BUSINESS-ADOPT-A-MUNICIPALITY (BAAM) INITIATIVE:
LESSONS LEARNT FROM A MULTI-STAKEHOLDER COLLABORATIVE APPROACH

Compiled by Santam
In association with
Department of Cooperative Governance and the
South African Local Government Association
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Santam is an authorised financial services provider (licence number 3416)
Development of Business-Adopt-a-Municipality (BAAM)

The BAAM Programme emanates from the Local Government Turnaround Strategy (LGTAS) which recognises the role of the Private Sector and State Owned Entities in the process of turning around local government.

BAAM encourages mutual beneficial relationships with municipalities to mentor their management, impart skills to improve efficiencies and facilitate the improvement of service delivery on the ground.

Santam, through the Emthunzini Trust, partnered with the following entities to provide support to five municipalities to address Disaster Risk Management:

- Cooperative Governance
- Traditional Affairs
- SALGA
- National Disaster Management Centre
- AHI
### LIST OF ABBREVIATIONS AND ACRONYMS

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<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>BAAM</td>
<td>Business-Adopt-a-Municipality</td>
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<tr>
<td>B-BBEE</td>
<td>Broad-Based Black Economic Empowerment</td>
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<td>CR</td>
<td>Corporate Responsibility</td>
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<td>CSI</td>
<td>Corporate Social Investment</td>
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<td>DCoG</td>
<td>Department of Cooperative Governance</td>
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<td>DRM</td>
<td>Disaster Risk Management</td>
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<td>EWS</td>
<td>Early Warning System</td>
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<td>IPCC</td>
<td>Intergovernmental Panel on Climate Change</td>
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<td>LGTAS</td>
<td>Local Government Turnaround Strategy</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>NDMC</td>
<td>National Disaster Management Centre</td>
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<td>PFI</td>
<td>Private Finance Initiatives</td>
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<td>PPP</td>
<td>Public Private Partnership</td>
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<td>SALGA</td>
<td>South African Local Government Association</td>
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<td>SE</td>
<td>Stakeholder Engagement</td>
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<td>SOE</td>
<td>State-owned Entities</td>
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<td>UN</td>
<td>United Nations</td>
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### COMPREHENSIVE RESEARCH DOCUMENT

The Comprehensive research document is available on request from Santam. If you would like to receive a copy, e-mail stakeholder@santam.co.za
1.1 INTRODUCTION

“Today we are living in a reality where our actions impact both our society and the ecology that support life. These interconnected societies extend our responsibility beyond not harming others, but rather towards a proactive participation in maintaining the systems that support life.” – Peter Singer

Organisations operating in the 21st century globalised economy are defining their roles and responsibilities differently than those in preceding eras. A growing understanding of how interdependent economic, societal and environmental systems interact has moved public and private organisations to reconsider their approach to collaboration. Operating effectively in our increasingly complex ecological system seems to favour smart multi-stakeholder collaborations between public and private organisations.

During 2012 the Department of Cooperative Governance (DCoG), the South African Local Government Association (SALGA) and Santam Ltd (SANTAM) embarked on a Disaster Risk Management (DRM) initiative. The DRM initiative forms part of DCoG’s Business-Adopt-a-Municipality (BAAM) initiative. The BAAM initiative is an example of a multi-stakeholder collaborative initiative that straddles the fields of Corporate Responsibility (CR), Stakeholder Engagement (SE), partnerships between the private and public sector, and emerging business models in an economy emphasising sustainable development.

1.2 BUSINESS-ADOPT-A-MUNICIPALITY (BAAM)

What BAAM seeks to achieve is to draw parties together to alleviate the resource challenges experienced by a number of municipalities through the process of adoption by private sector companies and SOEs.

The objectives of the BAAM initiative include the following:

1. Enhance the capacity of municipalities to deliver municipal services through support from the private sector and SOEs;
2. Improve service delivery;
3. Learn best practices from the private sector;
4. Facilitate private sector and SOEs involvement in the support programmes aimed at improving local government infrastructure, economic development and governance;
5. Engage and share local government turn-around / priorities with business and SOEs with a view to communicate the support requirements and needs of municipalities;
6. Introduce and solicit business support for the Business-Adopt-a-Municipality Initiative; and
7. Improve communication and partnering between municipalities and the private sector.

