutional learning, and technical capacity for climate and disaster risk financing across participating African countries while contributing to broader PMF targets related to knowledge sharing, capacity building, and gender-responsive resilience programming.



3.2 COMMUNICATION AND VISIBILITY

During the reporting period, ADRiFi strengthened programme communication and visibility through documentation of field interventions, development of communication products, and dissemination of evidence linked to sovereign climate risk financing operations and humanitarian response interventions.

Programme visibility activities included field-based documentation of ARC payout interventions implemented in Somalia and Mozambique. Communication materials incorporated photographs, beneficiary testimonies, case studies, and operational evidence from drought response activities supported through sovereign climate risk financing systems. These materials highlighted how pre-arranged climate risk financing mechanisms contributed to faster humanitarian response, improved delivery of food assistance, and strengthened protection of vulnerable households, particularly women, female-headed households, and persons with disabilities.

The reporting period also supported development of ADRiFi communication platforms and institutional visibility

materials, including preparatory work related to the ADRiFi microsite and programme webpage within the AfDB digital platform. While the platforms were not yet operational during the reporting period, preparatory activities contributed to strengthening institutional branding, improving future accessibility of programme information, and enhancing visibility of ADRiFi-supported interventions and results. Communication and visibility activities further strengthened knowledge management and evidence generation across the programme portfolio. Gender-responsive communication approaches were integrated through documentation of women's experiences, inclusive beneficiary targeting approaches, and participation of women within resilience programming and sovereign insurance response interventions.

DOCUMENTATION FOCUS DURING THE REPORTING PERIOD



Field-based documentation
of ARC payout interventions ·
Somalia and Mozambique



**Photographs, testimonies, case
studies** and operational evidence



Preparatory work · ADRiFi
microsite and programme
webpage on the AfDB digital
platform



PILLAR 4.

PROGRAMME COORDINATION AND TRUST FUND MANAGEMENT

During the reporting period, the ADRiFi Coordination Unit continued to serve as the Secretariat of the ADRiFi Multi-Donor Trust Fund (MDTF), ensuring the effective coordination, governance, and administration of the Fund.

The Coordination Unit also continued to strengthen collaboration with key strategic partners, including the African Risk Capacity (ARC), the World Food Programme (WFP), the United Nations Development Programme (UNDP), the Centre for Disaster Protection, and members of the Global Shield against Climate Risks. These partnerships contributed to advancing policy dialogue, knowledge exchange, and the implementation of climate and disaster risk financing solutions across participating countries.

4.1 GENDER MAINSTREAMING AND INSTITUTIONAL CAPACITY

During the reporting period, ADRiFi strengthened gender mainstreaming and institutional capacity development across participating RMCs through implementation of Gender Action Plans (GAPs), institutional gender audits, capacity-building activities, and gender-responsive monitoring systems. GAP implementation progressed across Mozambique, Madagascar, Burkina Faso, Zimbabwe, Somalia, South Sudan, Zambia, Comoros, Djibouti, and The Gambia.

Somalia's SODMA Gender Audit became the first institutional-level gender assessment within the ADRiFi portfolio, while similar audit processes were initiated in Comoros and Djibouti to strengthen institutional readiness for gender-responsive disaster risk financing programming. Institutional strengthening activities

focused on improving the capacity of implementing institutions, Project Management Units (PMUs), and national stakeholders to operationalize inclusive climate risk financing systems and gender-responsive programme delivery mechanisms.

Training workshops, technical consultations, orientation sessions, and regional knowledge-sharing activities were conducted across Somalia, South Sudan, Malawi, Zimbabwe, Mozambique, and regional SADC platforms. Across these activities, approximately 223 stakeholders were trained, including 105 women representing 47.1% of participants, exceeding the PMF target requiring at least 40.0% women participation in practical gender and climate risk management training activities.

