

**The African Risk Capacity (ARC)
First Conference of the Parties
25-27 February 2013
Dakar, Senegal**

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Report and Decisions of the First Conference of the Parties of the African Risk Capacity (ARC) Agency

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**Report and Decisions of the First Conference of the Parties
of the African Risk Capacity (ARC) Agency**

1. The First Meeting of the Conference of the Parties of the African Risk Capacity (ARC) Agency was convened by Managing Director, a.i. of the African Risk Capacity Project, pursuant to the Final Act of the Conference of Plenipotentiaries on the Establishment Agreement from 23-27 February 2013, in Dakar, Senegal, at the kind invitation of the Government of the Republic of Senegal.
2. All State Parties of the ARC Agency were invited to participate in the Conference. The following 14 States accepted the invitation and participated in the Conference: Burkina Faso, Chad, Comoros, Congo, The Gambia, Liberia, Malawi, Mauritania, Mozambique, Niger, Rwanda, Senegal, Togo, and Zimbabwe.
3. The Conference of the Parties was formally opened by H.E. Abdoul Mbaye Prime Minister of the Republic of Senegal, who welcomed the delegates on behalf of the people and government of Senegal and stressed that the ARC was an important initiative for African solidarity and development.
4. In her statement, H.E. Tumusiime Rhoda Peace, African Union Commissioner for Rural Economy and Agriculture, expressed her warm wishes for the successful outcome of the first session of the ARC Conference of the Parties and congratulated the Parties on the establishment of the ARC Agency, a significant innovation in the way that African countries respond to natural disasters.
5. The Conference of the Parties elected by consensus the following as Members of the Bureau, as provided for in Article 12.4 of the Establishment Agreement, and decided that the Bureau would also serve as the Credentials Committee of the Conference of the Parties:

Chairperson	Senegal (West)
1st Vice Chairperson	Zimbabwe (South)
2nd Vice Chairperson	Rwanda (East)
Rapporteur	Mauritania (North)

6. The Conference of the Parties accepted the credentials of all of the delegations in accordance with the recommendations of the Credentials Committee.
7. The Conference of the Parties adopted the Agenda for its meeting as set out in [Annex 1](#).
8. The Conference of the Parties considered the items on its agenda and the recommendations made by the Senior Government Officials, and took the following decisions, that:
 - a. The Rules of Procedure of the CoP, as attached at [Annex 2](#) to this Report, are adopted.
 - b. The members of the Governing Board of the ARC Agency be elected by consensus whenever possible.
 - c. A subsidiary or affiliated financial entity of the ARC Agency (ARC F) be established for the purpose of providing insurance and other risk transfer mechanisms to ARC Agency Member States.

- d. ARC F be established under national law.
- e. The Governing Board is requested to oversee the search for an appropriate jurisdiction for ARC F, in accordance with the Guidelines for the Selection of a Jurisdiction for ARC F and the Criteria for the location of ARC F attached as Annexes 3 & 4 to this Report, taking into account that a decision regarding the permanent jurisdiction cannot be taken until the Establishment Agreement enters into force definitively. The Governing Board should keep the CoP informed of the progress of its work. For this purpose, the progress of the work of the Governing Board on this matter should be a standing item on the agenda of all sessions of the CoP.
- f. Pending the definitive entry into force of the Establishment Agreement, ARC F be established under the laws and regulations of Bermuda on an interim basis until such time as the CoP determines that an equally favourable legal and regulatory regime exists in an AU Member State. The relocation of ARC F to an appropriate African jurisdiction should be effected as soon as practicable. The delegation of the Republic of Mozambique expressed its wish to have further information on the Bermuda jurisdiction.
- g. Pending the definitive entry into force of the Establishment Agreement, and the taking of a decision by the Conference of the Parties regarding the permanent location of the headquarters of the ARC Agency, the ARC Agency activities continue to be carried out in their current locations.
- h. The Terms of Reference for the Director General of the ARC Agency, as set out in Annex 5 to this Report, are adopted.
- i. The Governing Board is requested to oversee the search for a regular term Director General and to submit nominations for the position to the Conference of the Parties, in accordance with the Director General Search Guidelines attached at Annex 6 to this Report.
- j. The World Food Programme (WFP) is the most suitable service provider with whom to negotiate an Administrative Services Agreement. In this regard, the Conference of the Parties requests the Governing Board of the ARC Agency to negotiate and conclude an agreement with WFP for an interim period not to exceed 3 years (the Administrative Agreement) to be signed by the Chairperson of the Governing Board. The purpose of the Administrative Agreement would be to provide technical and administrative services to ARC, and to provide an interim secretariat to enable ARC to begin its operations efficiently and in a timely manner. Such an Administrative Agreement would supersede the Agreement on the African Risk Capacity Special Arrangement Between the African Union Commission (AUC) and the World Food Programme (the Special Arrangement) in accordance with the terms of the extension of the Special Arrangement agreed to by WFP and the AUC. The Conference of the Parties has also requested the Governing Board to explore the possibilities of seeking additional support from other organizations and entities as may be necessary.
- k. The Managing Director, a.i. of the ARC Project, Dr. Richard Wilcox, is hereby appointed as the Interim Director General of the ARC Agency with the powers

described in Article 17 of the Establishment Agreement, in accordance with the Terms of Reference adopted in paragraph 7 (h) above, and to remain in office for a period not exceeding eighteen (18) months or such time as a regular Director General has been elected and takes up his or her post. This appointment shall not enter into force until the ARC Agency has entered into an Administrative Agreement with the World Food Programme.