The mooted partnership with the private sector / business is founded on the department’s premise of the Local Government Turnaround Strategy (LGTAS) that “local government is everybody’s business” and also on the basis that in terms of the Municipal Systems Act (Act 32 of 2000) “a municipality is defined as a structure that is encompassed by three legs, namely council, administration and community which includes business as a large and well-organised sector of the community”. This partnership is also premised on the department’s recognition of the business sector as an invaluable stakeholder in creating an efficient local government.

Various business organisations have provided and continue to provide support within a number of municipalities around the country with very positive impacts and valuable lessons being learnt. Within this initiative these efforts from various organisations can now be coordinated and replicated in other vulnerable municipalities.

Although all 283 municipalities can be adopted, it is the intention of this initiative to prioritise the 66 most vulnerable identified through the LGTAS.
1.3 PARTNERSHIP

To reflect on the collaboration to date, Santam commissioned this research. The objective of the research is therefore to create a living document that:

1. tells the DRM BAAM story to date;
2. derives a clear multi-stakeholder model;
3. grounds the DRM BAAM model in the existing body of knowledge and best practice; and
4. shares the successes and lessons learnt from the initiative in order to serve as a guide to future multi-stakeholder initiatives. The research makes the case for greater involvement in DRM BAAM-type initiatives by other businesses.

The report can therefore be used by the initiative steering committee and partner organisations, as well as interested future collaborators to get involved in BAAM initiatives.

1.4 RESEARCH APPROACH

The research approach below was followed:

1. Firstly, several interviews were conducted and, although not individually highlighted, were incorporated in the findings. From the description a model for multi-stakeholder collaboration was derived. This is discussed in more detail in the Comprehensive research document.

2. Secondly, the value and opportunities associated with involvement in a BAAM-type initiative for partners, stakeholders and interested businesses are highlighted. This was done by linking the current DRM BAAM model to four interrelated “guiding themes”. Each guiding theme unpacks and reflects on the existing body of knowledge regarding the relevant theme. Each guiding theme then informs the risks and opportunities that should be considered when implementing or scaling a DRM BAAM initiative (or similar initiatives).

3. The research into the four guiding themes was complemented by case studies from similar initiatives.

1.5 HIGHLIGHTS FROM THE RESEARCH

Based on the review of the existing body of knowledge it can be concluded that a focused multi-stakeholder initiative such as the DRM BAAM initiative can benefit both beneficiaries (in this case the municipalities) and participating public and private organisations. To unlock these benefits the initiative needs to:

1. Focus on material societal challenges that allow initiative partners to meet their organisational responsibilities. These responsibilities are derived from the partners’ objectives, their ability to address the issue and the extent to which they can contribute. A key strength of this initiative is that it was able to focus on an important issue that is guided by the partners’ organisational responsibilities. For example, the DRM BAAM initiative is aligned with global priorities of responding to climate change through adaptation. The initiative allows the partners to respond to local priorities by contributing to improve DRM in vulnerable municipalities. In addition, the partners have respectively and collectively fostered a deep understanding of climate adaptation and DRM in vulnerable municipalities.
2. Prior to executing the initiative, it is important to identify and engage key partners, beneficiaries and other stakeholders effectively. Such engagements should foster relationships of trust that will be required when executing the initiative. The partners have laid the foundations for trust building through being perceived as trustworthy. This was achieved through strong initial engagements supported by a clear agenda for engagement and the use of the right engagement agents and processes. The initiative has also delivered on outcomes initially agreed with beneficiaries. Whether trustworthiness translates into long-term mutually beneficial relationships between the partners and beneficiaries will depend on the quality of relationships left behind. Trust will also be influenced by a partner’s ability to ensure that the longer-term benefits of the initiative are achieved.

3. The DRM BAAM initiative has the characteristics of an innovative collaboration. As a more informal form of private public partnership (PPP), the initiative has succeeded in developing an integrated solution using strong partners. The initiative has provided partners with access to skills, experience and knowledge to address service delivery on DRM issues. The model used is also replicable and through analysis of the outcomes of the initiative (such as this research) it can be made more robust. To improve the scale of impact on DRM the initiative should focus on refining the funding model used.

4. To date, grant-based funding from Santam’s Emthunzini Broad-Based Black Economic Empowerment (B-BBEE) trust has been used. Such grant-based funding will achieve only limited impact given that DRM requires infrastructure investment, which is typically not a private sector responsibility. It is Government’s mandate to meet the extensive DRM infrastructure challenges faced by municipalities and it should be acted upon by utilising development finance channels. As with other multi-stakeholder initiatives, the DRM BAAM initiative should ensure that good governance and planning remain top of mind so that roles and responsibilities can be clearly defined and partners fulfil their responsibilities and commitments. As part of planning, the initiatives exit strategies should be clearly defined upfront.