TABLE 9 • CAPACITY-BUILDING PARTICIPATION SUMMARY

TRAINING / EVENT	MEN	WOMEN	TOTAL	% WOMEN
Gender Capacity-Building Workshop - Somalia	16	5	21	24.0%
SODMA National Consultations	4	34	38	89.5%
Gender Training - South Sudan (BREFONS)	16	13	29	45.0%
Project Launch Orientation - Malawi	17	7	24	29.0%
Gender Orientation Training - Zimbabwe	10	8	18	44.4%
CDRFI Regional Forum - Mozambique	41	34	75	45.3%
SADC Gender Orientation Training	14	4	18	22.2%
TOTAL	118	105	223	47.1%



223

STAKEHOLDERS ACROSS
ACTIVITIES TRAINED

105

WOMEN TRAINED • 47.1% OF
PARTICIPANTS

40.0%

PMF TARGET FOR WOMEN'S
PARTICIPATION • EXCEEDED

The capacity-building interventions strengthened institutional knowledge on gender-responsive climate risk management, sex-disaggregated monitoring, inclusive beneficiary targeting, contingency planning, and accountability and beneficiary verification systems linked to sovereign climate risk financing operations, including strengthened sex-disaggregated monitoring frameworks, institutional reporting systems, and inclusive targeting approaches.

ADRFi-supported institutional capacity-building activities focused on strengthening inclusive programme

implementation systems, gender-responsive monitoring frameworks, and operational accountability mechanisms at country level. The programme also strengthened monitoring and results measurement systems through expansion of sex-, age-, and disability-disaggregated data collection frameworks across participating countries. Somalia strengthened beneficiary registration systems to capture household-level vulnerability and gender information, while Malawi advanced establishment of PMU-level registries aimed at improving gender-responsive results tracking and institutional accountability.

COUNTRY-LEVEL SYSTEMS STRENGTHENED



Somalia strengthened beneficiary registration systems to capture household-level vulnerability and gender information



Malawi advanced establishment of PMU-level registries aimed at improving gender-responsive results tracking and institutional accountability

4.2 FINANCIAL REPORTING

The financial performance of the Africa Disaster Risk Financing Programme Multi-Donor Trust Fund (ADRFi MDTF) remained strong during the reporting period, reflecting sustained donor support and continued investment in climate and disaster risk financing across Regional Member Countries (RMCs).

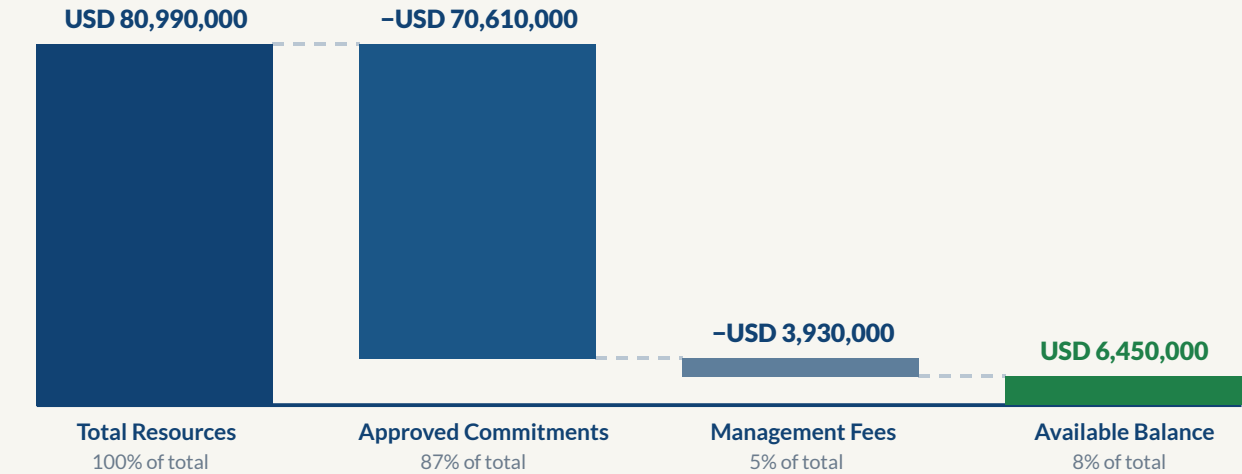
As of 31 December 2025, the ADRFi MDTF had mobilized total resources amounting to **USD 80,990,000**, comprising donor contributions and investment income generated by the Fund. These resources have enabled the MDTF to support sovereign climate risk insurance, technical assistance, institutional strengthening, and programme management activities across participating countries.

