ClimateWise
Insuring a sustainable future

The City Innovation Platform

A guide to multi-sector collaboration on resilience

UNIVERSITY OF CAMBRIDGE
INSTITUTE FOR
SUSTAINABILITY LEADERSHIP

ClimateWise

ClimateWise is a growing global network of about 30 leading insurers, reinsurers, brokers and industry service providers with a shared commitment to reduce the impact of climate change on both society and the insurance industry. It is a voluntary initiative, driven by its members and facilitated by the University of Cambridge Institute for Sustainability Leadership (CISL).

All members are independently, annually audited on their integration of the six ClimateWise Principles across their business activities. The ClimateWise Principles include leading on climate risk analysis and climate-resilient investment, raising customers' climate awareness, and reducing the member's own carbon footprint.

The Societal Resilience Programme

The Societal Resilience Programme brings together member and specialist expertise, to identify and develop commercial solutions to the challenges facing society as it transitions to a zero carbon, climate-resilient future. The Societal Resilience Programme explores ways the industry can proactively respond to the climate-risk protection gap; the growing divide between societal exposure to climate risk versus an overall decline in the penetration of commercial insurance.

Consequently, the Programme explores how insurance can leverage its full value chain, across its underwriting and investment activities to support other parts of the financial system, and society more broadly, in its response to climate-risk.

Three distinct, yet interconnected research pillars underpin the Societal Resilience Programme; asset management, regulation and resilient cities.

The University of Cambridge Institute for Sustainability Leadership

For 800 years, the University of Cambridge has fostered leadership, ideas and innovations that have benefited and transformed societies. The University now has a critical role to play to help the world respond to a singular challenge: how to provide for as many as nine billion people by 2050 within a finite envelope of land, water and natural resources, whilst adapting to a warmer, less predictable climate.

The University of Cambridge Institute for Sustainability Leadership (CISL) empowers business and policy leaders to make the necessary adjustments to their organisations, industries and economic systems in light of this challenge. By bringing together multidisciplinary researchers with influential business and policy practitioners across the globe, we foster an exchange of ideas across traditional boundaries to generate new solutions-oriented thinking.

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CITY INNOVATION PLATFORM

CITY INNOVATION PLATFORM AFRICAN INFRASTRUCTURE RISK & RESILIENCE

Executive summary

This guide captures a partnership between insurance industry organisations and city officials, united by the need to deliver more sustainable, financeable and insurable public infrastructure projects across emerging economy cities.

There is mounting concern surrounding the impact of the climate-risk protection gap; the widening divide between total economic and insured losses. The protection gap represents a significant challenge for society, which faces increased exposure to the physical and economic costs of risk related to climate change. The insurance industry is concerned on two fronts: the implication for its role as society's risk manager and as an industry facing a significant loss of market share.

An adequate response to the protection gap presents a challenge shared by both the insurance industry and wider society.

There is a particular challenge for emerging economies, due to low pre-existing levels of insurance penetration and a challenging governance environment that has a wider impact on socio-economic development. Developing economies currently have a low level of understanding about insurance, with emerging economies often struggling to make full use of the industry's risk transfer and risk management capabilities.

Public infrastructure projects play a vital role in enhancing resilience and managing the protection gap. Given the significant infrastructure investment needs across emerging economies, decisions made today will have a long and lasting impact on the communities they serve.

Yet limited access to information and capacity issues at the local or city level often result in unsustainable, unfinanceable and uninsurable public infrastructure projects. This inevitably impacts on service delivery for local communities. Investors and insurers are often only included in the development process once most of the major decisions have already been made, limiting their potential contribution.

Harnessing the existing expertise of the insurance industry could help to promote improved delivery and support of public infrastructure projects. For insurers, more stable local communities would translate into a potential growth in demand for insurance and other risk management products, and help to deliver better quality, long-term investment opportunities. Currently the insurance industry is a largely underutilised risk management partner for city governments.

This guide looks at the City Innovation Platform pilot project (CIP), a two-day workshop in Dar es Salaam, Tanzania in 2016. The CIP explored how the public and private sectors can collaborate more effectively to deliver sustainable, financeable and insurable infrastructure projects. The workshop was facilitated by a city network, with active participation from senior Dar city officials, the insurance industry, asset management and the private sector.

> The climate-risk protection gap reflects the widening divide between total economic and insured losses.

Together, they explored how insurance industry risk transfer, risk management and consultancy expertise could support the Dar es Salaam city management make more informed decisions about managing their risk and reducing the cost of risk transfer.