- I. The ARC Agency provisional Programme of Work and Budget, as set out in Annex 7 to this Report, is adopted.
9. The Conference of the Parties welcomed:
 - a. The appointment by the Chairperson of the AU Commission of Minister **Ngozi Okonjo-Iweala** as a member of the Governing Board with experience in finance and insurance.
 - b. The appointment by the Chairperson of the AU Commission in consultation with the Executive Director of the UN World Food Programme of Mr. **Tosi Mpanu-Mpanu** as a member of the Governing Board with experience in the areas of climate change, food security and extreme weather events.
 10. The Conference of the Parties elected the members of the Governing Board, as set out in Annex 8 to this Report, by consensus, taking into account their expertise and the principle of regional representation.
 11. The Conference of the Parties expressed its deep appreciation to the Government of the Republic of Senegal for hosting its first meeting in the beautiful city of Dakar.
 12. The Conference of the Parties requested the Governing Board to meet within 6 weeks.
 13. The Conference of the Parties decided that a report on the options for the scale of assessment for membership fees for the ARC Agency be included in the agenda of the next meeting.
 14. The Conference of the Parties decided to hold its second meeting in November 2013 and requested countries willing to host the meeting to communicate their interest to the ARC Secretariat.
 15. During the Closing Ceremony, the Minister of the Interior of the Republic of Senegal thanked everyone for their active participation and the cooperation which enabled the Conference of the Parties to accomplish their work in time, and wished the delegations a safe journey home.

Annex 1

Agenda for the Senior Government Officials Meeting at the ARC Conference of the Parties

- I. Adoption of the Agenda and Programme of Work
- II. Consideration of the Rules of Procedure of the CoP
- III. Briefing on the election of the candidates for the Governing Board of the ARC Agency
- IV. Recommendation on the establishment of an affiliated financial entity of the ARC Agency (ARC F)
- V. Discussion on the process for selecting a permanent jurisdiction for ARC F
- VI. Recommendation on the selection of an interim jurisdiction for ARC F pending the selection of a permanent jurisdiction
- VII. Consideration of the Terms of Reference for the Director General
- VIII. Briefing on the process for selection of the Director General and an interim Director General
- IX. Discussion on potential partner organizations to provide administrative services and the formation of a follow-up mechanism for the Administrative Services Agreement
- X. Consideration of the provisional Programme of Work and Budget 2013

Annex 2

Draft Rules of Procedure of the Conference of the Parties

Rule I Scope

These rules of procedure shall apply to all sessions of the Conference of the Parties. They shall also apply, *mutatis mutandis*, to subsidiary bodies of the Conference of the Parties unless the Conference of the Parties should decide otherwise, in accordance with Rule 8.2.

Rule II Bureau

2.1 The Conference of the Parties shall elect a Bureau consisting of a Chairperson, three Vice-Chairpersons and a *Rapporteur* (hereinafter collectively referred to as “the Bureau”) from among the representatives of the Parties. In electing the Bureau, the Conference of the Parties shall have due regard to the principle of geographical rotation.

2.2 Members of the Bureau shall hold office for one year or until a new Bureau is elected, with the possibility of renewal for one additional term. No member of the Bureau may be re-elected for a third consecutive term.

2.3 If a Member of the Bureau resigns from his or her position or finds him or herself permanently unable to exercise his or her functions, the Party of that Bureau member shall designate another representative so that he or she may replace the said member during the remainder of the term.

2.4 The terms of office of the members of the Bureau shall commence on their election at the opening of the session at which they are elected. They shall serve as the Bureau of any special session held during their terms of office, and provide guidance to the Governing Board and the Director-General with regard to the preparations for, and conduct of, sessions of the Conference of the Parties.

2.5 The Chairperson shall preside at all sessions of the Conference of the Parties and shall exercise such other functions as may be required to facilitate the work of the Conference of the Parties. A Vice-Chairperson acting as Chairperson shall have the same powers and duties as the Chairperson.

Rule III Sessions

3.1 In accordance with Article 12.3 of the Agreement for the Establishment of the African Risk Capacity (ARC) Agency (the Establishment Agreement), the Conference of the Parties shall hold ordinary sessions at least once every year.

3.2 Extraordinary sessions of the Conference of the Parties shall be held at such other times as may be requested in writing by the Governing Board or at the written request of at least two-thirds of the Parties.

3.3 Sessions of the Conference of the Parties shall be convened by the Chairperson of the Conference of the Parties with the agreement of the Bureau and in consultation with the Chairperson of the Governing Board and the Director-General.

3.4 Notice of the date and place of each session of the Conference of the Parties shall be communicated to all Parties at least four weeks before the opening of the session.

3.5 Each Party shall communicate to the Director-General the name of its representatives on the Conference of the Parties before the opening of each session of the Conference of the Parties.

3.6 Each Party shall provide its delegation with full powers to take decisions on its behalf on all the matters under discussion at the session.

3.7 The Director-General may invite experts to sessions of the Conference of the Parties, with the agreement of the Bureau.

3.8 The presence of delegates representing a simple majority of the Parties shall be necessary to constitute a quorum at any session of the Conference of the Parties in accordance with Article 12.5 of the Establishment Agreement.

Rule IV Agenda and documents

4.1 The Director-General shall prepare the draft agenda on the request of the Chairperson and under the guidance of the Governing Board.

4.2 Any Party may request the Director-General to include specific items in the Draft Agenda before it is dispatched.

4.3 The draft agenda shall be circulated by the Director-General at least four weeks before the opening of the session to all Parties and observers invited to attend the session.

4.4 Any Party may, after the dispatch of the draft agenda, propose the inclusion of specific items on the agenda with respect to matters of an urgent or unforeseen nature, if possible not later than two weeks before the opening of the session. These items should be placed on a supplementary list, which, if time permits before the opening of the session, shall be dispatched by the Director-General to all Parties, failing which the supplementary list shall be communicated to the Chairperson for submission to the Conference of the Parties. Any Party may propose to include, before the adoption of the agenda, any other item that it considers to be of relevance.

4.5 After the agenda has been adopted, the Conference of the Parties may, by consensus amend the agenda by the deletion, addition or modification of any item.

4.6 Documents to be submitted to the Conference of the Parties at any session shall be furnished by the Director-General to the Parties at the time the agenda is dispatched or as soon as possible thereafter, but always at least three weeks prior to the opening of the session.