FIGURE 1 • MDTF FINANCIAL UPDATE

SOURCES OF FUNDS • BUILDING TOTAL RESOURCES



DRAW DOWN OF THE USD 80,990,000 • TOTAL RESOURCES TO AVAILABLE BALANCE



USD 70,610,000 approved for commitment and **USD 3,930,000** in management fees draw the USD 80,990,000 down to **USD 6,450,000** available balance.

As illustrated in Figure 1, cumulative approved commitments amounted to **USD 70,610,000**, representing approximately 87% of total resources mobilized. After accounting for management fees of USD 3,930,000, the Fund maintained an available balance of approximately USD 6,450,000 as of year-end, providing resources to support ongoing commitments and future programme activities.

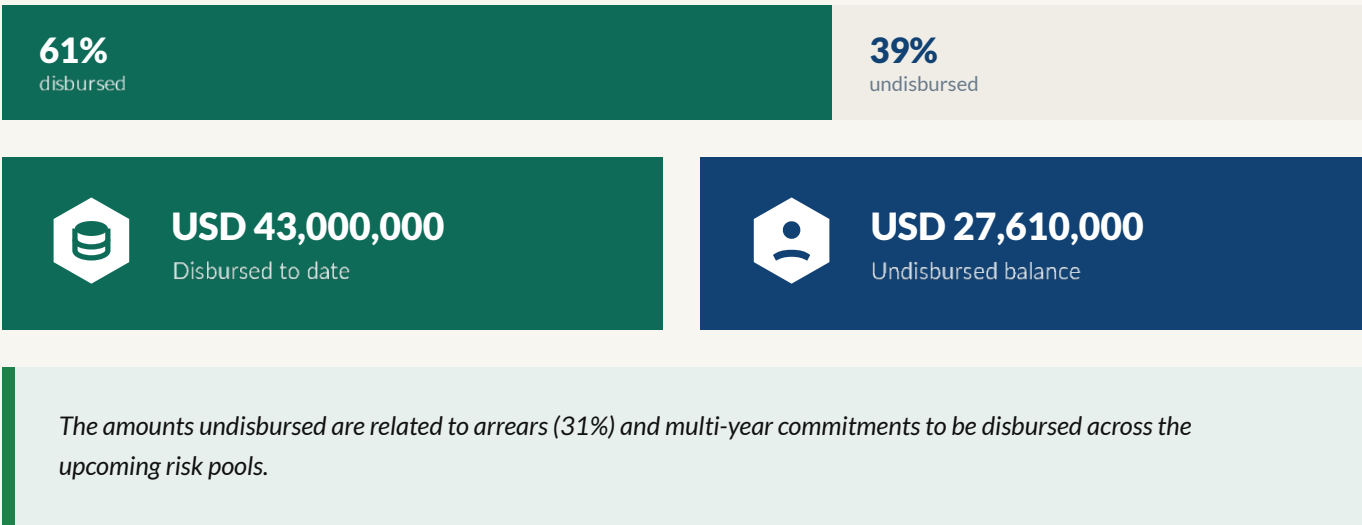
The majority of resources committed to date have been directed toward premium financing and related programme activities, with a cumulative rate of disbursement of 61%.

PILLAR 4 • 4.2 FINANCIAL REPORTING

DISBURSEMENT STATUS

Of USD 70,610,000 approved, about USD 43,000,000 (61%) has been disbursed.

FIGURE 2 • DISBURSEMENT AGAINST APPROVED COMMITMENTS



Operational expenditure remained within approved budget allocations and was aligned with programme implementation requirements. Expenditures supported programme management, technical and fiduciary oversight, donor coordination, communications, monitoring and evaluation, and knowledge management activities necessary for the effective administration of the Trust Fund.

In accordance with the Bank’s fiduciary and financial management requirements, an independent external audit of the ADRiFi MDTF was conducted during the reporting period. The audit resulted in an unqualified opinion with no audit findings, confirming that the Fund’s financial statements fairly present its financial position and that resources were managed in accordance with applicable policies, procedures, and donor agreements.



