

REPAIR

The Regional Emergency Preparedness & Access to Inclusive Recovery Program

THE CHALLENGE:

Poly-crisis with lack of financial and operational preparedness threatens achievement of poverty reduction and shared prosperity in the Southern Africa region



The Southern African region is highly vulnerable to climate and other shocks. In the last five years, the region has been impacted by devastating floods, cyclones, droughts, pandemic, and conflict and social unrest. The 2023 tropical cyclone Freddy resulted in considerable human casualties and displaced over 1 million people across Malawi, Madagascar, and Mozambique. Moreover, the significant damage to property, including to 300 health facilities, compounded an ongoing Cholera outbreak. Lack of financial preparedness in the region results in overreliance on ex-post financing instruments and ad-hoc budget re-allocations to finance relief efforts, diverting funds from needed investments in health, education, and social protection, and eroding precious development gains.

THE RESPONSE: To establish a Regional Climate Risk Fund to strengthen financial and operational preparedness of participating countries to respond quickly to climate and other shocks.

The REPAIR Program, approved in July 2024, establishes a Regional Climate Risk Fund with the objective of strengthening financial and operational preparedness of participating countries for shocks.

The solution complements and enhances national risk financing and operational approaches by:

- Establishing pre-arranged financing instruments (Financial Preparedness)
- Strengthening national delivery systems (Operational Preparedness).

FINANCIAL PREPAREDNESS

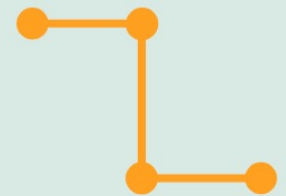


The Regional Climate Risk Fund (RCRF) is composed of three-layered financing instruments, complementing national risk financing instruments to respond to different levels of shock. These include: (i) a reserve instrument for minor recurring shocks; (ii) a contingent financing for moderate shocks; and (iii) a parametric catastrophe risk insurance for large infrequent shocks. The RCRF will increase the predictability of access to finance for Ministry of Finance (MoF) when shocks occur.

The RCRF will provide resources and technical support to strengthen existing financial delivery mechanisms (e.g., national disaster management funds, credit guarantee/line for MSMEs, adaptive social protection programs, critical infrastructure relief, etc.) of participating countries to improve efficiency and transparency of shock response.

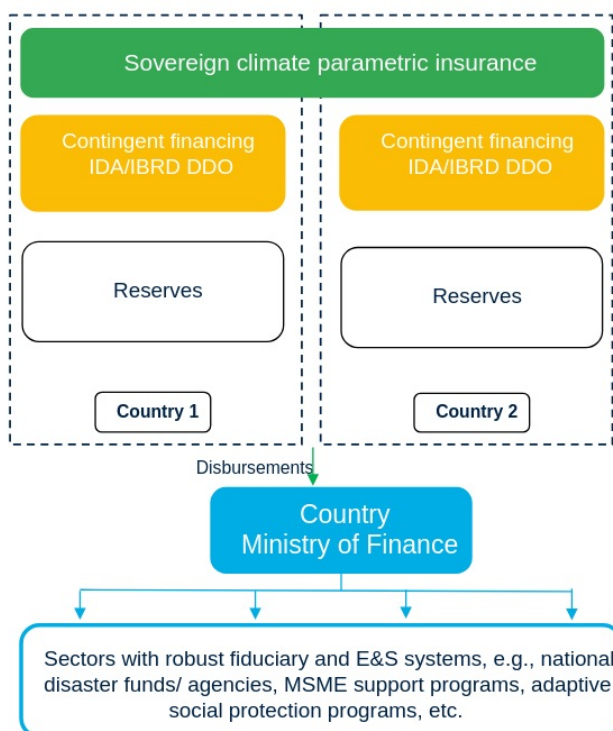
Funds from the RCRF are channeled through these delivery mechanisms, depending on the type of shocks, to ensure rapid and transparent support to vulnerable households and firms.

OPERATIONAL PREPAREDNESS



Regional Solution to Strengthen Financial Preparedness in southern African Countries

Structure of REPAIR – Regional Climate Risk Fund linked to national delivery channels



FINANCIAL PREPAREDNESS

- Menu of financial instruments available to participating REPAIR countries to address moderate, severe and catastrophic shocks
- Mobilizes private finance
- Pays quickly upon a shock (7 days)
- Managed by a regional implementing agency (ARC)

OPERATIONAL PREPAREDNESS

- Builds on what already exists
- Adds a robust governance framework to link the Regional Climate Risk Fund to country delivery channels
- Regular contingency planning exercises
- MoF in charge of coordinating the financial response and deciding through which channel funds flow

Global Shield Finance Facility supports REPAIR regional approach with a US\$30 million grant

Advantages of the Regional Approach



Rapid mobilization and delivery of funds reduces drivers of displacement



Securing additional pre-arranged funding for response and recovery through regional funds



Risk pooling enables lower pricing and/or enhanced coverage of sovereign insurance and mobilizes private capital



Enhancing disbursement channels for resources to flow efficiently, effectively, and transparently to vulnerable segments



Savings through **economies of scale**, increased resource mobilization, and best practices in risk management



Provision of regional public good, enabling capacity development activities and sharing international best practice

Program Implementation

Currently 12 participating countries

Program implemented by African Risk Capacity Limited

Robust government framework to ensure **efficiency, transparency and accountability** on the flows of funds within the country post-disaster

Reserve Management strategy to ensure a sound management of the reserves

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