5. The initiative has succeeded in allowing initiative partners to take lessons learnt back to their individual organisations. Especially in the case of the private sector partners, the initiative has allowed them to understand their markets, risk pool and stakeholders better. In addition, this initiative has provided opportunities to develop better solutions for clients and beneficiaries, gain a competitive advantage, and explore synergies with other companies.

Based on case studies of similar initiatives it can be concluded that opportunities exist to link the DRM BAAM initiative to global and regional efforts around DRM and climate change. The multi-stakeholder model can also provide a framework to partner with companies that share similar material sustainability issues. For example Sanlam, Santam’s holding company, can use the DRM BAAM model and lessons learnt to execute water-related initiatives in regional countries where it operates. The importance of effective communication with the communities, in which DRM initiatives are executed, for example Early Warning Systems (EWS), was also highlighted by the case studies as an area of improvement.

2. THE RESEARCH AND LESSONS LEARNT IN A NUTSHELL

2.1 DECIDING ON IMPORTANT ISSUES TO ADDRESS TOGETHER

The premise on which the DRM BAAM initiative is based is that climate change will increasingly have an adverse impact on communities across the globe, especially those communities that are vulnerable due to inequality and underdevelopment. It is therefore a prerogative to assist such vulnerable communities to adapt to climate change. A pragmatic way to assist with climate adaptation is to strengthen DRM practices in vulnerable communities. In the South African context this implies assistance to municipalities that are at risk of climate-related disasters. The underlying issues that form the basis for the DRM BAAM initiative can be expanded on as follows:

1. Climate change: It is globally accepted that climate change is the major ecological issue that will adversely impact our collective ability to develop and prosper in the 21st century. The impact of climate change is universal and is articulated in the latest Intergovernmental Panel on Climate Change (IPCC) report published in 2013.

2. Vulnerability: Vulnerable communities in emerging economies will bear the brunt of climate change that, in most cases, is not a problem of their own making.
3. Climate adaptation: The IPCC highlights that governments, business and communities need to respond to the adverse impacts of climate change through climate change adaptation (IPCC, 2013).

2.2 RESPONDING SMARTLY BY ADDRESSING DISASTER RISK MANAGEMENT (DRM) IN A COLLABORATIVE MANNER

DCoG, SALGA and Santam, the three initiative partners, have a mutual interest in strengthening DRM practices. It was decided to work with local municipalities on the issue of DRM as it is a priority for Government. The National Disaster Management Centre [NDMC] invests significant resources year-on-year in managing disasters throughout the country. It has become imperative to put measures in place to deal with disasters prior to the occurrence thereof (NDMC, 2013). It is generally accepted that in order for DRM to be successful it should be applied at a local or community level. Given the relevance of greater collaboration between the public and private sectors a multi-stakeholder collaboration within DCoG’s BAAM framework was deemed the most appropriate to achieve different parties’ objectives. Although the various partners had a common objective, their respective mandates also gave rise to unique individual objectives:

1. For DCoG, this collaboration would be the first documented BAAM initiative focused on DRM. By nature DRM is a cross-cutting activity that requires close collaboration from national to local government levels. In addition, effective risk management is heavily reliant on academic, corporate and civil society cooperation and input. The cooperative nature therefore allows DCoG to facilitate cooperative practices among a wide array of stakeholders.

2. The participation of SALGA, as the representative body of local government, created an opportunity to practically demonstrate its ability to facilitate effective engagement with local government. It also provided the platform to demonstrate the value it can add to municipalities.

3. As a short-term insurer Santam’s area of expertise is risk management and this platform allowed Santam to share knowledge of risk management. It also offered Santam the opportunity to gain a deeper understanding of its exposure to systemic risk. The BAAM framework allowed the company to work within an established framework.