USD 80,990,000

TOTAL RESOURCES MOBILIZED AS
OF 31 DECEMBER 2025



61%

CUMULATIVE RATE OF
DISBURSEMENT AGAINST
APPROVED COMMITMENTS



Unqualified

EXTERNAL AUDIT OPINION WITH
NO AUDIT FINDINGS

ADRFi MDTF Budget, Commitments and Actual Expenditure by Pillar, 2023-2025

FINANCIAL YEAR	PILLAR	FUNDING ALREADY COMMITTED	NEW COMMITMENTS	APPROVED BUDGET	ACTUAL EXPENDITURE/ DISBURSEMENT
2023	Pillar 1: Participation in ARC Risk Pools and Premium Support	6,250,000	14,050,000	20,300,000	5,250,000
	Pillar 2: Institutional Support and Reform/DRF Strategies	0	0		0
	Pillar 3: Communication, M&E and Knowledge Management	0	0		0
	Pillar 4: Programme Coordination and Trust Fund Management	0	0	550,000	590,948
	2023 total	6,800,000	14,050,000	20,850,000	5,840,948
2024	Pillar 1: Participation in ARC Risk Pools and Premium Support	15,200,000	3,900,000	19,100,000	7,800,000
	Pillar 2: Institutional Support and Reform/DRF Strategies	0	100,000	100,000	0
	Pillar 3: Communication, M&E and Knowledge Management	0	150,000	150,000	122,444
	Pillar 4: Programme Coordination and Trust Fund Management	0	679,000	679,000	866,545
	2024 total	15,200,000	4,800,000	20,000,000	8,788,989
2025	Pillar 1: Participation in ARC Risk Pools and Premium Support	7,000,000	6,500,000	13,500,000	7,200,000
		4,300,000*			
	Pillar 2: Institutional Support and Reform	0	6,000,000	6,000,000	0
	Pillar 3: Communication, M&E and Knowledge Management	0	300,000	300,000	196,535
	Pillar 4: Programme Coordination and Trust Fund Management	0	600,000	600,000	837,477
	2025 total	11,300,000	13,400,000	24,700,000	8,234,012

* outstanding multi-year premium support.

OUTCOMES AND IMPACT

4

04 | OUTCOMES AND IMPACT

The ADRIFi Programme continued to demonstrate the value of pre-arranged climate risk financing in strengthening resilience to climate-related shocks across participating Regional Member Countries.

By combining sovereign climate risk insurance, technical assistance, institutional strengthening, and gender-responsive approaches, the programme supported countries in transitioning from reactive disaster response toward more anticipatory and financially sustainable resilience systems.

The increasing use of blended financing arrangements and domestic counterpart contributions further demonstrated progress toward more sustainable and nationally owned disaster risk financing systems.

01

FASTER AND MORE PREDICTABLE DISASTER RESPONSE

The reporting period demonstrated the operational value of pre-arranged financing. Unlike traditional post-disaster appeals, sovereign insurance payouts allowed governments to access funds rapidly after climate shocks and activate pre-agreed contingency plans. In Malawi, Lesotho, and Somalia, response interventions financed through ARC payout triggers under the previous pool cycle reached 557,067 beneficiaries through food assistance and drought response, with earlier financing helping to stabilise household consumption, reduce reliance on negative coping strategies, and protect livelihoods before humanitarian conditions deteriorated further. These interventions demonstrate how pre-arranged financing can support timely implementation of contingency plans and protect vulnerable households from escalating food insecurity and livelihood losses.

02

STRENGTHENING LIVELIHOOD RESILIENCE AND FOOD SECURITY

At community level, ADRIFi-supported interventions contributed to improved household resilience and economic empowerment. In South Sudan, women participating in BREFONS-supported agricultural value chains increased agricultural productivity, diversified income sources, strengthened household food security, and improved their ability to absorb climate-related shocks. These experiences demonstrated how gender-responsive livelihood interventions can reinforce resilience outcomes beyond immediate income generation.

03

STRENGTHENING NATIONAL SYSTEMS AND INSTITUTIONAL CAPACITY

ADRIFi continued to strengthen national disaster risk financing systems through climate risk diagnostics, gender-responsive contingency planning, institutional capacity development, and enhanced monitoring systems. During the reporting period, 10 countries implemented climate risk diagnostics, 10 countries operationalized gender-responsive contingency planning systems, and 223 stakeholders were trained on climate risk financing, contingency planning, and inclusive disaster risk management approaches.

