Inclusive insurance and risk financing in the United Republic of Tanzania

Snapshot and way forward 2023

Why this report?

This report summarizes the key findings of an inclusive insurance and disaster risk finance country diagnostic carried out by the UNDP's Insurance and Risk Finance Facility (IRFF) and UNDP Tanzania. The objective of this summary report is to present a high-level overview of the following information:

1. **Key risks,** especially climate risks
2. The current state of **inclusive insurance**
3. The current state of **disaster risk finance**
4. **Recommendations to advance** inclusive insurance, disaster risk finance and overall development in the United Republic of Tanzania

This summary is intended to serve as a starting point for discussion and collaborative action planning on inclusive insurance and disaster risk finance between UNDP and key stakeholders, including insurance sector actors, government agencies and other development sector actors.

IRFF goals

Impacts: Reduced vulnerability, enhanced resilience of countries and communities, and strengthened prospects for sustainable development.

Outcomes: Country and community long-term resilience improved by development and delivery of integrated insurance, risk finance and investment solutions, from products, tools and services all the way leading to market transformation.

Contact IRFF for questions:
If you wish to discuss the findings and recommendations of this report, reach out to:

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Key messages

1

Risks: Floods, drought, earthquakes, disease outbreak and marine accidents.

2

Inclusive insurance: Government and regulatory bodies have been supporting inclusive insurance growth since the country's first microinsurance regulations were put in place in 2013, and the current Insurance Sub-sector Action Plan contains several targets aimed at inclusion. At least five insurance companies offer microinsurance products, with over **77,000** of these policies sold in 2021.

3

Disaster risk finance: The Disaster Management Department (DMD) is responsible for coordinating disaster preparedness and response, including mobilizing funds and resources. The Government shoulders the costs of disasters, through budget reallocations as well as the National Disaster Management Fund, which is funded by a combination of public and donor funds. No sovereign risk transfer solutions or contingent credit mechanisms are in place and public assets are uninsured.

4

Key recommendations include: Enhance market-based research and development activities for inclusive insurance; assist the Tanzania Insurance Regulatory Authority (TIRA) to continually enhance the enabling environment for inclusive insurance; build industry capacity to innovate client-centric products and form effective partnerships; develop risk information and modelling systems for disaster risk; develop a comprehensive disaster risk financing strategy; and support next steps to adopt sovereign risk transfer solutions.

Tanzania's development and hazard profile

Key macroeconomic and development indicators

4.3% gross domestic product (GDP) growth was achieved in 2021,[1] and Tanzania reached lower-middle-income country status in July 2020.[2]

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US$67.8 billion

GDP and **$1,136 per capita income** were reached in 202.[3]

28%

of Tanzanians remained below the nationally determined poverty line in 2018.[4]

26%

of GDP in 2021 was accounted for by agriculture,[5] which employed **65%** of people in 2019.[6]

36%

of Tanzania's **61.5 million people** lived in urban areas in 2021, following rapid population growth over the past decade.[7,8]

54%

of the country's micro, small and medium-sized enterprises (MSMEs) are owned by women, who make up more than half of the population and workforce. However, women in the workforce earn half as much as men, and many women remain financially insecure.[9]

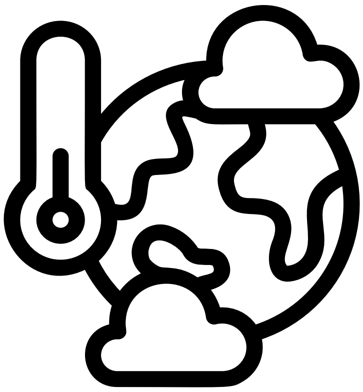
23%

of the adult population (age 15+) had an account at a financial institution as of 2021, while **45%** had a mobile money account.[10] Only **16%** of women had an account at a financial institution, compared to **32%** of men.[11]

Hazard context

In the 2021 WorldRiskIndex, Tanzania ranked 52nd in the world for exposure and vulnerability to extreme natural disasters.[12] It is one of the biggest countries in Africa in the category of "very high disaster risk".