This guide captures the methodology of the CIP to support future replication by cities and insurers. It includes the key lessons learnt in facilitating a collaborative workshop of this kind. It also highlights the many opportunities that emerged for insurers to leverage their specific skills and expertise. The guide is designed to be accessible both to the insurance sector and city leadership who aspire to leverage the full potential of the insurance industry.

City Innovation Platform Partners

Global Infrastructure Basel · ICLEI Local Governments for Sustainability · MARSH · Munich RE · Sanlam Wealthsmiths · Santam · UNEP Finance Initiative · PSI Principles for Sustainable Insurance · University of Cambridge Institute for Sustainability Leadership · ClimateWise

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ClimateWise Members 2017

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This project would not have been possible had it not been for the active collaboration by representatives from across the City of Dar es Salaam. These included Lord Mayor Dar es Salaam, Isaya Mwita, Faizal S. Hassan (Temeke Deputy Mayor), Engineer Mussa B. Natty, Adelhard Kweyamba, Beatha Singano, Edwin Owawa, Emmanuel Ndyamukane, Eric Kilangwa, Francis B Gowele, Grace B Mbena, Juliana Letara, Stephen Daniel Mulisa.

Many insurance industry organisations were active in both funding and/or actively collaborating in the CIP. Special thanks go out to Vanessa Otto-Mentz of Santam Insurance who acted as CIP Chair. Other partners included Christelle Marais and Mark Robins of Marsh; Portia Bangerezako, Julius Magabe and Manasseh Kawoloka of Sanlam; Lucia Rückner, Astrid Zwick and Boniface Chiwota of Munich Re; Shane Graham of Mirabilis; Mary Driscoll of Emerald Risk Transfer; Butch Bacani of the UNEP-Fi Principles for Sustainable Insurance (PSI); and Hans Peter-Egler and Shenglong Kong of Global Infrastructure Basel (GIB).

The CIP was managed by ICLEI Africa Partner and nominated Executive of the CIP, represented by Kobie Brand, Steven Molteno and Grace Stead. Expert facilitation was provided by CISL Senior Associate Peter Willis of Conversations that Matter and Clara Makenya of the UNDP. A final thanks goes to the Executives of the partners and sponsor organisations.

Chairman's foreword

Maurice Tulloch

The insurance industry has always been at the fore in its ability to assess and price risk. However, the industry has not always used its knowledge and expertise to encourage better risk management practices with a multitude of stakeholders before.

There are many historical and practical reasons why insurers have focused primarily on risk transfer, the clear business case being one. However, the continued widening of the climate risk protection gap now obliges our industry to re-examine the fundamental role it plays as society's risk manager.

Indeed, there is renewed pressure on the industry to actively develop new products and services and identify new ways of working to support society as it responds to the many contemporary and interconnected risks it faces, like climate change.

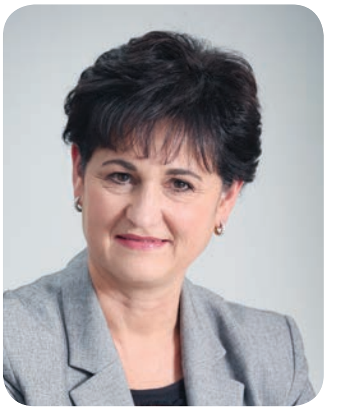
This challenge is especially important for emerging economies. Here, rapid urbanisation, high exposure to natural catastrophes and low insurance penetration has left local communities highly vulnerable to risk. As an industry, we need to re-think our insurance offering for these communities.

The CIP is a perfect example of the type of innovation required. It reflects insurers collaborating with city leaders to actively identify how the industry can help them respond to the various challenges they face in providing service delivery to local communities.

The guide reflects the potential within the insurance industry to directly manage its risk exposure. It focuses our lens on the longer term view required of our industry to build partnerships and grow new markets. This CIP methodology is intended to support replication by others and show that, as an industry, we have a significant role to play in helping society respond to the protection gap.

Maurice Tulloch,
Chairman of ClimateWise and CEO International and Chairman, Global General Insurance at Aviva

Forewords



Lizé Lambrechts

There is a robust global market for capital projects and infrastructure, much of it in emerging economies.

PwC estimates that US$78trillion will be spent on projects in the decade ending in 2025. The insurance sector has much to offer this market with its insights into risk management and risk transfer. However, current market practice indicates that integrated and proactive risk solutions are considered late in the infrastructure development cycle when most design decisions have already been made. This 'lateness' inadvertently further increases risk protection gaps in developing urban contexts, especially where insurance penetration is low (in many emerging economies it is lower than one per cent of GDP).