04

A SHIFT TOWARD ANTICIPATORY RESILIENCE

Across the portfolio, evidence from participating countries suggests that sovereign climate risk financing is contributing to a broader shift from reactive humanitarian response toward more predictable, accountable, and inclusive resilience systems. By linking pre-arranged financing with contingency planning, gender-responsive programming, and institutional strengthening, ADRIFi is helping countries build the systems needed to anticipate, absorb, and respond more effectively to climate-related shocks.

The programme also supported the diversification of sovereign climate risk financing products through the introduction of flood and tropical cyclone coverage in participating countries. These investments are helping to institutionalize anticipatory action systems and strengthen long-term country ownership of climate resilience and disaster preparedness mechanisms.

ADRIFi-supported interventions generated measurable outcomes across four interconnected domains: economic resilience, sovereign climate risk financing, food security, and institutional strengthening. Across participating RMCs, sovereign climate risk financing mechanisms, technical assistance, institutional capacity-building, and inclusive programming approaches contributed to strengthened preparedness systems, improved humanitarian response capacity, and enhanced resilience among vulnerable populations. Gender equality and social inclusion remained important cross-cutting dimensions integrated throughout programme implementation, beneficiary targeting, and monitoring systems.

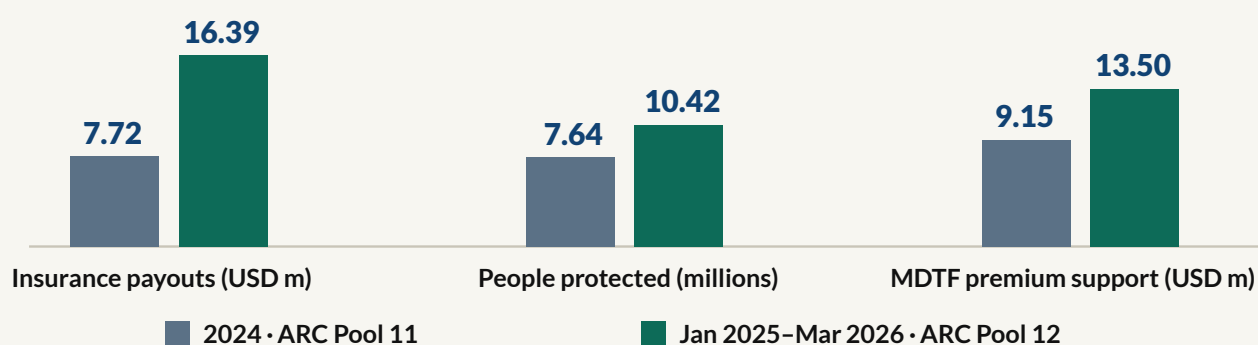
05

ENHANCED FINANCIAL PROTECTION AGAINST CLIMATE RISKS

During the reporting period, ADRIFi-supported sovereign climate risk financing mechanisms transferred approximately USD 104.2 million in climate risk to insurance markets and provided financial protection to an estimated 10.42 million vulnerable people, including 5.26 million women. Compared to the previous policy year, the number of people protected increased by 36.4 percent, reflecting growing country participation and confidence in sovereign climate risk financing solutions.

The increasing use of blended financing arrangements and domestic counterpart contributions further demonstrated progress toward more sustainable and nationally owned disaster risk financing systems.

YEAR-ON-YEAR PROGRAMME PERFORMANCE • ARC POOL 11 VERSUS ARC POOL 12



Source: ADRIFi MDTF reporting. Payouts comprise drought disbursements to Benin and Somalia and a tropical cyclone payout to Madagascar.