Between 2000 and 2020, **363 disasters** were recorded.[13]



Zanzibar and mainland Tanzania have very different disaster risk profiles, since Zanzibar is a small island surrounded by ocean and so incurs more flood and marine-related risks than the mainland.

On average, Zanzibar experiences nearly **$2.2 million** in combined losses from floods, earthquakes and tropical cyclones each year.[14]

Key risks and hazards

Flood

- Tanzania's economy is heavily exposed to flood: flood-affected areas produce about **0.45% of GDP (about $215 million)**.[15] Direct economic losses from floods are estimated at about **$28 million per year** (0.06% of total economic value of assets).[16]
- Services and agriculture are the sectors most impacted, followed by the transportation sector.
- Floods affect, on average, almost **150,000 people annually**, or about **0.26%** of the total population of Tanzania.[17] The 2020 Lindi Flood affected over 28,000 people (c.5,500 households) and 45 people died.[18]
- In Zanzibar, flooding is the most significant risk, causing nearly **90%** of annual average losses across all of the major hazards.[19]
- In addition to flooding, around **25%** of Tanzania's population live along the mainland coast and are susceptible to accelerated sea level rise.[20]

Earthquake

- Tanzania lies in an active earthquake zone, with **90% of the country** likely to be affected by strong earthquake.[21]
- A 2016 earthquake in the Kagera region resulted in 17 deaths and 440 injuries. Over 117,000 people lost their homes and 235 school and health facilities were damaged. An estimated $50 million was needed for the response.[22]

Key risks and hazards (cont.)

Drought

- Droughts are estimated to directly affect almost **5 million people** per year, which could increase to **12 million people** by 2050 under projected climate conditions and population growth.[23]
- Tanzania's agriculture sector is heavily exposed to the risk of drought: average direct annual economic losses in agriculture are estimated at **$140 million**, which could more than double by 2050. Around **4.4 million** working days per year are lost to drought.[24]
- Between 1997 and 2017, **91%** of disasters in which people required immediate assistance were cases of drought.[25]
- More than **20%** of livestock is exposed to the risk of drought, which is projected to rise to **40%**.[26]

Disease outbreak

- Epidemics accounted for **21%** of the total disasters in the last five years.[27]
- Malaria, for example, has expanded into regions that have historically been unaffected (e.g., Tanga and Kilimanjaro),[28] and **93%** of the population in 2018 remained at risk of malaria.[29]
- More outbreaks of water-related diseases (such as cholera and schistosomiasis) are expected in the future.[30]

Marine accidents

- Marine accidents accounted for **16.2%** of total disasters in the last five years.[31] These types of disasters, such as ship sinkings, are of particular concern for Zanzibar.

Pests

Pests are considered a major hazard and regularly cause significant damage and losses to crops in each of Tanzania's seven agro-ecological regions.

Intense winds

Intense winds accounted for **8%** of total disasters in the last five years.[32]

Inclusive insurance[33]: Status

Context

Government and regulatory bodies have supported inclusive insurance growth since the first microinsurance regulations were issued in 2013, and work began on a national financial inclusion framework in 2014.

In 2021, five insurers offered microinsurance products, with a total outreach of over **77,000 policies**.[34]

The Financial Sector Development Master Plan (FSDMP) launched in 2020 aims to enhance financial inclusion. Part of the FSDMP, the Insurance Sub-sector Action Plan includes specific targets for insurance, many of which will support the development of inclusive insurance.[35]

Enabling environment[36]

Highlights from the enabling environment for inclusive insurance in Tanzania

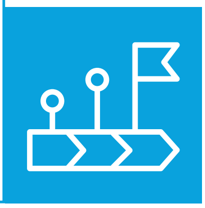
Policies / Plans

National Financial Sector Development Mater Plan (FSDMP) and Insurance Sub-sector Action Plan[37]

The Government launched the 10-year FSDMP in 2020, with the first of its nine objectives to enhance financial inclusion. The insurance sub-sector is among the five sub-sectors implementing the FSDMP, and to do so, an Insurance Subsector Action Plan (ISAP) has been developed. The Thematic Working Group for Insurance Sub-sector will lead the implementation and coordination of the ISAP.