2.3 HOW DID THE DRM BAAM INITIATIVE WORK?

Through a series of engagements by the partners with five targeted municipalities, municipalities were offered the opportunity to identify pertinent DRM-related risks. Inadequate funding, limited human resources, and limited institutional / infrastructural capacity were identified as key needs. Collectively it was decided to focus on addressing fire risk and flooding. Five municipalities perceived within the national context as emerging or secondary centres of socio-economic development and attracting migration from other small towns and rural areas, were selected. The municipalities were Eden District Municipality [Western Cape], Mbombela Local Municipality [Mpumalanga], Mahikeng Local Municipality [North West], Thulamela Local Municipality [Limpopo], and Ulundi Local Municipality [KwaZulu-Natal]. They received fire-fighting goods equipment and training that were presented to each municipality at handover ceremonies throughout April 2013. This supported the municipal mandate of improving service delivery and specifically DRM services when required. In addition, the initiative results within selected municipalities included improved awareness of the significance of DRM within local government, improved relations with the private sector, and knowledge exchanged among the participating municipalities.
2.4 DISTILLING A MODEL FROM THE DRM BAAM INITIATIVE AND LEARNING FROM THE MODEL – THE RESEARCH

The approach followed to distil the multi-stakeholder collaboration model from the DRM BAAM initiative model and lessons learnt from this model were as follows:

- Firstly, the team described the DRM BAAM initiative. From the description of the DRM BAAM initiative a four-step model for a multi-stakeholder collaboration was derived. Information was gathered through a range of interviews with participants and initiative documentation. This model is discussed below (more detail in Section 2.5, Figure B).
- Secondly, each of the steps in the model was linked to a “guiding theme” that grounds the model in existing research and best practice around the particular step. By comparing the DRM BAAM initiative experience to each guiding theme, the team was able to unpack and compare the initiative to the existing body of knowledge regarding such initiatives. From this work, risks to and opportunities for the DRM BAAM initiative (or similar future initiatives) could then be identified. Such knowledge can be of value when implementing or scaling a DRM BAAM initiative (or similar future initiatives). The research into the four guiding themes was complemented by case studies from the DRM BAAM initiative and comparable multi-stakeholder initiatives. The case studies are documented in more detail in the Comprehensive research document.

2.5 DERIVING A DRM BAAM MODEL AND ITS GUIDING THEMES FOR THE PRIVATE SECTOR

Based on the description of the DRM BAAM initiative activities and processes, a four-step high-level model, set out below, was derived. Essentially the DRM BAAM initiative activities consisted of four high-level steps set out in Figure A. Each step was linked to a “guiding theme” that encompasses the existing body of knowledge regarding the step.

The four steps and interrelated guiding themes are:
1. Focusing on an important issue is linked to the guiding theme of “Corporate Responsibility” (CR)
2. Engaging the initiative partners, beneficiaries and stakeholders is linked to the guiding theme of “Stakeholder Engagement” (SE)
3. Collaborating on a joint initiative is linked to the guiding theme of “Innovative Collaboration”
4. Learning from the joint initiative is linked to the guiding theme of “Business Opportunities”.

Figure A: Four DRM BAAM model steps and guiding themes
The four steps can be understood as follows:

**STEP 1: "FOCUSING ON AN IMPORTANT ISSUE"**
- Relates to focusing organisational efforts so that impact and benefits can be optimised. As a result of defining material issues upfront and working towards success in a focused manner efforts have a better chance of being meaningful and optimal.
- For example, the DRM BAAM project allowed Santam to make a local contribution to the global priority of climate adaptation. By focusing on DRM it could leverage its expertise as risk managers to the benefit of government, communities and its own business.

**STEP 2: "ENGAGING WITH PARTNERS, BENEFICIARIES AND STAKEHOLDERS"**
- Relates to selecting, agreeing, engaging and working with partners, beneficiaries and other stakeholders in a manner that will establish, strengthen and leverage stakeholder relationships for mutual benefit.
- For example, in the DRM BAAM project, a steering committee was set up and a process for engaging beneficiary municipalities around their DRM needs was established. This process involved a broad range of stakeholders and leveraged the expertise of SALGA as the constituent that can best facilitate engagement at local government level.

**STEP 3: "COLLABORATING ON A JOINT INITIATIVE"**
- Is the step where partners contribute and work collaboratively towards addressing set objectives agreed between stakeholders and beneficiaries.
- For example, the DRM BAAM project facilitated the procurement and delivery of firefighting equipment and services using a loose form of Private Public Partnership (PPPs).

**STEP 4: "LEARNING FROM THE JOINT INITIATIVE"**
- Is the step where the partner organisation takes the lessons learnt from its involvement in the project back to its own organisation and improve its business model and way of operating.
- In the case of Santam this happened through an improved understanding of modelling risk in the organisation. For DCoG and SALGA this would be through a greater understanding of the complexities in DRM management at local government level and how they can best facilitate assistance.