The CIP proof of concept offered an exploratory, neutral and safe space for insurance experts and city decision-makers to come together and share knowledge and experience, and to inquire more deeply into the risk protection gap with a specific focus on city infrastructure development projects. We hope it will seed further collaborative experiments and engagements of this kind for new risk solutions to emerge, helping to mitigate the significant risk issues that face developing cities, for example service delivery, rapid growth and extreme weather events.

Emerging economies requires urban infrastructure decisions that build resilience and reduce downside exposures of communities to flood, fire, storm and other perils. We believe that the insurance sector's expertise in risk management can play a positive role in building community resilience by supporting infrastructure funders and developers with risk management and risk transfer expertise and solutions earlier on in the project development lifecycle. We encourage the use of this guide by others, to help facilitate their own collaborations in this area.

L Lambrechts

Lizé Lambrechts,
Research Chair
Chief Executive Officer, Santam Ltd

Isaya Mwita

The impact of urban hazards on infrastructure in recent years has been catastrophic.

Climate change is expected to increase the intensity and frequency of existing hazards with cities spending millions in reconstruction after every event.

Dar es Salaam has not been spared; flooding is the major hazard and has claimed lives, washed away our bridges, roads, drainage systems and other infrastructures.

We highly recommend the involvement of the private sector, especially the Insurance industry to help find ways to build more resilient cities for our people.

Working with the Insurance industry will not only help protect our infrastructure, but will also provide a key strategic partner in the building of more resilient city infrastructures.

Let the Dar es Salaam workshop be a trendsetter; to cities aspiring to build resilient infrastructure and to cities working with the Insurance industry to reach their goals.

Isaya Mwita,
Lord Mayor Dar es Salaam

1. Insurance and emerging economies

1.1 The protection gap

Increasing exposure to climate related perils continues to widen the climate risk protection gap. This protection gap has now risen to over US$100 billion per annum;[1] only 30 per cent of total economic losses from environmental perils, over the past decade, have been covered by insurance.[2]

The protection gap is in part attributable to an increase in disaster risk exposure and economic growth fast outpacing insurance coverage.[3] However, the gap is also linked to rising levels of physical exposure, which together with inadequate governance and risk management renders many assets uninsurable. In developed markets the protection gap reflects a general decline in insurability, while in emerging economies it is linked more to low pre-existing levels of insurance penetration. The effect is that the protection gap exacerbates the vulnerability of local communities, who are often left unable to cope with even minor shocks.

Narrowing the gap could help insurers to open up new markets, yield new commercial opportunities and forge new and stronger relationships in helping society respond to its rising demand for risk management practices and expertise.[4]

In emerging economies, the protection gap represents four key challenges:

- The absence of sufficient regulatory and legal frameworks fails to provide an enabling environment for the insurance sector to respond.
- The industry often struggles to keep insurance affordable and adapt its products and business models to a market typified by high-volume, low-premium policies.[5]
- There is a growing tension between the governance and regulatory challenges facing emerging economies and developed economies, which are often a source of funding.
- Both the public and private sectors often lack the data on which to make key development decisions.

As a consequence the insurance market penetration in emerging economies remains very low. For example, more than half the countries on the African continent have an average level of insurance penetration of less than one per cent,[6] despite the continent being one of the fastest growing insurance markets. Managing the protection gap in emerging economies often falls on the shoulders of local authorities, where the national and local budgets are relied upon to provide immediate relief and reconstruction post-loss.

As a result, spending is often allocated reactively and inefficiently to disaster relief and recovery, rather than on pre-emptive disaster risk mitigation and management.[7] Due to substantial uninsured losses, the long-term negative effects result in increasing economic volatility, limitations on growth and setbacks on social development.

> "Insurers are the first line of support to the insuring public when falling victim to catastrophic loss. Increasingly we realise that some of these calamities, like flooding, can be avoided or mitigated with properly planned and designed city infrastructure. The CIP addresses the very issues that not only make city living more sustainable, but also conducive to the provision of insurance."

Julius Magabe, Regional Executive: East Africa, Sanlam Emerging Markets

The insurance industry is well positioned to support emerging economies to manage their risk exposure by supporting more informed governance, decision-making and planning. Many industry initiatives, including ClimateWise, the Insurance Development Forum, the Geneva Association and UNEP-FI Principles for Sustainable Insurance have proposed various responses. These include making more sophisticated use of insurers' risk management skills and expertise to improve governance and inform decision-making around climate risk and resilience.[8]

1.2 African infrastructure

The African continent continues to see rapid urbanisation, often in an informal and uncoordinated manner. Substantial infrastructure investments have to be made to deliver basic socio-economic needs.[9] This new infrastructure must be economically viable, sustainable and resilient to ensure cities are socially inclusive and affordable for all local communities. Furthermore, cities must also be able to improve and retain global competitiveness whilst negotiating environmental and natural resource challenges.