Targets to be achieved by 2030 include:

- **50%** of the adult population use insurance services
- **10** new demand-driven products have been developed by insurance stakeholders
- **8** affordable distribution channels have been developed
- **90%** of population have health insurance
- **65%** of disadvantaged groups, gender and youth access and use financial products
- **10%** of total insurance premiums are contributed by agriculture insurance
- **80%** of the adult population have confidence to engage with insurance service providers.



Regulations

Insurance Act

The insurance sector is governed by the Insurance Act (No. 10 of 2009), which established TIRA. The Act mandated the Commissioner for Insurance to issue circulars and supervise compliance with all aspects of regulations, including licensing and supervising market conduct of insurance business and players.

Bancassurance Regulations, 2019

The Bancassurance Regulations for Banks and Financial Institutions, 2019, were established by TIRA and the Bank of Tanzania as a framework for the supervision of bancassurance business, enabling banks to distribute insurance and thereby making insurance more accessible through banks' wider geographical networks. The regulation enhances consumer protection, while also providing a one-stop shop for banking and insurance services.

Micro-Insurance Regulations, 2013[38]

The enactment of the Micro-Insurance Regulations, 2013 provided an opportunity for low-income households to access insurance. The regulations provided an enabling environment for the growth of inclusive insurance by providing a framework for micro-insurance business, facilitating the availability of key information, promoting consumer education and awareness and encouraging coverage for low-income households.

Potential gaps and pain points exist, however: bundling of life and non-life microinsurance coverages is not allowed, and although the regulations provide for registration of microinsurance agents, they do not allow for the establishment of microinsurance companies. Moreover, microinsurance claims are required to be settled within 3 days of receiving documentation, which is onerous compared to the usual 45 days for other types of insurance.

Despite a generally positive response from insurers, TIRA has not recorded a significant uptake of microinsurance among the low-income population since the regulations were enacted. TIRA has indicated the need for a thorough review of the regulations.[39]

Other inclusive insurance-related regulations

TIRA has introduced new regulations and guidelines to support the development of new practices and services and further develop the insurance market. Several of these have implications for the inclusive insurance sector, including:

- General insurers are now allowed to offer funeral policies under the miscellaneous category in the general insurance schedule.
- Companies can sign memoranda of understanding with mobile network operators to allow them to act as distribution channels for insurance. This initiative has increased the accessibility and coverage of insurance products in the market.
- TIRA is currently actively pursuing the development and implementation of a Takaful Insurance Platform and guidelines (nearing completion) and a National Agriculture Insurance Scheme (still under development).

Stakeholders

Government and regulatory bodies that support inclusive insurance growth

The insurance sector is managed by three institutions:[40]

- The Ministry of Finance and Planning coordinates financial sector development and policymaking. It has overall responsibility for the sector and sets industry requirements.
- Tanzania Insurance Regulatory Authority (TIRA), under the supervision of the Ministry of Finance and Planning, is charged with developing Tanzania's insurance market to make it efficient, fair and safe for the benefit of insured persons. It is responsible for the insurance sub-sector and provides guidelines and/or frameworks for any line of business that takes place within this sector. All new insurance products must be submitted to and are regulated by TIRA. TIRA staff have been trained on inclusive insurance topics by organizations such as the Access to Insurance Initiative (A2ii).
- The Bank of Tanzania regulates the banking sector and provides the framework for the provision of bancassurance services.

Each of these institutions has been involved in setting up financial inclusion strategies, frameworks, policies and plans.

Insurance Institute of Tanzania (IIT)

IIT was established to provide a proper forum and necessary facilities for the advancement, exchange and improvement of insurance knowledge and practice in Tanzania, coordinating insurance activities and exchange of insurance knowledge, information and expertise within and outside the country. It hosted a microinsurance training course in 2018, as well as an insurance day in 2019 that included a focus on inclusive insurance. IIT could be more actively involved to support the development of inclusive insurance.