CHALLENGES AND LESSONS LEARNED

5

05 | CHALLENGES AND LESSONS LEARNED

5.1 PERSISTENT CHALLENGES

CHALLENGE	DESCRIPTION	MITIGATION MEASURES
Delays in Premium Processing and Country Participation Confirmation	Delays in confirming country participation in ARC risk pools and submission of premium financing requests affected timelines for grant processing, approvals, and disbursement during the reporting period. Variations in national approval procedures and timing of premium requests also created challenges in aligning MDTF operational cycles with ARC participation schedules. In response, ADRiFi strengthened coordination with ARC technical teams and participating governments while advancing multi-year financing arrangements aimed at improving predictability and reducing repetitive annual processing requirements.	ADRiFi will continue strengthening coordination with ARC technical teams and participating governments through earlier engagement on participation decisions and premium financing requirements. The programme will further expand the use of multi-year premium financing arrangements to improve predictability, reduce annual processing requirements, and facilitate timely premium payments and policy participation.
Incomplete Sex-Disaggregated Data at Country Level	Despite progress in strengthening gender-responsive monitoring systems, the availability and quality of sex-, age-, and disability-disaggregated data remained uneven across participating countries. In several RMCs, beneficiary registration and reporting systems were not sufficiently detailed to support comprehensive portfolio-level reporting against PMF gender and inclusion indicators. These gaps limited the programme's ability to fully demonstrate inclusion outcomes and evidence-based impact across vulnerable population groups.	ADRiFi will continue working with ARC and participating countries to strengthen beneficiary registration, monitoring, and reporting systems to improve the availability and quality of gender disaggregated data. Future capacity-building initiatives, data quality reviews, and reporting guidance will place greater emphasis on gender, age, and disability-disaggregated data collection and reporting requirements.
Uneven Gender Focal Point Engagement	In some countries, including Comoros and Djibouti, gender focal point functions remained insufficiently integrated into project governance and implementation structures. Limited institutional capacity, unclear responsibilities, and inadequate operational resourcing constrained consistent implementation of Gender Action Plans and gender-responsive monitoring activities across some workstreams.	ADRiFi will strengthen the institutionalization of gender focal point roles within programme governance structures by promoting clearer terms of reference, enhanced capacity-building support, and regular monitoring of Gender Action Plan implementation. The programme will also continue advocating for stronger country ownership and allocation of adequate resources to support gender mainstreaming activities.
Coordination Complexity Across Multiple Partners	The programme's multi-country and multi-partner implementation structure involving governments, ARC, AfDB departments, humanitarian agencies, and development partners created coordination and reporting challenges during the reporting period. In fragile and capacity-constrained contexts, institutional turnover and varying reporting timelines contributed to delays in data consolidation, followup actions, and implementation reporting.	ADRiFi will continue strengthening coordination mechanisms through regular joint planning and review meetings with ARC, RMCs, and implementing partners. The programme will further strengthen follow-up on agreed actions and enhance communication and information-sharing across partners to improve the timeliness and quality of implementation reporting. Capacity-building support will also be provided to national implementing institutions to strengthen coordination, reporting, and programme management, particularly in fragile and capacity-constrained contexts.

5.2 LESSONS LEARNED

LESSON	DESCRIPTION
Early Integration of Gender Frameworks Improves Implementation Quality	Experience from Malawi ADRiFi II and The Gambia CAW Project demonstrated that integrating Gender Action Plans, gender indicators, and disaggregated monitoring frameworks during project design improves implementation consistency, strengthens accountability systems, and reduces the need for corrective adjustments during implementation. Early integration also strengthened reporting against PMF gender and inclusion indicators.
Multi-Year Financing Arrangements Improve Operational Predictability	The reporting period demonstrated that multi-year premium financing arrangements can improve operational efficiency, strengthen continuity of sovereign participation in ARC risk pools, and reduce delays associated with annual premium processing and approval cycles. These arrangements also improve country preparedness, support more predictable disaster risk financing planning, and create opportunities for gradual transition toward more sustainable and nationally owned sovereign climate risk financing systems through increased government participation in premium financing arrangements.
Inclusive Targeting Strengthens Equity in Humanitarian Response	Implementation experience from Mozambique and Zimbabwe demonstrated that integrating gender-responsive and vulnerability-based targeting approaches within sovereign climate risk financing mechanisms can improve the reach of humanitarian assistance to women, female-headed households, and other vulnerable populations during climate-related emergencies.
Institutional Ownership Is Critical for Sustainable Gender Mainstreaming	The reporting period highlighted that sustainable gender integration depends less on standalone gender activities and more on institutional ownership, leadership commitment, and integration of gender accountability mechanisms within routine planning, monitoring, and implementation systems. Countries with stronger institutional integration of gender functions demonstrated more consistent implementation progress and stronger evidence generation.
Regional Knowledge Exchange Accelerates Institutional Learning	Regional platforms such as the CDRFI Forum strengthened peer learning and facilitated exchange of operational experiences on sovereign insurance, contingency planning, gender-responsive DRF systems, and payout implementation. Cross-country learning contributed to improved adoption of good practices and strengthened institutional preparedness across participating RMCs.



