

The African Development Bank (AfDB) is mobilizing \$1 billion to develop climate insurance solutions through a network of 150 insurers and reinsurers through its Africa climate risk insurance facility.

The facility that was officially launched on the sidelines of the Africa Climate Summit taking place in Nairobi, Kenya will support the design and scaling up of insurance products for climate-related disasters.

In addition, it will extend credit insurance to investment portfolios across climate, agri-food systems, and enterprise development.

The facility will leverage the network of African primary insurers to ensure capital, capacity, and commercial opportunity flows to continental and international re-insurers. It will also support national governments to more efficiently pre-arrange finance to plan for, respond to, and efficiently manage climate disasters.

The Africa Climate Risk Insurance Facility for Adaptation (ACRIFA) is an innovative and ambitious financing facility that aims to develop and leverage the unique capabilities of the insurance sector to de-risk private sector investment across climate-sensitive agri-food value chains and effectively manage the climate and disaster risks faced by African countries, businesses, and communities.

In his keynote address at the Africa Climate Summit, AfDB President Akinwumi Adesina called for investments in renewable energy in Africa, pointing out the continent's rich energy mix.

Africa has tremendous potential in energy—from hydro and wind power, solar, to geothermal—which remains untapped in the face of a staggering electricity deficit on the continent, he added.

The continent has an almost unlimited potential of solar capacity (11 TW); abundant hydro (350 GW), out of which only 5-6% is being harvested; wind (110 GW), of which only two percent is being used; and geothermal energy sources (15 GW), Adesina stated.

“We have to make sure we combine renewable energy sources and give Africa energy security, energy stability, affordability of energy and independence into the energy sector, to be able to power its economy,” he said.

Insurance solutions, according to the bank particularly when designed to protect

and stimulate investment in high-risk sectors such as agriculture, can be instrumental in promoting sustainable development and poverty reduction. They provide the necessary risk assurance that can unlock access to finance, fueling small and medium enterprise growth and supporting climate-smart agriculture. This, in turn, contributes to food security, income generation, and economic stability.

By supporting the development and scaling of a package of climate, production, credit, and value-chain insurance products, the Africa Climate Risk Insurance Facility for Adaptation (ACRIFA) will unlock financing for players in the agri-food sector and drive investments in climate-smart and green technologies, ultimately promoting adaptation and resilience across the agricultural value chain.