4.7 Formal proposals relating to items on the agenda and amendments thereto introduced during a session of the Conference of the Parties shall be made in writing and handed to the Chairperson, who shall arrange for copies to be circulated to all representatives of Parties.

Rule V Decision-making

5.1 Subject to Rule 5.2, all decisions of the Conference of the Parties shall be taken by a two-thirds majority of the Parties present and voting, except that decisions taken pursuant to paragraphs 2(b), 2(n), 2(o) and 2(p) of Article 13 of the Establishment Agreement shall be taken by a two-thirds

majority of the Parties to the Establishment Agreement.

5.2 The Chairperson shall at all times strive to achieve consensus whenever possible in decision-making by the Conference of the Parties.

5.3 The election of Members of the Governing Board shall be carried out in accordance with the procedures set out in the Annex to these Rules.

Rule VI Observers

6.1 The Director-General shall notify the African Union Commission, as well as any Member State of the African Union that is not a Party to the Treaty, of sessions of the Conference of the Parties so that they may be represented as observers, at least six weeks before the opening of the session. Such observers may, upon invitation of the Chairperson, participate without the right to vote in sessions of the Conference of the Parties.

6.2 The Director-General shall notify any other body agency or cooperating partner, whether governmental or non- governmental, qualified in fields relating to the subject-matter of the Treaty, including any donor, which has informed the Director-General of its wish to be represented as an observer, of the sessions of the Conference of the Parties at least six weeks before the opening of the session. Such observers may, upon invitation of the Chairperson, participate without the right to vote in sessions of the Conference of the Parties on matters of direct concern to the body or agency they represent unless at least one third of the Parties present at the session object.

6.3 Before the opening of a session of the Conference of the Parties the Director-General will circulate a list of observers who have requested approval to be represented at the session.

Rule VII Records and Reports

7.1 At the end of each session, the Conference of the Parties shall approve a report embodying its decisions, recommendations and conclusions. Such other records, for its own use, as the Conference of the Parties may on occasion decide, shall also be maintained.

7.2 The report of the Conference of the Parties shall be circulated, for information, by the Director-General within thirty days of its adoption to the Chairperson of the AU Commission and all Parties and observers that were represented at the session.

Rule VIII Subsidiary Bodies

8.1 The Conference of the Parties may establish such subsidiary bodies as it deems necessary for the accomplishment of its functions. The establishment of subsidiary bodies shall be subject to the availability of the necessary funds in the approved budget of the ARC Agency. Before taking any decision involving expenditure in connection with the establishment of subsidiary bodies, the Conference of the Parties shall have before it a report from the Director-General on the administrative and financial implications thereof.

8.2 The membership, terms of reference and procedures of the subsidiary bodies shall be determined by the Conference of the Parties.

8.3 Each subsidiary body shall elect its own Bureau, unless appointed by the Conference of the Parties.

Rule IX Expenses

9.1 Expenses incurred by representatives of Parties and their alternates in attending sessions of the Conference of the Parties or subsidiary bodies, as well as the expenses incurred by observers at sessions, shall be borne by their respective governments or organizations.

9.2 Any financial operations of the Conference of the Parties and its subsidiary bodies shall be governed by the appropriate provisions of the financial rules.

Rule X Languages

The working languages of the Conference of the Parties shall be those of the African Union.

Rule XI Amendment of the Rules

Amendments to these Rules may be adopted by a two-thirds majority of the Parties present and voting. Consideration of proposals of amendments to these Rules shall be subject to Rule 4 and documents on the proposals shall be circulated in accordance with Rule 4.7 and in no case less than 24 hours prior to their consideration by the Conference of the Parties.

Rule XII Application of the Rules of Procedure of the AU Assembly

The provisions of the Rules of Procedure of the AU Assembly shall apply *mutatis mutandis* to all matters not specifically dealt with under the Establishment Agreement or the present Rules.

Rule XIII Over-riding Authority of the Establishment Agreement

In the event of any conflict between any provision of these rules and any provision of the Establishment Agreement, the Establishment Agreement shall prevail.

Rule XIV Entry into Force

These Rules and any amendments thereto shall come into force upon their approval by the Conference of the Parties.

Sub-Annex

Procedures for the Election of Members of the Governing Board

1. The Conference of the Parties shall elect five members and one alternate for each member to serve on the Governing Board of the ARC Agency.
2. Such Members shall be elected from among the candidates put forward by the Parties that have, at the time of the election, current contracts for Insurance with an ARC Agency Subsidiary or Affiliated Entity. During the initial period before Parties have entered into contracts for Insurance with an ARC Agency Subsidiary or Affiliated Entity, the members of the Governing Board and alternates shall be elected from Parties that have signed pre-participation Memoranda of Understanding with WFP regarding the ARC Project and have notified in writing to the Chairperson of the Conference of Parties their intention to take out contracts for Insurance once such contracts are available.
3. All candidates shall meet the qualifications for Board Members set out in the Appendix to this Annex.
4. The Conference of Parties will take into account the need for equitable geographical representation and rotation among the Parties when electing the members of the Governing Board. An alternate shall not attend any meeting of the Governing Board if the member he or she is replacing is also present;
5. Members and their alternates shall serve in their personal capacities, and shall serve on a part-time basis as required to carry out their functions.
6. Members of the Governing Board shall be appointed for terms of not more than three years, which terms may be renewed for one further term of three years. The terms of the Members of the Governing Board shall be staggered to ensure continuity in the work of the Board.
7. The election of the members of the Governing Board shall as far as possible be carried out by consensus. If every effort has been made to achieve a consensus without success, the election shall be carried out in accordance with the following:
 - a) Each Party meeting the criteria set out in Paragraph 2 may propose no more than one candidate for election as a Member of the Governing Board and one candidate for election as an alternate. The candidates may be nationals from the Party concerned, or from any Member State of the African Union.
 - b) A proposal of a candidate for election as a Member of the Governing Board or alternate shall be accompanied by a curriculum vitae of the candidate. Indicating the way in which the candidate meets the Terms of Reference and Qualifications of Board Members.
 - c) Subject to paragraph d) below, the required majority for the election of a member of the Governing Board shall be two-thirds of the votes cast.
 - d) The candidates who receive the largest number of votes shall be declared elected up to the number of seats to be filled, provided that they have received the required majority.