STRATEGIC RECOMMENDATIONS

6

06 | STRATEGIC RECOMMENDATIONS

The following four recommendations are grounded directly in observed implementation gaps and emerging evidence from the 2025/26 reporting period.

They are operational, forward-looking, and linked to specific programme priorities for 2026.

R1



STRENGTHEN MULTI-YEAR SOVEREIGN RISK FINANCING ARRANGEMENTS

Expand the use of multi-year sovereign premium financing arrangements to improve predictability of country participation in ARC risk pools, reduce annual processing delays, and strengthen long-term disaster risk financing planning across participating Regional Member Countries. Future operational cycles should also be aligned more closely with ARC premium request timelines to improve efficiency of grant approvals and disbursement processes.

R2



STRENGTHEN DOMESTIC FINANCING AND COUNTRY OWNERSHIP PATHWAYS

Develop a phased sustainability and domestic financing strategy aimed at progressively increasing government counterpart financing for sovereign climate risk insurance participation across participating Regional Member Countries. Future programme cycles should strengthen integration of sovereign climate risk financing within national budgeting systems, disaster preparedness frameworks, and medium-term resilience financing strategies while expanding blended financing approaches involving governments, African Development Bank instruments, and regional climate financing mechanisms. Institutional strengthening support should also prioritize long-term operational sustainability of national disaster risk financing systems through strengthened contingency planning, beneficiary targeting systems, monitoring frameworks, and national coordination mechanisms capable of supporting increasingly country-led anticipatory response systems.



R3
LINK ARC SOVEREIGN INSURANCE TRIGGERS TO NATIONAL SOCIAL PROTECTION REGISTRIES

Engage national social protection authorities in Somalia, Mozambique, and South Sudan to explore alignment between ARC insurance activation triggers and existing social registry databases. Female-headed households, elderly persons, and persons with disabilities should be systematically pre-registered to ensure priority access during future climate shock responses. This recommendation addresses the programme's most significant structural gap in translating rapid finance into equitable outcomes: the last-mile targeting system.

R4
PUBLISH A GENDER-DISAGGREGATED PORTFOLIO RESULTS DASHBOARD AS A STANDARD QUARTERLY OUTPUT

Conduct a review of the ADRiFi programme-level Results Framework to ensure gender disaggregation is reflected at output, outcome, and impact indicator levels. Publish a gender-disaggregated results dashboard as a standard component of quarterly reporting, enabling donors, national counterparts, and programme management to track progress against gender commitments in real time. Transparency is not only a donor accountability requirement, but also an adaptive management tool.



6.1 CASE STUDY

The following case study translates programme data into human evidence. It illustrates how deliberate, gender-responsive programme design creates transformative outcomes, and what that means for the future of climate risk financing in Africa.

CASE STUDY 1 | Somalia ARC Drought Insurance Payout: Gender-Responsive Response at Scale

 Context	The 2024/25 drought across Middle Shabelle and Hiiraan intensified acute food insecurity, with female-headed households, displaced persons, elderly persons and persons with disabilities among the most severely affected population groups.
 Intervention	Working through SODMA and the ARC sovereign insurance mechanism, ADRiFi implemented a rapid gender-responsive intervention. Female-headed households, children under five, elderly persons, and persons with disabilities were prioritized within the community targeting process, supported by public validation meetings, household verification visits, and a functional Complaints and Response Mechanism (CRM) hotline to strengthen transparency and accountability.
 Result	A total of 5,705 households, representing 38,982 individuals, received assistance under the intervention with women constituting 51.4% of the beneficiaries. Flexible delivery approaches improved access for the elderly and mobility-limited individuals, while beneficiary monitoring reported improvements in food consumption, dietary diversity, and psychosocial well-being across targeted communities. The intervention contributed to strengthening community trust through transparent verification and accountability processes.
 Accountability Significance	The Somalia intervention demonstrated that sovereign climate risk financing systems require locally grounded accountability structures to ensure equitable and credible delivery of humanitarian assistance. Public validation meetings, household verification visits, community-based targeting structures, and operational grievance mechanisms contributed to strengthening transparency, reducing exclusion risks, and improving trust between communities, implementing institutions, and response partners. The experience further demonstrated that gender-responsive accountability systems are essential for ensuring that vulnerable population groups are not systematically excluded during rapid emergency response operations.
 Strategic Insight	Equitable outcomes within sovereign climate risk financing systems are not automatic; they depend on deliberate design choices in targeting criteria, verification systems, accountability mechanisms and community participation structures. Somalia demonstrates that gender-responsive and inclusive sovereign insurance responses can be implemented consistently and at scale when locally grounded accountability and targeting systems are embedded from programme inception.