Thematic Working Group for Insurance Sub-sector

The Thematic Working Group for Insurance Sub-sector ensures the effective implementation of the Insurance Sub-sector Action Plan (ISAP), aimed at enabling the development of an inclusive insurance sub-sector. The main objective of the Working Group is to coordinate, supervise, monitor and report on the implementation of the ISAP.

The Association of Tanzania Insurers (Bima kwa wote)

The Association acts as a platform for all initiatives undertaken by insurance companies in Tanzania. It has been quite proactive in approaching TIRA with new ideas and information, and it actively engages with the regulator on a number of topics that require additional support. To date, the association has not engaged on microinsurance or inclusive insurance, but it could be a key partner for engaging the sector on inclusive insurance in the future.[41]

Actuarial profession

Although four actuarial firms operate in the country, there is a shortage of fully qualified and experienced insurance professional actuaries, which affects the quality of underwriting.

The Actuarial Society of Tanzania seeks to promote the advancement of the actuarial profession in Tanzania and is an associate member of the International Actuarial Association.

Supply-side snapshot

Insurance (traditional and micro) coverage: Fast facts[42]

Below 1%
penetration rate (gross written premiums as a percentage of GDP) has been achieved by commercial insurance in the last five years, lower than neighbouring countries Kenya and Uganda.

25 general insurers, **5 life / long-term insurers, 1 composite insurer and 2 reinsurers** were active in the market in 2021. This includes 1 government-owned insurance company in Zanzibar.

5 large insurers dominate the market.

82% of the sector was made up of general (non-life) insurance, with **746 billion Tanzanian shillings (TZS, $325 million)**[43] in gross written premiums (GWP) in 2021, while life insurance accounted for **18%**, at **TZS 165 billion ($72 million)** in GWP.

Distribution

The sector relies on traditional product distribution models: **agents and brokers** are responsible for most premiums and direct sales through insurers are minimal. However, alternative distribution through **banks and mobile network operators** has been successful and is playing an increasing role in the market. Since the enactment of the 2019 Bancassurance regulations, 20 of more than 50 banks have been granted licences. However, significant increases in outreach are unlikely to happen until insurance companies improve their product ranges.

Insurers could increase direct sales and reduce their sales costs by implementing digital options for customers, but mobile and internet outreach are relatively limited: only **65%** of the adult population (age 15+) own a mobile phone and just **20%** have internet access, according to the 2021 Global Findex.[44]

Insurance products: Fast facts

Five microinsurance products, offered by five insurance companies, were approved by TIRA as of 2021. Just over **77,000 policies** were recorded as being sold for the year in 2021.[45]

The extent to which insurers offer other products that reach inclusive insurance target segments (such as farmers and MSMEs) is unknown; however, interviews with leaders of associations working with inclusive insurance target markets found that **60% of associations offer their members compulsory insurance**, such as motor insurance and credit life insurance, while **40% offer voluntary insurance policies**, such as fire and health.[46]

Matching people's insurance needs with affordability levels is reported as a major challenge for insurers.

Several products that seek to make insurance more inclusive are available:

Since 2021, MicroNsure, an Indian-based insurtech firm, has partnered with Acclavia, a Tanzania-based insurance distribution company, to provide digital solutions for microinsurance products. Life, health, personal accident and other microinsurance products have been provided to more than **125,000 customers**.[47]

Mobile network operator Tigo has partnered with insurer BIMA MILVIK to offer hospitalization and life and disability coverage to its users.[48]

Jubilee Insurance Company, Acre Africa and Tan Management Insurance brokers provide affordable and digitized weather index-based insurance for farmers in case of excessive rainfall or drought.[49]

The traditional inurance market: Fast facts

Agriculture insurance contributes less than **1%** of total insurance premiums, despite the sector's importance to Tanzania's economy. Six insurers offer a mix of agri-insurance coverages, including weather index insurance, which is often used to target inclusive insurance populations.[50]

Health insurance is covered by the National Health Insurance Fund (NHIF), which was established in 1999 as a compulsory health insurance scheme for public employees. It has since expanded to offer voluntary (contributory) membership options for private companies, educational institutions/students, children under 18, farmers in cooperatives, organized groups and the general public.[51]

Life insurance products

The life insurance business in Tanzania remains at an early stage of development, challenged by informal arrangements that families and groups within the community use to support each other.