- e) If in any ballot more candidates receive the required majority than there are seats available, the candidates receiving the highest number of votes shall be elected up to the number of seats available; further ballots shall be held among the remaining candidates that have received the required majority where necessary to resolve cases where candidates receive an equal number of votes.
- f) If in any ballot no candidate receives the required majority, the candidate with the smallest number of votes in that ballot shall be eliminated.
- g) If in any ballot no candidate receives the required majority and more than one candidate receives the smallest number of votes, a separate ballot shall be held between these candidates and the candidate receiving the smallest number of votes shall be eliminated.
- h) If in the separate ballot provided for above more than one candidate again receives the smallest number of votes, the above operation shall be repeated with respect to these candidates until one candidate is eliminated, provided that if all the same candidates receive the smallest number of votes in two consecutive separate ballots, such candidate as will have been designated by lot drawn by the Chairperson of the Conference of the Parties shall be eliminated.
- i) If at any stage all remaining candidates receive the same number of votes, and that happens again in the two successive ballots, the Chairperson shall suspend the session and then hold two further ballots. If after applying this procedure, the final ballot results again in an equally divided vote, such candidate as shall have been designated by lot drawn by the Chairperson of the Conference of the Parties shall be elected.

Appendix

Qualifications of Board Members

Board Members shall be persons of known competence and integrity and shall have expertise in one or more of the following areas:

- a) Disaster Risk Management
- b) Emergency Management
- c) Disaster Preparedness
- d) Extreme Weather Events
- e) Food Security
- f) Provision of Social Services
- g) Contingency Planning
- h) Finance
- i) Insurance

The Parties should ensure, as much as possible, a distribution of different fields of expertise across the Board Members.

Annex 3**The ARC F Jurisdiction Selection Guidelines**

1. The CoP requests the Governing Board to assist it in the selection of the appropriate permanent jurisdiction for the financial affiliates of ARC (ARC F). The decision regarding the permanent jurisdiction for ARC F can be taken only once the Establishment Agreement has entered into force definitively.
2. Specifically, the CoP requests the Governing Board to:
 - a. Develop and undertake its work according to a detailed action plan that is agreed among its members. The action plan shall be communicated for information to the members of the CoP.
 - b. Select, with the support of the ARC Secretariat, financial and legal experts to assist in the evaluation of possible ARC F jurisdictions based on financial, regulatory and legal criterion.
 - c. Provide to the CoP a detailed report with:
 - i. a short list of up to four jurisdictions that represent the most appropriate locations for ARC F; and
 - ii. the Governing Board's reasons for their assessment of each of the short listed locations, which should include the extent to which each location fulfils the selection criteria.

Annex 4

Criteria for Location of ARC F Subsidiary or Affiliated Entity

The following factors are considered the most important in selecting a suitable national jurisdiction:

Financial and Insurance Criteria

- The existence of a strong and fair regulatory regime in insurance matters, including capitalization and solvency requirements;
- Familiarity with the particular issues of captive insurance operations, parametric insurance, reinsurance, derivatives and other financial transactions;
- Availability of the mutual or cooperative insurance corporate forms;
- Ease and speed of establishment of insurance companies in the jurisdiction;
- Availability in the jurisdiction of adequate support services at reasonable cost;
- Lack of restrictions that could impede the operation of an international insurance operation, such as requirements concerning minimum local shareholding, requirements concerning the nationality of members of the Board of Directors or management personnel; restrictions on the transfer of premiums or insurance payouts; restrictions on the investment of assets, local office requirements, etc.;
- Acceptability of fees and taxation regime;
- Availability of effective dispute resolution mechanisms in the jurisdiction, and in particular one that is familiar with the issues of parametric insurance;
- Positive ratings from international financial and tax transparency oversight bodies, and acceptability to donors and other funding sources;
- Financial assessment of costs of establishment and operation.

Practical and Logistical Criteria

- Availability of secure structures for the establishment of office premises that meet the objective requirements of office space;
- Easily accessible with a conducive political atmosphere and adequate logistical facilities;
- Appropriate and efficient modern infrastructure especially telecommunication facilities to enable ARC F to function efficiently;
- Available housing, hotel accommodation and health infrastructure to meet the functional needs of ARC F.

Annex 5

ARC Director General Terms of Reference

The Director General is the Chief Executive Officer of the ARC Agency (**ARC**). She/he is responsible for the overall leadership and management of ARC's operational and administrative functions. Working under the guidance of the ARC Governing Board (the **ARC Board**), the Director General defines the institution's strategic vision, and is accountable for its implementation and the results achieved.

The Director General shall set the tone for ARC Secretariat's internal and external interactions by exemplifying values of high ethical standards, integrity, and fairness. She/he must act in the best interests of ARC in all contexts, and is responsible for maintaining productive, positive relationships with the African Union and all partner organizations.

The Director General is appointed by the ARC Conference of the Parties (**CoP**) for a term of 4 years and reports to the ARC Governing Board. The ARC Director General shall be a national of a Party to the ARC Establishment Agreement.

Duties and Responsibilities

Working closely with the leadership of the ARC Governing Board and its standing Committees, the Director General's primary responsibilities are as set out below.