With respect to infrastructure, Africa lags behind in almost every measure, yet delivery costs are significantly higher when compared to other developing countries.[10] If the continent is to close its infrastructure investment gap, an annual investment of US$93 billion will be required for the next decade.[11] However, while infrastructure investments are flowing into Africa, with US$83.5 billion committed in 2015 alone,[12] these financial flows are often allocated without adequate planning or strategic decision-making.[13] This means that infrastructure development decisions being made today could have a significant impact on future risk exposure.[14]

This is compounded by the low insurance penetration that means the insurance industry is under-represented in both the conceptualising and planning of infrastructure projects.[15] It is common for the sector to be brought in at the implementation phase with its role limited to providing financial risk transfer. This limits the potential value the industry can add to help manage infrastructure project risk and support long-term project sustainability. As a result, risk is frequently priced too high, becoming unaffordable from a project finance perspective. This further undermines the resilience of infrastructure projects which has an impact on the city and its citizens.

1.3 Towards better collaboration

There is now a growing recognition that better private and public sector collaboration will be required to address the protection gap, especially in the delivery of sustainable and resilient infrastructure projects.[16] Insurers and brokers will need to work more closely with risk managers, regulators and other stakeholders across emerging economies if demand for risk management and mitigation expertise is to be met.
The private and public sector share many common objectives around better risk management, but there are few examples of collaboration between the two sectors.

The CIP is a response to that need. The aim of the first workshop was to pro-actively explore how the insurance industry could leverage its unique risk management and risk transfer expertise to support emerging economy cities to deliver sustainable and resilient infrastructure projects over the long term.

The CIP focused on the challenges facing city decision makers at each stage of the infrastructure project pipeline and look at how they could be supported. This guide looks at the formation of the CIP and shares the lessons learnt to ensure that future collaborative initiatives are supported.

Keys to a successful City Innovation Platform

1. Have a clearly defined start and end point – this focuses minds and reassures partners they are not locked in to an ongoing process.
2. Reach out to city authorities early on and offer introductory sessions on the CIP. Make sure that local people and industry are represented throughout the process.
3. Become familiar with local protocols and customs.
4. Respect and adapt to the fluidity of evolving political contexts.
5. Identify each partner's institutional and individual constraints and embrace their expertise and reflect these in any formal commitments. This includes budget cycles, strategic planning etc.
6. Ensure each partner has a suitable level of seniority, or sponsorship within their institution. This enables the commitment of time, capacity and financial resources, including decision-making power.
7. Elect as Chair a strategic thinker with an excellent understanding of the CIP to provide leadership.
8. Allow time to refine the CIPs objectives to ensure all partners are aligned.
9. Establish rules of engagement early on by collectively approving the governance agreement.
10. Use tools and resources at the group's disposal to make the most of each partner's contribution.
11. Ensure at least one insurance industry executive becomes a lead coordinator.

12 Be willing to work to a high level of uncertainty and experimentation.

13 Continuously communicate to ensure partners understand all perspectives and promote adaptability.

14 Use skilled independent facilitation at all critical meetings and workshops to ensure dialogue principals are met. Ideally this would be one person throughout, to ensure continuity.

15 Prepare partners with the contextual information they need about the host city. Arrange an initial orientation tour to expose them to local social and economic conditions.

16 Prepare the host city for the CIP and offer workshop materials such as the programme and content overview, the earlier the better.

Ensure your workshops run smoothly

A Host your workshop in a neutral venue that offers a quiet, accessible space away from City Officials' offices.

B Prepare a brief for participants that lay out the rules of engagement and allows for each stakeholder to contribute. Remind them that this is a neutral, non-competitive space.

C Be mindful of any language barriers that might inhibit confident participation. Make necessary arrangements.

D Allow for adaptability within the programme and be open to exploring unexpected opportunities.

E It is crucial that before concluding the workshop you allocate responsibilities to ensure partners follow up and deliver on commitments.

2. Delivering the City Innovation Platform

In October 2014, a group of insurance and finance sector representatives, academics and NGOs participated in the Africa Infrastructure Risk and Resilience workshop.[17i] They explored whether all stakeholders involved in the delivery of public infrastructure projects fully understood the environmental, social and governance (ESG) risks involved. The workshop concluded that earlier participation by insurers could enhance decision-making and improve the resilience of infrastructure projects.