In 2021, group life accounted for **69%** of life business (premium volume), individual life **18%** and other life business **13%**.[52]

Demand-side snapshot

Interviews conducted with leaders of associations that work with inclusive insurance target markets (such as farmers and MSMEs) provided some insights on risks, coping mechanisms and insurance perceptions:[53]

- Top concerns related to income generation are weather-related risks, such as flood, drought and hail, as well as fire and loan default
- Top individual risks are death, sickness and accidents
- Key risk mitigation mechanisms are informal arrangements, namely contributions from groups, borrowing and support from family
- Awareness about insurance came from various channels, including radio, TV and newspaper advertisements, as well as friends, insurance companies and government
- Low customer trust and awareness was regularly mentioned by focus groups.

Sovereign disaster risk financing[54]: Status

Disaster risk assessments[55]

Tanzania needs to improve the availability of data on incidences of disaster and their effects on Tanzanian communities.[56] Limited data are available on financial losses from previous disasters, including on recovery costs. However, the Disaster Management Department has a department for disaster research that is charged with carrying out damage and needs assessments and mapping hazards and vulnerabilities, among other responsibilities.[57]

Key constraints include

- Limited financial, technical and human capacities for research, leading to poor and uncoordinated research on geo-hazards and other global issues and their effects on human health and property
- Lack of tools for multi-risk assessments and cost benefit analysis
- Lack of technical and infrastructure capacities to analyse and disseminate early warning information
- No clear mechanism to share sector-related hazard data among stakeholders.

Existing legal frameworks and policies

The **Disaster Management Department (DMD)**, under the Prime Minister's Office, is tasked with coordinating disaster preparedness and responsiveness in the country. Among its mandates is to "develop strategies for resource mobilization, solicit funds and administer distribution and utilization of funds and relief supplies".[58] Zanzibar has established a Disaster Management Department under the second Vice President's Office; it will link up with DMD on the Tanzanian mainland, which is the overall coordinator for all disasters across the United Republic of Tanzania.

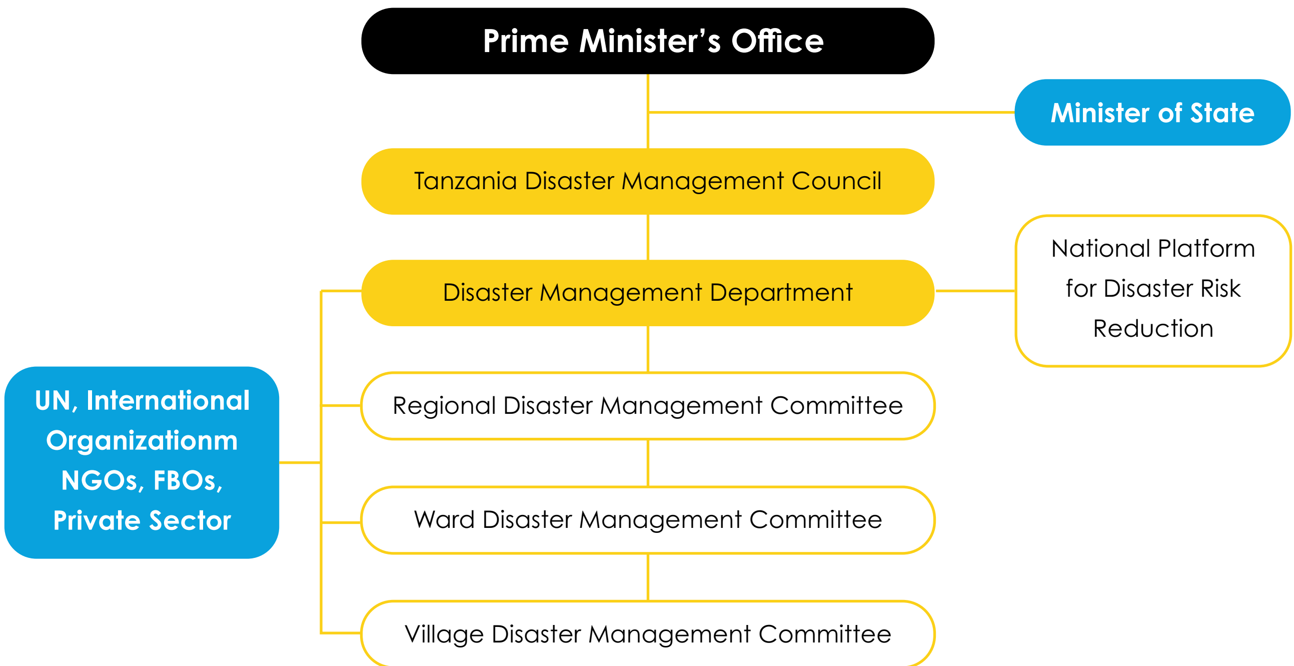
The **National Platform for Disaster Risk Reduction**, a multi-sectoral, inter-disciplinary mechanism for policy guidance and coordination of disaster risk reduction strategies, plans and actions, is coordinated by the DMD.