Strategic Leadership and Delivery

The Director General will:

- Prepare and submit for the approval of the CoP the Programme of Work and Budget of the ARC Agency.
- Develop an organizational structure, operational policies and other business processes that are sound and able effectively to deliver on the strategic objectives defined by the CoP and the ARC Board;
- Operationalize, lead and monitor the implementation of the organizational structure, work programme, operational policies and other business processes;
- Ensure that there are strong fiduciary controls in place to monitor the use of ARC resources;
- Develop rigorous management and communications systems to ensure the implementation of and strict adherence to CoP and ARC Board decisions and other ARC policies in a timely manner;
- Ensure meaningful monitoring and evaluation of ARC programs and performance and the provision of accurate analysis and routine reporting on ARC's activities;
- Make recommendations to the ARC board regarding the approval of Member States' Contingency Plans, monitor compliance with existing Contingency Plans, and issue and withdraw Certificates of Good Standing.
- Manage ARC Secretariat interaction with Member States, including the provision of technical services for the development of risk management and operational and contingency plans;
- Represent the ARC Secretariat at the highest level, ensuring its role within the food security and disaster management communities is well understood;
- At the request of the Governing Board of the ARC Agency, sit on the Board of Directors of any ARC Agency subsidiary or affiliated entity, and serve as liaison between the Board of Directors of such subsidiary or affiliated entity and the ARC Governing Board.

Managing Finance, People and Systems

The Director General will:

Operational management

- Prepare the annual Programme of Work and Budget for approval by the Conference of the Parties and be responsible for its implementation;
- Exercise authority over personnel and human-resource matters and further strengthen performance management by tracking key performance indicators across the organization;
- Prepare Staff Regulations and rules for approval by the ARC Governing Board and adoption by the ARC Conference of the Parties
- Maintain a positive work environment that facilitates collaboration and information sharing and is conducive to attracting, retaining, and motivating diverse talent;
- Prepare evaluations of the operations of the ARC Agency Subsidiary or Affiliated Entities for consideration by the ARC Board.
- Effectively manage operational or financial matters to deliver on the mandate of ARC, including by seeking additional authorities from the Governing Board as may be needed to address risks that arise proactively and effectively.

Financial management

- Prepare the Financial Regulations and Rules of the ARC Agency for approval by the ARC Governing Board and adoption by the ARC Conference of the Parties.
- Report to the Governing Board annually regarding membership fees.
- Ensure the overall transparent and effective financial and administrative functionality of ARC and its assets; and
- Oversee the management and implementation of all organizational contracts according to corporate procurement systems and practices that deliver value for money and focus on the primary work of ARC.

Official representation

- Represent ARC before relevant authorities, in particular the organs of the AU.

Partner Engagement, Working with the Board, and Mobilizing Resources

To safeguard and continually strengthen the effectiveness, reputation, and profile of ARC, the Director General will work closely with the Board and its committees to:

- Build and maintain effective alliances and operational collaboration with public and private partners, such as governments of implementing countries, United Nations agencies and other international organizations,, bilateral donors, non-governmental organizations, the business sector, civil society actors, and communities impacted by drought;
- Engage with other regional groups of AU Member states and non-member states countries, communicating the ARC's purpose and aiming to secure their support.
- Represent the ARC and its work with external stakeholders to build effective partnerships with public and private entities to support the work of ARC;
- Interact with governments at the highest political level to advocate for appropriate engagement with ARC;
- Maintain effective communications with all stakeholders.

Mobilizing and sustaining resources

- Provide strategic guidance for resource mobilization;
- Oversee and advance the development of new funding streams for the ARC Agency, broadening the donor base and encouraging increased investment in programs;
- Ensure the highest level of confidence among public and private donors in ARC operations;

Working with the CoP and Governing Board

- Prepare and submit reports to the CoP as required by the Establishment Agreement.
- Report to the Governing Board on the operational, administrative, and financial aspects of the ARC Agency and the work of its Subsidiary or Affiliated Entities at each Governing Board meeting;
- Ensure that the Board is made aware, in a timely way, of key strategic and other material operational challenges the Secretariat is encountering in the course of its work;
- Represent the management of the Secretariat at Governing Board Meetings, and ensure effective and timely preparation and distribution of all materials in accordance with Board mandated policies and procedures;
- Assist the Committees of the Governing Board, their advisory and technical panels and other support structures; and
- Communicate Governing Board decisions to the ARC's staff, and other relevant stakeholders.

Level of Performance and Qualifications

As executive head of an African Union Specialized Agency, the ARC Director General shall have the authorities specified in the Establishment Agreement, and shall be appointed at the level and with the remuneration commensurate with that of an Assistant Secretary General of the United Nations, as is required to fulfil this position's competencies.

Education

- Advanced university degree in economics, management, finance, disaster management, food security, or a related field, with experience and/or training in disaster preparedness and/or food security.

Experience

- At least 15 years of, post graduate, progressively responsible professional and managerial experience as a manager at both the national and international level;
- Experience in resource mobilization for development;
- Experience managing a large staff, preferably of multinational composition;
- Experience interacting with high level government officials in a variety of contexts.

Languages

- Working knowledge of more than one language of the ARC Agency will be an added advantage.

Annex 6

The Director General Search Guidelines

1. The CoP requests that the Governing Board submit to it a short-list of at least three persons who are nationals of the Parties to the Establishment Agreement, and represent the strongest candidates for the post of Director General of the ARC Agency, based on the Terms of Reference for the position approved by the CoP on 27 February 2013.
2. The Governing Board shall develop and undertake its work according to a detailed action plan and timeline that shall be communicated for information to the members of the CoP.
3. To the extent possible, the Governing Board should seek to expedite its work and submit its proposed candidates as quickly as possible, provided this does not adversely compromise the integrity of the Governing Board's work, or the presentation of an appropriately diverse pool of candidates.
4. The Governing Board shall ensure that the position of ARC Director General is advertised and publicized through all appropriate channels, to reach the greatest number of highly qualified candidates
5. The Governing Board may appoint an Executive Search firm to assist it in identifying a short list of highly qualified, talented men and women to present as final candidates to the CoP.
6. When presenting the short list of candidates, the Governing Board shall also provide its assessment of each of the short listed candidates, including the extent to which each candidate fulfils the selection criteria, and the candidates' relative ability to perform the duties of the Director General as outlined in the Terms of Reference of the Director General.
7. The Governing Board shall ensure that it conducts itself at all times in manner that respects the privacy and personal reputation of potential candidates, and work within an appropriate framework of confidentiality.
8. The Governing Board shall seek to make its decisions by consensus. Where consensus cannot be obtained, the majority view of the Governing Board will prevail.