Consequently, the workshop proposed that increasing collaboration between the insurance and finance sector and cities could help deliver:

- a better understanding of each other's specific needs
- opportunities for the insurance sector to play a greater risk management role in African cities
- multiple benefits including reduced infrastructure project risk, decreased emergency disaster relief and support for safer, more resilient communities[18]
- better governance and risk management.

However, the broader role the insurance sector could play was untested. This led to the CIP being formed to further explore these opportunities.

2.1 The process

Step 1: Formulating the idea

One of the earliest challenges facing the CIP was to identify the business case that would justify both the in-kind and financial commitments required by each of the industry partners. Views differed on what the objectives of the CIP should be and how to achieve this in a partnership spanning different insurance industry sectors, a city network and involving other academic and non-profit organisations. Time was spent to allow each partner the opportunity to fully understand their role in the CIP and what their specific contributions would be.

Step 2: Identifying a delivery partner

Next was the need to secure access to an African city and the relevant stakeholders and decision-makers involved in public infrastructure projects. It was at this stage that the CIP formally invited ICLEI Africa,[ii] the global urban sustainability NGO, to support them due to its extensive access to city networks and mayors across the African continent.

CIP objectives:

- **Improve the resilience of African cities.**
- **Pilot ways to improve the quality of risk-based decision-making on public infrastructure projects.**
- **Promote the CIP as a 'trusted advisor' for African city leadership.**
- **Achieve higher levels of commercial relevance and impact for all partners.**

Step 3: Refining the CIP approach

Representatives from a cross-section of sectors were invited to attend an initial planning workshop in March 2016 to discuss the CIP objectives. The participants agreed that for the CIP to be successful, it needed to take a neutral, non-competitive approach to engaging public sector officials. The private sector would need to suspend its commercial interests and work collaboratively with the city to build the necessary levels of trust required.

It was agreed that the core objective of the CIP was to create longer term commercial opportunities for the insurance sector, by helping cities to improve governance, decision-making and insurability of their public infrastructure projects. This would help to manage city-level risk, formalise local communities and ultimately establish new insurance markets and opportunities. On conclusion of the CIP the partners would then be free to explore any commercial opportunities that may emerge.

"The infrastructure challenges city leaders face are unprecedented and at a scale hard to comprehend. Africa urgently needs new urban solutions developed and embraced by all to shape and build vibrant, safe, resilient and liveable cities. Platforms like the CIP are pivotal in connecting sector leaders who are front-runners in taking such shared and collective action."

Kobie Brand, Regional Director, ICLEI Africa

[i] Africa Infrastructure Risk and Resilience was a workshop held in Cape Town, South Africa.
[ii] ICLEI - Local Governments for Sustainability is the leading global network of more than 1,500 cities, towns and regions committed to building a sustainable future. http://www.iclei.org