Figure B: Four BAAM model steps explained

### 2.6 WHAT DOES EACH GUIDING THEME MEAN AND HOW DID THE BAAM INITIATIVE PERFORM?

As stated, in order to unpack and compare the DRM BAAM model to best practice, each of the four steps in the model was linked to a guiding theme. Each guiding theme represents a body of knowledge that exists with regard to the theme. The guiding themes allow the DRM BAAM initiative to be compared to good practice indicators within each theme. When comparing good-practice indicators to the DRM BAAM initiative, project strengths that can be used by other initiatives are highlighted. Opportunities for the initiative, which can be focused on to improve the benefits of the DRM BAAM initiative for both initiative partners and beneficiaries, are indicated. Tables A to D below set out these findings. The findings are discussed in more detail in the Comprehensive research document.
### Table A: The DRM BAAM initiative compared to Guiding Theme: Corporate Responsibility

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<thead>
<tr>
<th>GUIDING THEME</th>
<th>WHY WAS THE GUIDING THEME SELECTED?</th>
<th>GOOD-PRACTICE INDICATORS ASSOCIATED WITH THE GUIDING THEME</th>
<th>DRM BAAM INITIATIVE</th>
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</table>
| Focus on an important issue relates to the guiding theme of Corporate Responsibility (CR) | In order to inform the focus on an important issue, organisations need to clearly define, understand and respond to their responsibility towards their stakeholders and the ecology. It requires organisations to consider the following sub-themes:  
• Define the focus of and limits to an organisation’s responsibility.  
• Gain a deep understanding of the organisation’s CR with reference to existing frameworks, research and best practice.  
• Use the deep understanding to find partners, embark on initiatives and report on CR. | Do the partners engage stakeholders and consider organisational strategy, compliance and risks when defining corporate responsibility?  
Is corporate responsibility aligned with global priorities?  
Is corporate responsibility aligned with national priorities?  
Does corporate responsibility consider and is it aligned with existing industry- and issues-based frameworks / principles?  
Is the research reviewed and commissioned to form a deep understanding of identified CR issues?  
Are best practice and the existing body of knowledge considered?  
Are appropriate partners identified with whom to address CR?  
Are activities embarked on initiatives to address corporate responsibility (move to action)?  
Is a report-back to stakeholders on performance against CR prioritised? | Strength of the initiative  
Strength of the initiative  
Strength of the initiative  
Strength of the initiative  
Opportunity for the initiative  
Strength of the initiative  
Strength of the initiative  
Opportunity for the initiative |

### Table B: The DRM BAAM initiative compared to Guiding Theme: Stakeholder Engagement

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<th>GUIDING THEME</th>
<th>WHY WAS THE GUIDING THEME SELECTED?</th>
<th>GOOD-PRACTICE INDICATORS ASSOCIATED WITH THE GUIDING THEME</th>
<th>DRM BAAM INITIATIVE</th>
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| Engaging with partners, beneficiaries and stakeholders relates to the guiding theme of Stakeholder Engagement (SE) | (SE) refers to the activities by which an organisation involves its stakeholders in its governance and management of corporate responsibility. It requires considering the following sub-themes:  
• Relationships built on mutual trust and value should underpin the DRM BAAM initiative in order to generate social capital.  
• Stakeholder collaborations should contribute to the development of an effective stakeholder model for the partners in their organisations.  
• Stakeholder collaborations should allow for the effective flow of important information between the | Does the initiative show organisations to be seen as trustworthy?  
Does the initiative ensure that the partners and stakeholders are rewarded for risk taking in the relationship (thus building trust)?  
Does the initiative provide functional, psychological and values benefits to those involved?  
Is there clarity on issues around which to engage?  
Is there a clear process of engagement?  
Are the necessary tools and systems for effective engagement available?  
Are competent agents who can facilitate engagements used?  
Are communication channels with stakeholders and beneficiaries strong enough to enable effective engagement and influence policy? | Strength of the initiative  
Opportunity for the initiative  
Opportunity for the initiative  
Strength of the initiative  
Strength of the initiative  
Opportunity for the initiative  
Opportunity for the initiative |
<table>
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<tr>
<th>GUIDING THEME</th>
<th>WHY WAS THE GUIDING THEME SELECTED?</th>
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<th>DRM BAAM INITIATIVE</th>
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| Collaborating on a joint initiative relates to the guiding theme of **Innovative Collaborations** | Innovative Collaborations refer to collaborations between public and private organisations that lead to a more effective transfer of risks and benefits. It requires considering the following sub-themes:  
  • Optimal multi-stakeholder collaborations will strive to achieve the benefits associated with PPPs  
  • Ensuring sufficient and sustained funding for successful collaborations. | Does the initiative enhance partners’ capacity to develop integrated solutions?  
  Does the initiative facilitate creative and innovative approaches to achieving outcomes?  
  Does the initiative reduce the cost and time to implement?  
  Does the initiative transfer risks to the appropriate partner?  
  Does the initiative attract strong partners?  
  Does the initiative provide access to skills, experience and technologies?  
  Does the initiative develop a replicable and robust collaboration model?  
  Does the initiative offer an appropriate funding model? | Strength of the initiative  
  Strength of the initiative  
  Strength of the initiative  
  Opportunity for the initiative  
  Strength of the initiative  
  Strength of the initiative  
  Opportunity for the initiative  |
| **Table C:** The DRM BAAM initiative compared to Guiding Theme: Innovative Collaboration |