Annex 7

Provisional Programme of Work and Budget for the ARC Agency

The purpose of the African Risk Capacity (ARC) is to establish and operate an African-owned, continent-wide, parametric weather insurance pool and early response mechanism that will provide participating African countries with predictable, quick-disbursing funds in the case of a drought to implement pre-defined, timely and effective responses. By introducing new approaches of identifying, quantifying and managing the financial risk of disasters, and by linking insurance payouts to effective operational response plans, the ARC aims to create a new way of managing weather risk in Africa and to build capacity within African Union (AU) member states to manage these predictable risks rather than the crises these risks cause. The objective is to capitalise on the natural diversification of weather risk across Africa, allowing countries to manage their risk as a group and to secure funds for responding to probable but uncertain risks from donors and the international risk market in a financially efficient manner. Risk pooling in this way can bring valuable savings to countries relative to commercial market prices, while reducing the collective reserves countries would need to keep by approximately a half.¹

However, ARC is more than a timely risk-financing tool. As a Specialized Agency of the AU it is also a powerful African platform that will promote dialogue at both the national and continental levels on how best to support vulnerable populations at-risk to natural disasters, setting the groundwork for continental standards in planning for early responses to food security emergencies through its member-country peer review structure. The ARC Agency will not only provide political oversight and accountability to the financial affiliate (ARC F), the mutual sovereign insurance company to be established by ARC, but also capacity building services in food security risk management and contingency planning to participating governments. ARC F will operate the sovereign risk insurance scheme.

This document outlines a provisional programme of work and budget for the ARC Agency Secretariat to work towards the objective elaborated above, allowing the work of the Agency to move forward during the interim period.

There are four major milestones to be achieved in 2013:

- 1) Monitor, Construct and Finalise ARC's First Insurance Portfolio
- 2) Establish and Capitalise ARC F
- 3) Conduct Research and Development on *Africa RiskView* (Including Flood Modelling)
- 4) Institutionalising ARC Secretariat Functions

1. Monitor, Construct and Finalise ARC's First Insurance Portfolio

Nine countries have entered into pre-participation Memoranda of Understanding with the ARC Secretariat with the intent to take out insurance and participate in the first risk pool: Burkina Faso, Ethiopia, Kenya, Niger, Rwanda, Senegal, Malawi, Mauritania and Mozambique. Because of the cost-savings that would result from approaching the international financial markets as a complete portfolio, rather than as individual countries, the ARC insurance cycle will require that countries are prepared to transact with ARC F, once established, in advance of their respective rainfall seasons. Accordingly, the Secretariat will work to monitor, construct and finalise the risk transfer parameters of the group of countries that wish to take out contracts of insurance in a given year.

¹ CaribRM (2013), Risk Financing for the African Risk Capacity: Strategy Development and Modelling.

To do this, the ARC Secretariat provides support to the ARC Government Coordinator in each country, who manages a national-level multi-stakeholder capacity-building programme with the aim of improving weather risk management systems through a) customising *Africa RiskView* weather risk quantification software; b) selecting risk transfer parameters; and, c) developing drought-response contingency plans linked to an ARC payout.

ARV Customisation. Customisation of the *Africa RiskView* (ARV) software entails defining criteria for each of the four layers of the software – rainfall, drought, populations affected and response costs. The aim of the ARV customisation process is to produce a robust model that can accurately capture drought events in a country and, as closely as possible, predict the impact of these drought events on vulnerable households. In addition to allowing countries and their partners to review the efficacy of ARV for their risk management needs, this process will also ensure each participating country understands the model's inputs and limitations, and how it can be used as the basis for indexing ARC insurance contracts and triggering ARC payouts.

The ARC Secretariat and ARC Technical Team liaise with in-country counterparts on a weekly basis and in-person monthly. Opportunities for peer-to-peer learning across countries, the benefits of which were demonstrated by the two regional ARV trainings hosted by the ARC Secretariat in December 2012, will be taken advantage of as much as possible during the year-long capacity building programme for each of the nine countries.

Risk Transfer Simulations. Once ARV has been customised, a country will have to decide what portion of that modelled risk it wants to transfer to the ARC risk pool via an insurance contract by specifying its ARC risk transfer parameters. This decision will depend on several factors unique to the each country, from its ARV-defined drought risk profile vis-à-vis available resources to fund potential drought responses, to the country's premium-payment capacity.

To support this decision making process, the ARC Secretariat will provide training and guidance to countries on risk transfer, particularly on risk transfer parameter setting and its impact on premium levels. In many cases, countries will need donor support to meet their initial annual insurance premium payment requirements. It is envisaged that these discussions will be primarily bilateral between countries and their existing development and humanitarian partners in the context of on-going food security and disaster risk management programmes. As requested, the Secretariat will support countries in these discussions with partners. It will also work with countries to ensure that premium payment schedules align with national budget processes when possible.

Contingency Planning. Preparing ARC operations plans for potential ARC insurance payouts will be a key part of the in-country pre-participation process. This contingency planning process will contain three steps for participating countries. The first step for countries is to submit an initial operations plan to the ARC Governing Board for approval in order to obtain a Certificate of Good Standing that allows the country to access the insurance pool. In order to be approved by the Board, each activity specified in the plan will have to satisfy ARC's basic eligibility and implementability criteria. As a second step, a final operations plan submission will need to be made by a country one to two months before an imminent payout. This final submission gives a country receiving a payout an opportunity to refine their initial submission and effectively update their initial operations plan using the most up-to-date information about the current food security and operational costs. Last is a reporting step, in which countries implement the payout and report on progress against their logframe. The ARC Secretariat will assist countries in preparing these submissions and establishing systems for meeting the reporting requirements.