The **Tanzania Disaster Management Agency (TDMA)** is the focal point for the coordination of disaster risk management and reduction. It plays a critical role in coordinating post-disaster response and recovery. One of its functions is to "mobilize resources for the purpose of disaster management activities", though no specific mention of financial resources is made in its establishing legislation.[59]

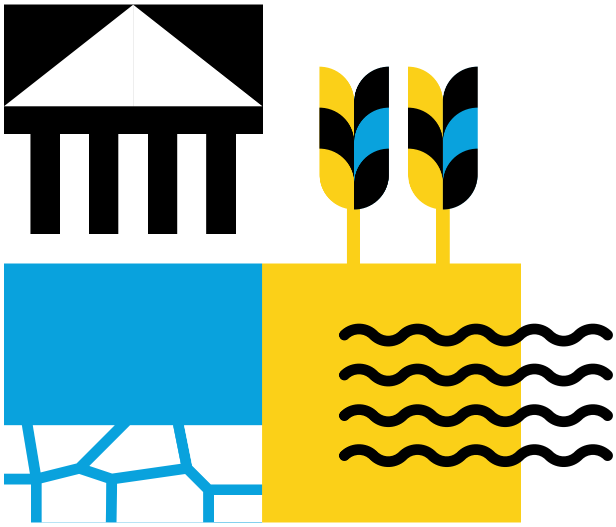
The **Tanzania Disaster Management Council (TDMC)** oversees the management and activities of the DMD. The council is mandated to ensure that disaster risk reduction is integrated into relevant government plans, policies and strategies.[60]

The Disaster Management Act (2015):

- Established the TDMA and TDMC
- Provides the framework for disaster management committees at the regional, district, ward and village levels
- Established the **National Disaster Management Fund (NDMF)** to implement DRR and humanitarian services.



Existing disaster risk finance mechanisms and instruments



Neither sovereign risk transfer solutions nor contingent (pre-arranged) credit mechanisms are in place and public assets are uninsured.

At present, the Government shoulders most of the recovery costs from disasters. Such costs are financed largely *ex post* through budget reallocation and donor support. The National Disaster Management Fund is the only *ex ante* funding mechanism; it is funded primarily through the national budget and contributions from donors, private companies and individuals. To date, it has been receiving less than **1%** of the national budget for relief, response and recovery post-event costs. A committee made up of Permanent Secretaries of Sector Ministries decides how to use the relief funds in response to a disaster.

Zanzibar implemented its own disaster risk relief account after the disastrous sinking of a cargo ship in 2011. The account is funded by voluntary donations from private and non-governmental donors.