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<th>GUIDING THEME</th>
<th>WHY WAS THE GUIDING THEME SELECTED?</th>
<th>GOOD-PRACTICE INDICATORS ASSOCIATED WITH THE GUIDING THEME</th>
<th>DRM BAAM INITIATIVE</th>
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| Learning from a joint initiative relates to the guiding theme of **Business Opportunities** | Business Opportunities refer to the lessons learnt from CR activities that inform organisations’ objectives, strategy and business models. Good-practice indicators will depend on the nature of the organisation. In the case of the DRM BAAM initiative Santam was used as an example. Focus areas:  
  • Sustainable growth opportunities through growing the market and new and / or enhanced products and services.  
  • Gaining a competitive advantage through enhanced efficiencies, e.g. people efficiencies | Does the initiative contribute to a growing understanding of the market / beneficiaries of the organisations?  
  Does the initiative contribute to new and / or enhanced products and services for the organisations?  
  Does the initiative provide the organisations with a competitive advantage?  
  Does the initiative contribute to people efficiencies in the organisations?  
  Does the initiative enable better alignment between organisations (synergies)?  
  Does the initiative contribute to organisations’ abilities to better manage their risk pool (insurance specific)? | Strength of the initiative  
  Opportunity for the initiative  
  Opportunity for the initiative  
  Opportunity for the initiative  
  Opportunity for the initiative  |
| **Table D:** The DRM BAAM initiative compared to Guiding Theme: Business Opportunities |
2.7 KEY LESSONS LEARNT FROM COMPARING THE DRM BAAM INITIATIVE WITH THE FOUR GUIDING THEMES

When reflecting on the performance of the DRM BAAM initiative against a body of knowledge associated with each guiding theme, the following key lessons learnt emerged:

Corporate Responsibility Guiding Theme

**Benchmark against similar initiatives**

The DRM BAAM initiative could benefit from benchmarking the DRM BAAM study against other similar initiatives. As an outcome of this research the DRM BAAM initiative has already been compared to four DRM initiatives from the rest of Africa as well as the UN Global Compact business collaboration initiative.

**Share best practice**

The magnitude of the infrastructure challenge in targeted municipalities highlights the need for other initiative partners to participate in the DRM BAAM initiative. The DRM BAAM Steering Committee aims to share lessons learnt from this particular DRM BAAM initiative. The initiative serves as a proof of concept that can guide other companies to participate in BAAM initiatives. In addition, the DRM BAAM initiative can also be shared with a global audience, specifically linking it in to climate change adaptation initiatives focusing on vulnerable communities.

**Reach out to communities in municipalities**

Literature on CR for complex programmes such as DRM highlights the importance of designing multi-stakeholder programmes. Currently the DRM BAAM initiative focuses on Government as key stakeholder and vulnerable communities in the local municipalities as beneficiaries. The programme can be strengthened by considering direct interaction with communities. Examples of such programmes could include Early Warning Systems (EWS) in targeted municipalities.
Stakeholder Engagement Guiding Theme

**Leaving relationships behind**

It should be recognised that an organisation’s staff continuously interface with various stakeholder groups on a daily basis. As a result, many staff members are in fact acting as engagement agents in the regular course of their work. Such staff members should be identified by the organisation and capacitated to ensure they can effectively engage in a manner consistent with the SE strategy of the organisation. These employees also need to be capacitated and supported to provide feedback to the organisation in order to generate business intelligence. In the case of the DRM BAAM initiative, this would imply that staff of the BAAM partners are continuously building relationships with local government and communities as part of their daily activities.