2. Establish and Capitalise ARC F

The Conference of the Parties (COP) of the ARC Agency has the power to establish a financial affiliate or subsidiary entity (ARC F) to handle ARC's insurance and other financial functions, including financially managing a portfolio of risk and transferring risk to the markets. If the COP decides to establish ARC F, the ARC Agency Governing Board will oversee its establishment. The Secretariat will conduct the required legal and regulatory research related to the establishment of ARC F to enable the Board to take objective, strategic decisions.

Raising Capital. The ARC Agency and ARC F will require resources over the next several years to support agency operations, research and development, capacity building, and ARC F operations. In total, these four workstreams are estimated to require approximately USD 75 million over the next 10 years. The Secretariat will also assist in the initial capitalisation of the ARC F risk pool, since country premium payment sustainability will be a concern as ARC F begins to offer coverage. The dynamic financial analysis results for this portfolio indicate that in order for ARC F to operate with an acceptable level of sustainability and generate significant risk pool savings for member countries to make risk pooling financially efficient, it requires an initial capitalisation of at least USD 100 million, though USD 150 million or more would enable the pool to offer even lower premium rates to countries.

3. Conduct Research and Development on Africa RiskView

Development of a Flood Model. The ARC has secured USD 300,000 from the Swiss Agency for Development and Cooperation to cover the development of a flood component to ARV, which will be tendered early this year. Using these funds, the ARC Secretariat will partner with a research and modelling firm to develop a feasibility and prototype development study for a flood model for insurance purposes.

Refinement of ARV. ARV has already been designed to be flexible both as an early warning and as a risk transfer tool. In addition to the current work-plan of in-country customisation and scheduled improvements outlined above, the ARC Technical Team will further improve the drought modelling component, add new hazards, and further develop ARV's online portal which will allow countries that have entered into the risk pool to monitor their insurance contract progress.

Climate Change Simulations. In 2010 the ARC started working closely with the Italian National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA), and will continue to work with ENEA under the umbrella of the EU's IMPACT2C project on the potential consequences of climate change. While IMPACT2C has a predominantly European focus, a working group led by ENEA has been assigned the task of evaluating impacts in the energy and food security sectors in vulnerable countries in Africa.

The aim of the ARC climate change stress test activities is to provide data to contribute to a more systematic understanding of the range of uncertainty in estimating needs and costs for food security in Africa under different climate change scenarios. The performance of ARV driven by the climate model data will be more systematically investigated in the context of IMPACT2C. In late 2012, the new downscaling datasets over the African domain were made available to the IMPACT2C consortium for the first time. These will be processed by ENEA through ARV in early 2013 with the aim of improving the systematic biases produced during the first tests conducted on global climate models.

4. Institutionalising ARC Secretariat Functions

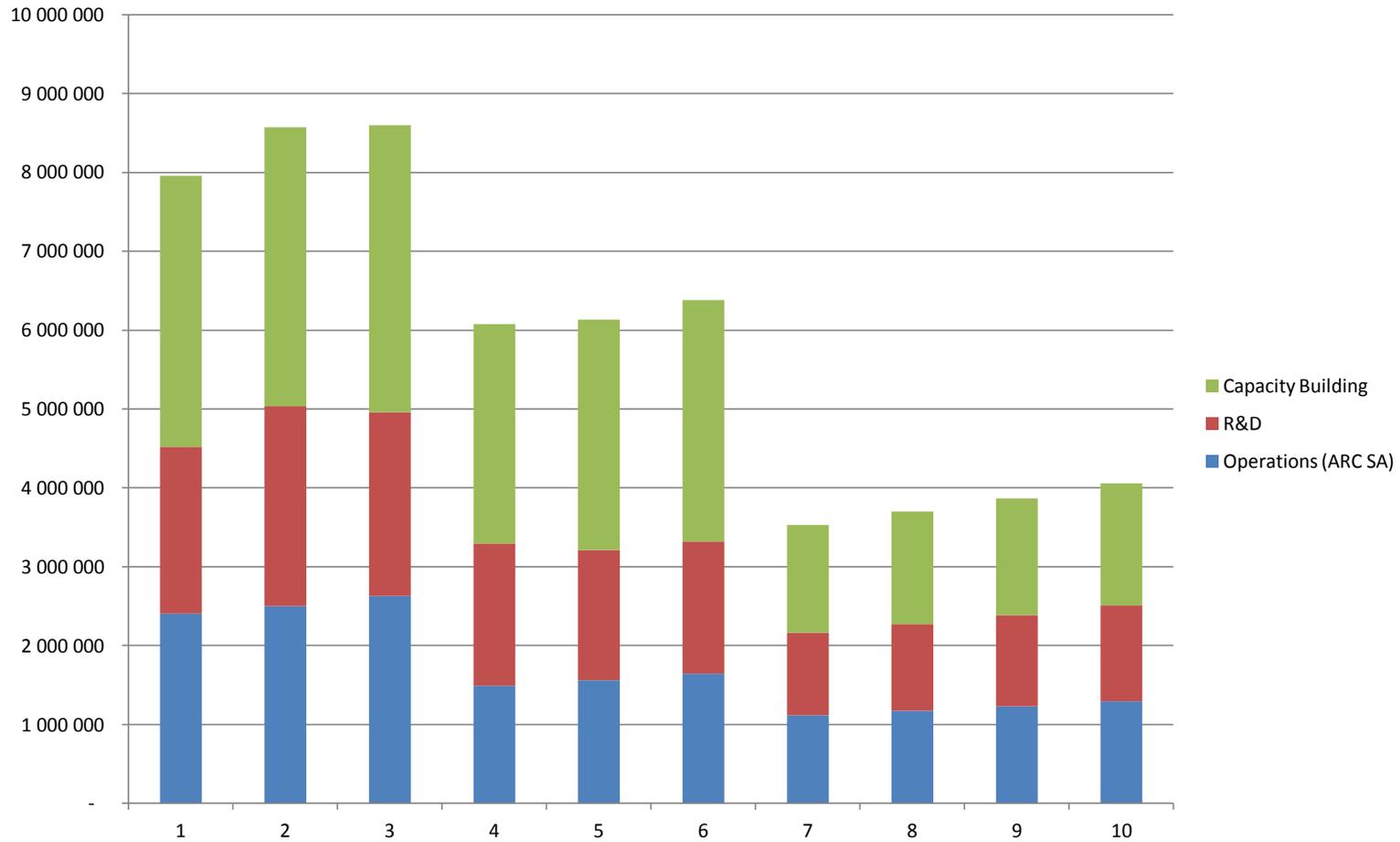
In addition to the specific tasks described above, the Secretariat will support the ARC Agency Governing Board in several of its key duties and in strategic decision-making as well as ensure that