Step 4: Selection of a host city

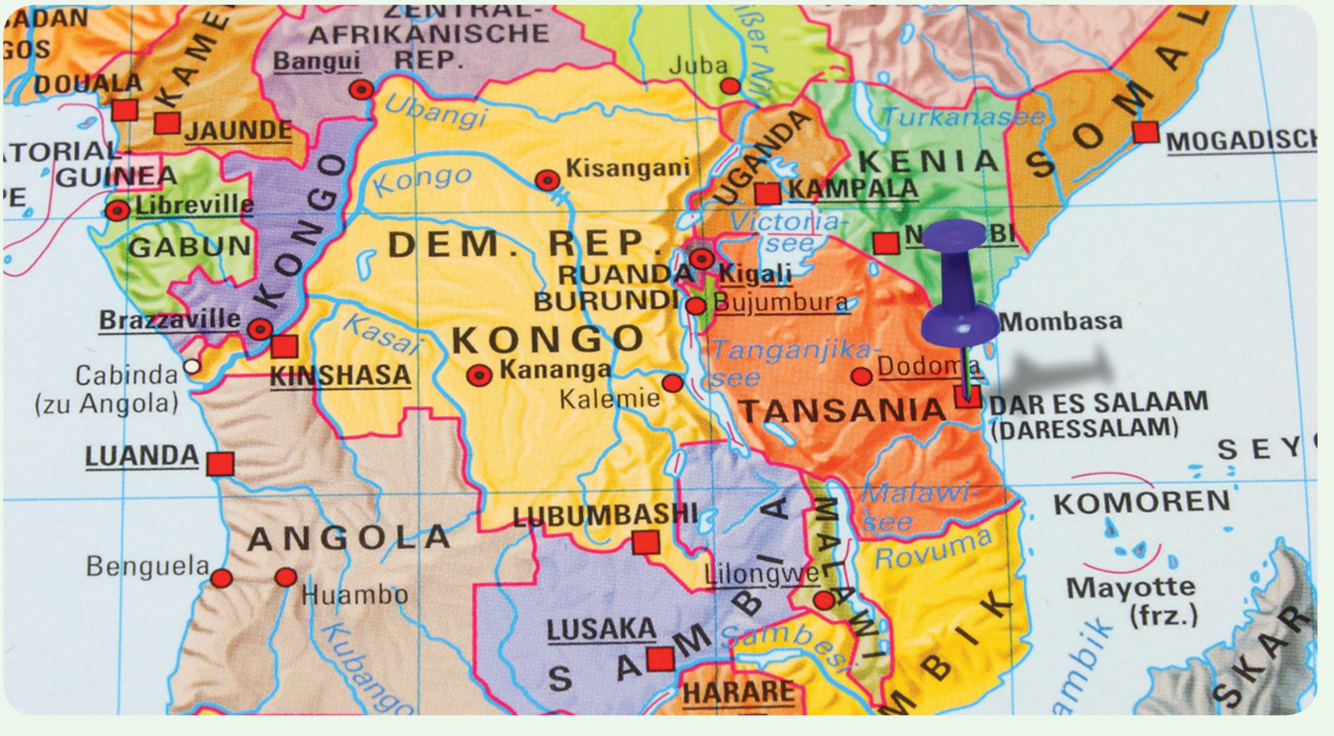
To test the CIP, Dar es Salaam in Tanzania was selected due to two key factors. Firstly, ICLEI Africa had long-standing relationships with many of the technical experts, city managers and politicians that would need to be engaged and were receptive to the collaborative ambitions of the CIP. Secondly, the city was particularly vulnerable to environmental perils and the delivery of public infrastructure was struggling to keep pace with the rapidly growing urban population.

Dar es Salaam, Tanzania[19]

Dar es Salaam, the largest city in east Africa has undergone an unprecedented urbanisation process during which the city has sprawled dramatically; it is currently growing at 5.6 per cent p.a. and is home to a population of approximately 4.5 million. Apart from natural growth, in-migration from rural areas to the city is common as rural inhabitants search for economic opportunities. Although the city contributes 40 per cent of the national GDP, 70 per cent of urban dwellers live in unplanned and informal urban settlements. This places the economy as a whole in a precarious position due the high level of risk exposure. Without strategic intervention the trend of informality will continue, as currently the rate of population growth far exceeds the extension and delivery of critical infrastructure services.

Existing infrastructure services are under immense pressure. Traffic congestion alone costs the city an estimated 20 per cent of productivity. Roads in residential and commercial districts are poorly located and some remain unpaved. The introduction of the bus-rapid-transport system has made a contribution to increasing accessibility to public transport, which up until recently was almost entirely provided by privately owned minibuses and motorcycles. Storm water, water and sanitation systems are negligible. Access to improved water and sanitation is limited, and much of the sprawling city is exposed to frequent flooding. Mounds of uncollected solid waste pollute available water resources, increasing incidents of water-borne infectious disease. Electricity services are frequently interrupted and many people rely on privately owned generators, or traditional lighting and heating methods.

The capacity and capability of the City and municipalities to adequately respond to the medley of challenges is limited. A shortfall of skilled human and financial resources, and in some cases weak governance, lies close to the heart of the crisis. Political will to address challenges is evident in the newly revised Dar es Salaam Master Plan which has been received positively, however governing structures require support to tackle issues in an informed and systemic manner.



Step 5: Managing risk and governance

A group of partners produced a partnership risk management methodology and Risk Register to identify and assess the array of risks that could compromise the CIP and manage the execution of risk mitigating activities. A key risk identified was the need to explicitly “define and record the roles and expectations of each participant”.[20][iii] This led to a governance agreement being drafted that clarified the objectives of the CIP, the roles and responsibilities each partner would play and reinforced the collective and equal ownership of the CIP by all participants.

The governance agreement also called for the appointment of a Steering Committee and Chair to provide formal leadership. Alongside their role as a CIP partner, ICLEI Africa also agreed to become the Projects Executive, responsible for all project planning, communications, logistical and workshop arrangements.

> “By addressing the insurance protection gap of infrastructure projects, CIP engages in a central issue to make infrastructure more climate resilient. Bringing the insurance industry and city officials together is key to get ready for the reality of climate change.”