**Creating stakeholder awareness (Early Warning System)**

EWS is an integral part of DRM across the globe. EWS also implies creating stakeholder awareness. Private sector partners, especially, should leverage their knowledge and communication channels to the benefit of communities exposed to systemic risks. For example, Santam (an expert in risk management) can use systemic risk information to communicate/share potential risks with stakeholders. The relationship between private partners and communities can also be mutually beneficial, i.e., social media platforms can be used by communities to inform insurers, like Santam, of risk.

**Informs SE models**

Knowledge gained from collaborations should be used by the partners to enhance their models for engagement with stakeholders, i.e., lessons learnt from initiatives, such as the DRM BAAM initiative, should be used by organisations to develop and enhance their formal stakeholder engagement processes and models. This knowledge can also be used to formulate engagement processes for less formal engagements taking place in the regular course of business. Achieving this would require the partners to capture engagement outcomes as well as best practices while working on BAAM DRM-type initiatives. Another important lesson from the DRM BAAM initiative was to consider and involve the full range of stakeholders impacted and involved in the initiative up-front. This could complicate the process, but if the multi-stakeholder process is well governed it should ensure a better outcome. For example, the DRM BAAM initiative could have benefited from involving provincial government at an early stage in addition to local and national government.
Innovative Collaborations Guiding Theme

**Good governance and planning**
There is no blanket approach to BAAM initiatives. Each multi-stakeholder initiative needs to be planned and treated according to its unique complexities. However, strong governance is a prerequisite across any initiative. It is suggested that roles and responsibilities be clearly agreed at the outset, e.g. Memorandum of Understanding (MoU). One of the strengths of the current DRM BAAM initiative was the use of its steering committee. A strong steering committee is vital to manage the divergent interests in a multi-stakeholder partnership. Good planning in a multi-stakeholder initiative is a prerequisite for success. This entails considering the exit plan in the planning phase of the initiative.

**Alternative models and sources of finance**
A key finding of this research is that initiatives aiming to reduce disasters and climate risk in vulnerable local governments will need to address inadequate infrastructure. This implies high-value investments across a number of areas. CSI funding will be insufficient and alternative models and sources of funding should therefore be found. Government responsibility to deliver infrastructure is sometimes hampered by the massive infrastructure challenges which are reliant on limited resources. In fact BAAM’s aim is to invite any company who may be willing to fund infrastructure or any other support area as outlined in the BAAM framework to assist.

**Attract other strong partners for BAAM**
An objective of the current DRM BAAM initiative was to demonstrate the value of the BAAM initiative to other companies. Involving other companies in the DRM BAAM initiative can contribute to strengthening the systems on which DRM relies. This research forms a living document from which the case can be made to other companies. In addition, future DRM initiatives should also consider the involvement of strong community organisations, developmental organisations and financiers.

**Accessing private sector skills and technologies**
Since the core focus of most companies is the provision of products and services, consideration should be given to the transfer of skills and technologies to and the sharing thereof with the DRM teams in local municipalities in a manner that will empower those municipalities to operate more efficiently.
**Business Opportunities Guiding Theme**

**Entry into new markets**
Collaboration and drawing on the knowledge gained from the DRM BAAM initiative can create goodwill, build relationships with governments and contribute to a better understanding of the operating environment and its unique challenges to current business models, specifically for companies that become involved. For example, as part of its emerging-markets strategy, Santam would benefit from screening for and collaborating on existing climate resilience and/or DRM initiatives.

Knowledge gained from involvement in DRM-type initiatives can be used to differentiate products from those of competitors. DRM and climate risk data could be interpreted and made available to clients and non-clients. Future DRM-type initiatives should also be used to develop and test responsible and innovative products. Such products should consider scalability and affordability, responsiveness to stakeholders, global and local impact, and being circular (consider cradle to grave impact) to ensure their sustainability. Partnerships with developmental organisations should be considered in this development. The requirement to provide access to financial services in South Africa under B-BBEE legislation can also inform parameters for products aimed at the uninsured market.

**Differentiating products (value adding to clients and non-clients)**
Leveraging competitive advantage
As seen in the case of Santam, a private sector participant in a DRM BAAM-type initiative could benefit from:

(a) being seen as a responsible corporate citizen. Santam can be seen as a short-term insurance provider to initiative partners and beneficiary municipalities, and

(b) improving the company’s business model. In the case of Santam the DRM BAAM initiative creates opportunities for the development of enhanced risk modelling that could in turn assist with better pricing and better balancing of the risk pool in the long term.
Better understanding of risk and risk event prevention

The impact of climate change on systemic risk is generally perceived as an increasing risk for Government, municipalities and short-term insurers. Studying risk and risk event prevention as well as getting involved in initiatives will result in knowledge that could be filtered back into the business learning systems. Innovation that stems from this improved understanding includes risk node modelling in vulnerable municipalities and EWS using available technologies and infrastructure. This will guide the strengthening of systemic risk models and improved data.