the ARC harmonises its policies and strategic direction with prominent African and global platforms, including Regional Economic Communities, agencies of the United Nations and International Financial Institutions. This includes supporting all ARC Member States in developing their own positions through research and documenting peer learning across the ARC network. The Secretariat will also be responsible for providing administrative support for the Governing Board in preparation for meetings, interviewing candidates for the regular Director General position and in the organisation of all future Conferences of the Parties, to be held at least annually.

Attached is a provisional budget for the ARC Agency through December 2013 for consideration by the Parties.



Projected Budget



A 5% annual increase in individual costs is applied to allow for inflation



Projected Budget

Year	Operations (ARC SA)	R&D	Capacity Building	Total	ARC Financial - Switzerland	Total	ARC Financial - Bermuda	Total
1	2,403,077	2,119,747	3,435,345	7,958,168	2,370,000	10,328,168	1,386,170	9,344,338
2	2,501,177	2,535,534	3,538,316	8,575,027	2,075,250	10,650,277	1,423,979	9,999,006
3	2,626,236	2,330,408	3,642,996	8,599,640	2,179,013	10,778,652	1,495,177	10,094,817
4	1,487,165	1,807,755	2,779,662	6,074,583	2,287,963	8,362,546	1,569,936	7,644,519
5	1,561,523	1,652,669	2,918,646	6,132,838	2,402,361	8,535,199	1,648,433	7,781,271
6	1,639,599	1,679,133	3,064,578	6,383,310	2,522,479	8,905,789	1,730,855	8,114,165
7	1,117,896	1,045,199	1,364,354	3,527,448	2,648,603	6,176,052	1,817,398	5,344,846
8	1,173,791	1,097,459	1,432,571	3,703,821	2,781,033	6,484,854	1,908,267	5,612,088
9	1,232,480	1,152,332	1,479,999	3,864,811	2,920,085	6,784,896	2,003,681	5,868,492
10	1,294,104	1,209,948	1,553,999	4,058,052	3,066,089	7,124,141	2,103,865	6,161,916
	17,037,049	16,630,184	25,210,465	58,877,698	25,252,878	84,130,576	17,087,761	75,965,458

Annex 8

Members of the ARC Agency Governing Board

REGION	NAME		EXPERTISE
African Union Commission² 3-year term	Hon. Dr. Ngozi Okonjo-Iweala (Nigeria – AU Chair Appointee) <i>Coordinating Minister for the Economy and Minister of Finance for Nigeria</i>	Primary	Development Finance
African Union Commission 3-year term	Mr. Tosi Mpanu-Mpanu (DRC – AU Chair Appointee) <i>Honorary Chair of the UNFCCC African Group of Negotiators, Director of the Clean Development Mechanism (CDM), DRC National</i>	Primary	Climate Change, Climate Risk Finance
Central Africa³ 1-year term	Mr. Ouhoumoudou Mohamadou (Niger) <i>Managing Director of the “Banque Internationale pour l’Afrique BIA-Niger” and former Minister of Finance</i>	Primary	Finance, Economic Development, Disaster Management
	Mr. Tinga Ramde (Burkina Faso) <i>Director Food Security and Operational Planning, National Agency for Food Security</i>	Alternate	Food Security
West Africa 2-year term	Dr. Jacques Diouf (Senegal) <i>Special Adviser to President Macky Sall and former FAO Director General</i>	Primary	Food Security
	Hon. Mr. Mahama Zoungrana (Burkina Faso) <i>Minister for Agriculture and Food Security</i>	Alternate	Rural Development, Food Security
North Africa 3-year term	Hon. Diombar Thiam (Mauritania) <i>Minister of Finance</i>	Primary	Finance, Development
	Mr. Bouh Ould Sid’ Ahmed (Mauritania) <i>Technical Adviser to the Minister of Finance</i>	Alternate	Hydraulic Engineering, Finance
East Africa 3-year term	Hon. Dr. Agnes Kalibata (Rwanda) <i>Minister of Agriculture and Animal Resources</i>	Primary	Food Security
	Mr. Alexis Kanyankole (Rwanda) <i>Director General, National Agriculture Export Development Board</i>	Alternate	Agricultural Finance, Marketing
Southern Africa 2-year term	Hon. Professor Peter Mwanza (Malawi) <i>Minister of Agriculture and Food Security</i>	Primary	Food Security
	Dr. Desire Mutize Sibanda (Zimbabwe) <i>Permanent Secretary for Ministry of Economic Planning and Investment Promotion</i>	Alternate	Development Economics, Finance
ARC Conference of the Parties	Dr. Richard Wilcox <i>Interim Director General</i>	Primary (Non-Voting)	Ex Officio Member

² In accordance with Article 14 of the ARC Establishment Agreement, Chairperson of the African Union Commission H.E. Dr Nkosazana Dlamini-Zuma appointed Dr Okonjo Iweala to the ARC Agency’s Governing Board for her development finance expertise and, in consultation with the WFP Executive Director Ms Ertharin Cousin, Mr Mpanu-Mpanu for his climate change expertise. Titles are listed for identification purposes only.

³ In the absence of eligible candidates from the Central Africa region, the Conference of the Parties agreed that the seat should be occupied by West Africa for an interim period of one year.