PROGRAMME RELEVANCE

The Somalia experience demonstrated that sovereign climate risk financing systems can operationalize gender-responsive humanitarian response at scale when linked to transparent community-based targeting, verification systems, and accountability mechanisms. The intervention highlighted the importance of integrating inclusive beneficiary registration systems and local validation processes within sovereign payout implementation frameworks to improve trust, transparency, and equitable access to assistance. The case also demonstrated broader institutional lessons for disaster risk financing systems across Africa.

First, anticipatory financing mechanisms are most effective when supported by locally embedded implementation structures capable of rapidly identifying vulnerable households.

Second, gender-responsive targeting is not an additional activity but a core operational requirement for equitable climate resilience programming. **Third**, scalable sovereign insurance systems require stronger integration between financing mechanisms, social protection systems, and disaggregated monitoring frameworks to improve accountability and responsiveness during climate-related emergencies.

The Somalia intervention therefore provides an important model for strengthening gender-responsive climate finance implementation and inclusive disaster preparedness systems across climate-vulnerable African countries.



5,705

HOUSEHOLDS ASSISTED UNDER THE
INTERVENTION



38,982

INDIVIDUALS REACHED IN MIDDLE
SHABELLE AND HIIRAAN



51.4%

WOMEN AMONG BENEFICIARIES

ANNEX • SOMALIA TESTIMONIES

First-person accounts from households reached through ARC-supported drought response in Somalia, selected on the basis of vulnerability and household need.

Ubah

23-YEAR-OLD FEMALE

A young female head of household from Tawakal in Jalalaqsi, caring for a family of five while living in rented accommodation. As drought conditions worsened, access to food and basic needs became more difficult, increasing pressure on her household.

Through ARC drought response support, her family was selected for food assistance based on vulnerability and household needs. The support helped stabilize daily meals, reduced financial stress, and improved wellbeing for her children and dependents.



Abdi

ABOVE 65-YEAR-OLD MALE

An elderly male head of household from Wadajir in Jalalaqsi, supporting a family of seven. His family faces significant hardship due to drought and limited income opportunities.

With disability challenges in the household and limited resources, meeting daily food and water needs became increasingly difficult. Through ARC sovereign drought financing, his household received food assistance that helped protect the family from hunger and reduced the burden on vulnerable household members, especially children and those living with disability.



Sadia

20-YEAR-OLD FEMALE

A 20-year-old woman from Hiiraan, supports her family of five through domestic work while living in a makeshift shelter. As an illiterate young mother with one child under five, she has been carrying the heavy burden of protecting her family through prolonged drought, reduced income opportunities, and rising food insecurity. With limited access to water and food, daily life became increasingly difficult, especially in ensuring her children had enough to eat.

Through ARC sovereign drought financing, her household was selected for food assistance based on vulnerability and household needs. The support provided critical relief, helping her family secure regular meals and reducing the stress of uncertainty. For Sadia, the assistance meant more than food: it brought dignity, stability, and hope during one of the most difficult periods for her family.



Elimi

ABOVE 40-YEAR-OLD MALE

A 40-year-old casual labourer lives with his family of 11 in a temporary shelter. Due to prolonged drought and reduced income opportunities, the household faced severe food insecurity and limited access to water, food, and shelter.

Through ARC sovereign drought financing, his family was selected for food assistance based on their household size and vulnerability. The support helped them secure regular meals, avoid harmful coping strategies, and reduce stress within the household.



Nadifo

ABOVE 60-YEAR-OLD FEMALE

A female head of household from Tawakal in Jalalaqsi, caring for a large family of sixteen while living in rented housing. With disability challenges in the household and ongoing drought conditions, the family faced serious difficulties accessing enough food and basic services.

Through ARC-supported drought financing, her household was prioritized for assistance due to high vulnerability and dependency burden. The food support helped protect the family from harmful coping strategies and improved stability for women, children, and persons with disabilities in the home.



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