2.8 FURTHER KEY LESSONS LEARNT FROM THE STUDYING OF COMPARABLE DRM INITIATIVES AND INTERNAL CASE STUDIES FROM THE DRM BAAM INITIATIVE

Case studies were selected to provide a benchmark for the DRM BAAM initiative against other African DRM-related initiatives. Cases selected covered Malawi, Tanzania, Mozambique and the UN Global Compact. (For more detail about the case studies, refer to the Comprehensive research document. In summary the following could be learnt from the initiatives:

1. Opportunities exist to link the DRM BAAM initiative to global efforts that aim to address vulnerability resulting from disaster events and climate change (e.g. UN Global Compact Action Hub).
2. Multi-stakeholder initiatives such as the BAAM initiative offers synergies between companies in addressing their material issues, notably among group companies with different but complementary material sustainability issues. For example, from the Mozambique case it can be seen that if DRM BAAM’s involvement is focused on protecting against flooding in a country, it can assist in the prevention of “post-flood” waterborne diseases that have a direct impact on the life risk exposure of Sanlam (as a long-term insurer in emerging markets).
3. Multi-stakeholder collaborative DRM-type initiatives provide an opportunity to pilot and develop insurance products for emerging markets and the uninsured, as seen in the case of Malawi.
4. Supporting existing multi-sectorial DRM efforts in targeted emerging-market countries (using the knowledge gained from the BAAM-type initiatives) provides business with opportunities to demonstrate its intent to be active corporate citizens in that country. This could build goodwill towards the company.
5. The benefits of EWS were seen in the case of Tanzania and included the establishment of effective communication mechanisms by Government to enable communities to prepare for and respond to disasters timely and effectively.
Based on the DRM BAAM initiative experience the under mentioned cases could be constructed. Each case can be used to either inform the effective scaling of the DRM BAAM initiative or to support greater involvement in BAAM-type initiatives by other organisations.

### CORPORATE RESPONSIBILITY

- **#1** - Contributing to DRM in local municipalities as an effective response to climate change
- **#2** - Studying material sustainability issues in order to respond effectively - Eden District Study
- **#7** - Using the DRM BAAM initiative to inform the stakeholder engagement process
- **#10** - Mapping risk exposure in vulnerable municipalities

### BUSINESS OPPORTUNITIES

- **#9** - Introducing stakeholder processes and structures to embed relationships post BAAM initiatives
- **#8** - Promoting systemic knowledge sharing
- **#4** - Pursuing greater involvement in BAAM through the DRM BAAM initiative experience
- **#10** - Mapping risk exposure in vulnerable municipalities

### STAKEHOLDER ENGAGEMENT

- **#3** - Initiating a DRM BAAM initiative
- **#9** - Introducing stakeholder processes and structures to embed relationships post the initial DRM BAAM initiative

### INNOVATIVE COLLABORATIONS

- **#6** - Using B-BBEE trust funds to support vulnerable municipalities
- **#3** - Initiating a DRM BAAM initiative
- **#9** - Introducing stakeholder processes and structures to embed relationships post BAAM initiatives

### CONCLUSION

This DRM BAAM initiative, the first of its kind to be documented, serves as an example and guideline for future collaborations of a similar nature. The model is replicable and offers clear implementation requirements and outcome evaluation techniques. It is apparent that with the immense set of challenges facing local government, stakeholders have a better chance of successful and mutually beneficial results when collaborating and leveraging their strengths. The report also highlights areas that could be enhanced for future initiatives. The four implementation steps that are each anchored in a best-practice guiding theme, provide an evaluation framework and the resulting key lessons highlight the successes and opportunities within each guiding theme. It was the overall research objective to provide a guiding document for other stakeholders in similar initiatives to benefit from lessons learnt and to continue to participate in innovative efforts that strengthen our society, our environment and the economy.
For more information about the project contact:

**John Lomberg**  
Santam Ltd  
Head: Stakeholder Engagement  
E-mail: stakeholder@santam.co.za  
Tel: 021 915 7000