Funding gap analysis

- Government budgetary allocations to the NDMF have been extremely minimal, and steadily decreased from a high of **$3.5 million** in 2015 to less than **$1 million** in 2020[61]
- The Government spent just **$20.5 million** in response to weather-related disasters between 2000 and 2019; **40%** of this was during the 2009 El Niño year alone[62]
- Budget deficits in the NDMF are usually financed by reallocation of funds when a disaster occurs.

With annual estimate losses from floods and droughts alone totalling **$168 million ($28 million and $140 million**, respectively), existing budget allocations and donor assistance cover only a small fraction of potential disaster losses.

Way forward for inclusive insurance and risk financing

The following recommendations are provided for supporting the development of inclusive insurance sovereign disaster risk finance in the United Republic of Tanzania.

1 Improve understanding of the market / enhance demand

1.1 Little research is available for the insurance sector and TIRA lacks research funds.

Enhance market-based research and development activities.

- TIRA should develop additional, effective collaboration with insurance stakeholders, including partner states and institutions, to facilitate periodic research activities on a wide range of insurance matters that are currently holding back market development.
- Larger insurers should be supported to invest in internal teams for market research, especially on inclusive insurance target markets.
- A needs assessment should be conducted to determine the types of disaster risk insurance products that may be appropriate at the consumer level, and to ascertain whether insurance is the right tool relative to other coping measures and options for investment.

1.2 Lack of consumer awareness and trust is seen as a key challenge.

Support sector-wide consumer education efforts.

- Insurers should be supported to offer client-centric products and to build capacity to implement client-centric marketing and information strategies.
- An assessment should be conducted of prior insurance awareness programmes to determine their effectiveness and take advantage of lessons learned.
- Insurance players and development partners should collaborate to implement insurance awareness strategies and programmes, particularly among marginalized populations, that build consumers' ability to identify valuable insurance solutions.

Enhance the enabling environment

1.3 The microinsurance regulation is 10 years old and has not resulted in much increase in inclusive insurance penetration.

Assist TIRA to develop a more effective enabling environment that will facilitate the provision of inclusive insurance.

- UNDP should facilitate a Regulatory Impact Assessment with regard to the micro-insurance regulations, which should include information on the regulatory burden imposed on the insurers.
- The Ministry of Finance and Planning should conduct regular workshops between TIRA and industry on how to work within the existing regulatory framework to offer inclusive insurance, and should continually gather feedback from the industry on how the regulatory environment can continue to improve.
- Risk-based regulation should be enhanced, taking into account supervision, to ensure better governance of insurance companies and to modernize the legal framework.
- TIRA staff should continue to participate in trainings (such as with A2ii) on inclusive insurance, in order to build internal capacity in specialist insurance roles.

1.4 The Insurance Sub-sector Action Plan (ISAP) contains many targets relevant to inclusive insurance.

Develop concrete actions for increasing access to insurance.

- TIRA should identify specific linkages between the ISAP and inclusive insurance, to motivate the sector to take action on reaching inclusive insurance target segments.
- The potential impact of insurance in achieving the Sustainable Development Goals (SDGs) should be considered so as to inform and align with government policy and strategy, and consideration should be given to collecting data that can show the contribution of insurance to the SDGs.

1.5 Improve supply and distribution of inclusive insurance products

Microinsurance outreach was estimated by TIRA at just over 77,000 policies in 2021.

Facilitate a partnership distribution model to increase insurance uptake of the underserved population.

- In collaboration with an academic institution, a study should be conducted to identify the potential range of distribution channels and their ability to distribute inclusive insurance, including in rural areas.
- Training should be provided for insurance companies and matchmaking should be facilitated to enable them to cooperate with partners such as telecom companies, microfinance institutions, cooperative unions and others.
- Dialogue between TIRA and insurers should be conducted to help insurers understand how and when they can leverage customer data and information held by partners to make products more relevant and affordable.

1.6

The inclusive insurance market lacks technical knowledge in specialist insurance roles (actuary, claims management, underwriting etc.).

Provide financial and technical capacity-building.

- IIT should be supported to develop and complement insurance skills development programmes for practitioners.
- Working with the UNDP-Milliman Global Actuarial Initiative (GAIN) should improve the development of actuarial capacity.