Hans-Peter Egler, CEO,
Global Infrastructure Basel (GIB) Foundation

Step 6: Preparatory visit to Dar es Salaam

ICLEI Africa issued a formal invitation to the Dar es Salaam city officials and political leadership to participate in the CIP workshop. They used this opportunity to start the process of identifying with city officials, a possible public infrastructure project that could become a CIP case study. Importantly, the visit provided insight into the appetite of the city officials to engage collaboratively with the private sector and helped to further inform the workshop design process.

Step 7: A final CIP planning workshop

A final planning workshop allowed all partners to directly contribute to the CIP’s design. One element of the process was to ensure that the CIP would focus on collaboration rather than immediate commercial opportunities. This was important as concerns were raised that meetings between private and public officials could be seen as commercial negotiations, leading to political implications. The workshop reinforced the importance that the governance agreement would play in framing the CIP’s rules of engagement.

Example: Dar es Salaam’s Bus Rapid Transport system

Bus Rapid Transport (BRT) has become a prominent solution to urban transport and mobility networks under increasing pressure due to urbanisation, a lack of densification and economic growth.

The success of the BRT model, pioneered in Curitiba, Brazil, and now replicated globally, is seen as an ideal model for delivering urban transit. This is because BRT provides a high quality, cost competitive solution for mass public transport with efficiency and speed. It relies on a combination of dedicated lanes, pre-boarding ticketing and appropriately designed bus stations. These are configured to re-distribute road space in favour of buses rather than private vehicles. BRT can be achieved via a relatively simple conversion from public roads into a dedicated corridor for buses. This means that all cities can be retrofitted and do not necessarily have to construct a transport system from scratch. This provides significant value when exploring transport solutions for cities with some degree of established transportation networks, like Dar es Salaam.

Dar es Salaam’s BRT promises to substantially reduce waiting and travel time due to its segregated lanes and modified boarding stations. Additionally, environmental gains are achieved by lowering greenhouse gas emissions and other pollutants due to the high-capacity buses, using generally newer technology and a reduction in per vehicle kilometre travel distances.

[iii] By Richard Calland as governance expert within the partnership from CISL.

2.2 The CIP: Dar es Salaam

The Lord Mayor Isaya Mwita from Dar es Salaam City Council formally opened the CIP in October 2016. The Mayor was also represented by the City's Chief Engineer, identified by ICLEI Africa as the local infrastructure project champion. He was invaluable in managing the city's involvement over the two days.

Day one focused on building trust between the participants. The programme included a combination of personal introductions, formal presentations (one each from the public and private sector) and small breakaway discussion groups. The primary outcome was mapping a hypothetical infrastructure project pipeline and identifying the inherent risks at each stage.

On day two, the group identified where insurance industry risk transfer, risk management and consultancy expertise could help to address the project risks identified on day one. The group also developed a **City Infrastructure Decision Pathway** to identify all the significant decisions city administrators need to take when conceptualising, planning and commissioning any piece of public infrastructure. Finally the group explored opportunities **for future innovation along the hypothetical infrastructure project pipeline**.

The CIP ended with a session where all participants were able to express the value they had taken from the CIP 'proof of concept'. From this, a list of fifteen action steps was compiled, along with who was accountable for executing them.

"As the Munich Re Group we are excited to be associated with the CIP. As a re-insurer we are particularly interested in how the CIP encourages long term thinking to address wider societal issues and close the protection gap. We look forward to bringing our global experience in respect of such similar projects."

Boniface Chiwota, Executive Manager,
Munich Reinsurance Company of Africa

2.3 Main outcomes

The CIP provided a space for the public and private sector to explore how to improve risk-based decision-making at each stage of public infrastructure projects.

This helped the city officials to gain a deeper understanding that:

- City management is able to protect the city's assets better with adequate risk management.
- Risk transfer is attainable for large public infrastructure projects and not a tax on poor cities as previously regarded. Instead they now understood insurance as desirable and also affordable.
- Insurers have significant governance, risk management and consultancy expertise, beyond financial risk transfer. This can directly support cities to make more informed decisions at almost every stage of public infrastructure projects.

The insurance industry gained a better understanding:

- Of the constraints, scale and complexity of planning decisions city officials face when delivering large public infrastructure projects.
- That insurers have many untapped resources, besides risk transfer, to support city-level decision-making.
- That the CIP allowed the insurance industry to build closer, and potentially longer-term relationships with the public sector.

