African Risk Capacity

Sovereign Disaster Risk Solutions
A Project of the African Union
The Way Disaster Assistance Works Now

The way disaster assistance works now...

The way disaster assistance could work...

Data with analysis allows the transition from post hoc emergency to ex ante planned response.
What is ARC?

The African Risk Capacity (ARC) Project of the African Union

Sovereign Disaster Risk Solutions
African owned…

Sovereign Disaster Risk Solutions
Financial entity

Will provide...

Participating AU Member States with...

contingent funds in the case of drought

Sovereign Disaster Risk Solutions
In concept, the ARC risk pool is designed to...

Provide *quick-disbursing funds* after drought enabling a *more timely response*
Reduce risk management costs by pooling risk across regionally diverse weather systems
*Lower the cost* to governments of disaster relief and impact of drought

**Sovereign Disaster Risk Solutions**
Transfers risk away from vulnerable communities that shoulder the bulk of this burden to the pool and then to international financial markets that can handle it much better.
Transfers ownership of disaster risk management from the international community to *African governments*, creates incentives for risk reduction and ensures more *objectivity, transparency, accountability* and fairness in the humanitarian assistance system.
Pan African Solidarity is Cost Efficient

- **Cumulative Worst Case Drought By Country in Pool**
- **Worst Case Drought of Pool**

Estimated Worst Case Drought Response Costs vs. Number of Countries (by Season) in Pool
Thank You