1.7

Only five insurers offered microinsurance products in 2021.

Accelerate growth through competition and embrace innovation.

- Collaboration should be developed between insurance companies, intermediaries, actuaries and TIRA to create new, more effective products for the inclusive insurance market that support the implementation of the Micro-Insurance Regulations, 2013.
- This could include using the Insurance Client-Centric Cycle (I3C) process developed by Access to Finance Rwanda, which provides a series of introductory trainings to interested insurers for developing effective client-centric inclusive insurance, and guides committed insurers through an intensive multi-year programme that includes hands-on training, one-on-one technical assistance for product development and minimal financial support for implementation.

1.8

For the poorest households, even microinsurance may not be a viable option.

Assess options to buffer the poorest households from disaster shocks.

- A feasibility study should be conducted to consider options such as well-structured subsidies, social protection schemes and other micro-level contingent financing schemes.

2.1

2

Tanzania lacks an adequate repository and sufficient data on disaster risks and their impacts.

Develop risk information and modelling systems to measure risk and assess the economic and fiscal impacts of natural disasters.

- DMD should be supported to conduct a fiscal disaster risk analysis and create a country risk profile to quantify the contingent liability of the State arising from natural hazards.
- Exposure datasets should be developed detailing assets, livelihoods and populations at risk, and catastrophe risk models should be developed to articulate disaster risk in terms of ultimate impacts (e.g., direct financial and broader economic losses). This could include a linkage with the Insurance Development Forum's Global Risk Modelling Alliance (GRMA).
- Partnerships with the private sector and academia should be coordinated to develop models and technical capacity in this field while maintaining local ownership.

2.2 The integration of risk information into disaster risk management decision-making is limited.

Build capacity to incorporate disaster risk into government decision-making.

- DMD should coordinate and/or support the development of national or regional platforms to consolidate and standardize risk information.
- Policies and capacity-building initiatives should be developed to mainstream disaster risk information into decision-making processes within government institutions with DRM responsibilities. This includes the understanding and integration of disaster risk information into fiscal and public debt management.

2.3 The current approach to financing disaster risk in Tanzania is inadequate (allocated funds are well below estimated losses from floods and droughts alone) and results in significant delays during disaster.

Develop a comprehensive risk financing strategy.

- Key representatives of DMD, TDMC, TDMA and other relevant bodies should be trained on risk financing and risk layering approaches, including examples from other countries.
- Systems should be established to track disaster-related public expenditure and effectively manage disaster response efforts, as well as to identify gaps in funding, support accountability and draw lessons learned for potential improvements in disaster risk financing arrangements.
- The Ministry of Finance and Planning and DMD should be supported to co-create a broader risk financing strategy in consultation with key government and development stakeholders, via round tables, consultations and endorsements.

2.4 Sovereign risk transfer solutions are not used and there is a lack of disaster risk transfer to international markets.

Support next steps to adopting sovereign risk transfer solutions.

- Priority areas for development of risk financing solution should be identified in cooperation with the Ministry of Finance and Planning and DMD.
- Together with the insurance industry, one or more risk financing solutions should be created for consideration by the Government.

Endnotes

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Acknowledgements

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MicroInsurance Centre at Milliman (Katie Biese, Queenie Chow, Jemma Maclear, Michael J. McCord, Merideth Randles and Mariah Mateo Sarpong) based on the full diagnostic report written by Professor Josephat Lotto (lead consultant) under the technical leadership of Emmanuel C. Nnko, Lindis Norlund and Simon Moshy (UNDP Tanzania)

Coordination and review

Samwel Mwiru and Edgar Shoo (Tanzania Insurance Regulatory Authority), Emmanuel C. Nnko, Lindis Norlund, Josephine Laswai and Simon Moshy (UNDP Tanzania)

Editing and peer review by UNDP IRFF

Jan Kellett, Lauren Carter, Russell Ivan Leith, Linet Odera and Lothar Mikulla

Copy editor

Justine Doody

Graphic design

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