Consequently, both sectors highlighted a commitment to continue engaging and expressed how the role of insurance, in supporting city-level decision-making should be shared more widely with Tanzanian and other African municipal administrations.

"Risk management was a crucial feature of the CIPs success by helping to manage the expectations of city leadership, project partners and society more broadly. Consequently, considerable value was derived by collectively understanding different interests of the partners and reinforcing the commercial benefits to insurance by enabling sustainable development across Africa."

Christelle Marais, Practice Leader,
Strategic Risk Consulting, Marsh Africa

3. Replicating the CIP: Lessons from the field

Contextual differences will influence the replication of future collaborations like the CIP. However, other partnerships will find value in the lessons learnt during the CIP proof of concept.

Focus on closing the knowledge gap

Implementing a future CIP requires knowledge and expertise to be shared openly between all CIP partners, as well as between the private and public sector participants. However, each sector began the process with varying understandings of the other. For example, city officials saw insurance as costly and inaccessible, while the private sector lacked an understanding of the complexity of city-level decision making. The CIP addressed this by focusing on closing this knowledge gap by promoting open conversations between the public and private sector. This helped to inform deeper understandings of where insurers could support city-level decision makers to manage **risk at each stage of public infrastructure projects.**

Promote multi-stakeholder partnerships

Achieving collaboration between the public and private sectors allowed for greater learning opportunities and systemic solutions to be identified. As collaboration is most successfully achieved when multiple perspectives are involved,[21] it was therefore important in the design of the CIP to involve as targeted an array of representatives as possible. The CIP involved participants who offered complimentary knowledge and expertise; the group needed to be both strong while adaptable to the inevitable internal challenges that are inherent in multi-stakeholder partnerships. This was achieved by actively managing the individuals and organisations and balancing their often differing objectives and expectations.[22]

Promote multi-stakeholder partnerships

The CIP focused on providing good project management, concise objectives, clear governance arrangements and targeted milestones. This helped to manage the process and ensure that all stakeholders were kept informed of any changes that occurred. Clarifying the role of the neutral project manager, within the governance framework, will help to ensure clear and accurate communication between participants, and the proper management of budgets and outcomes.

Ensure early access to the host city's key decision-makers

Securing the participation of senior individuals and decision makers, responsible for the host city's infrastructure development process, was crucial for the success of the CIP. Identifying a local infrastructure champion, who understood the CIP's objectives helped to achieve this.

City engagement can be achieved with the right support from high-level political leadership providing access to senior officials. However, active and open participation should not be assumed and a CIP initiative should not proceed without an identified organisation playing this relationship and knowledge liaison role, and securing participation by the senior management of the host city.

Put all commercial interests aside

Suspending commercial interests and operating in a 'pre-competitive' space allowed the CIP partners and city officials to share knowledge more openly and build trust. This ensured that any ethical dilemmas could be appropriately managed. Moreover, participants were required to adhere to the CIPs governance framework and risk management process as reflected in the Risk Register. This included reinforcing to the public sector that the CIP was not a negotiation space, nor would it automatically lead to assistance, financial or otherwise, following the workshops conclusion. Neutrality was therefore a guiding principle that allowed all participants to feel comfortable with each other and for their perspectives to be equally valued.

Secure an experienced facilitator who understands the process

Independent and professional facilitation skills throughout the CIP helped manage the process and keep it on track. A second locally based facilitator was also appointed from the host city to support the process during the Dar es Salaam CIP. This helped to promote diversity and increase the representation of local knowledge. An important role of the facilitator was to create a safe space where deep engagement could occur to draw out the various ideas and perspectives of the participants.

Be prepared to adapt

Conversation design and on-going adjustments to the programme allowed the CIP to adapt to any unexpected diversions, while still delivering on the CIP's core objectives. This approach was adopted to deliberately encourage deeper engagement between the private and public sectors. It allowed for group discussions to be guided yet open-ended.

4. Conclusion

The CIP was an attempt by a group of global insurance industry organisations to create a non-competitive, neutral space where risk management collaboration between the public and private sectors could be promoted.

The Dar es Salaam CIP focused specifically on ways that insurer's skills and expertise could support the city to deliver more resilient, sustainable, insurable and financeable public infrastructure projects. However, the focus of any future CIP's need not be limited to infrastructure risk and resilience alone, but could focus on any challenge requiring risk management solutions to be identified and implemented. Thus, the primary objective of the CIP and this guide was to capture the key learnings of the process. It identifies a methodology for how the public and private sectors can work more collaboratively in the future. It maps out an exciting and impactful way for the insurance industry to collaborate with the public sector in response to the protection gap challenge.

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