**DECISION ON THE AFRICA RISK CAPACITY (ARC):  
SOVEREIGN DISASTER RISK SOLUTIONS  
Doc. EX.CL/724(XXI)**

**The Assembly,**

1. **TAKES NOTE** of the Report of 5th Joint Annual Meeting of the AU Conference of Ministers of Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development on the African Risk Capacity (ARC);
2. **AWARE** of the escalating impact of extreme weather events driven by climate change, developing mechanisms for sovereign level risk management remains an urgent priority;
3. **ACKNOWLEDGES** that the current system of ad hoc unpredictable funding for disaster response causes the depletion of critical assets and the reallocation of government resources from planned investment in times of crisis, slowing economic growth and creating significant setbacks to development;
4. **FURTHER TAKES NOTE** that the innovative financial strategy for the African Risk Capacity to achieve solvency and sustainability would include initial donor contributions and on-going premium payments from Member States that participate on a voluntary basis, allowing for use of modern financial tools without direct impact to national budgets of non-participating states;
5. **RECOGNIZES** that while drought is a major threat to food insecure populations, coverage of other naturally occurring hazards such as floods, earthquakes and cyclones would facilitate the participation of more countries and should be modelled and incorporated into the facility;
6. **RECALLS** the establishment of the Joint Africa-Arab Fund for Disaster Response (Assembly/Africa-Arab/Res.2(ll)) adopted at the Second Africa-Arab Summit in Sirte, Libyan-Arab Jamahiriya on October 10, 2010 “to establish a fund for disaster response, the statutes, objectives and modalities of which are to be defined by the Commission and the League of Arab States;
7. **ENDORSES** in-principle, the proposal to establish ARC;
8. **REQUESTS** the Commission in collaboration with ARC Secretariat to elaborate a legal agreement for the establishment of the African Risk Capacity (ARC);
9. **DECIDES** that ARC shall be established as a Specialized Agency of the African Union and accorded the privileges and immunities specified in the OAU General Convention on Privileges and Immunities;
10. **REQUESTS** the Commission to convene a meeting of government experts and subsequently a conference of plenipotentiaries before the end of the year to consider and adopt the establishment agreement;
11. **URGES** all African Union Member States to actively participate in the aforementioned process;
12. **CALLS UPON** development partners and partner institutions to support this endeavour of critical importance to food security on the continent;
13. **REQUESTS** the Commission to report on the implementation of this Decision to the next ordinary session of the Assembly in January/February 2013.