



Their Future, Our Action

**Report: Workshop Report on CRSD Commonwealth
Legal Experts Meeting**

23 October, 2023

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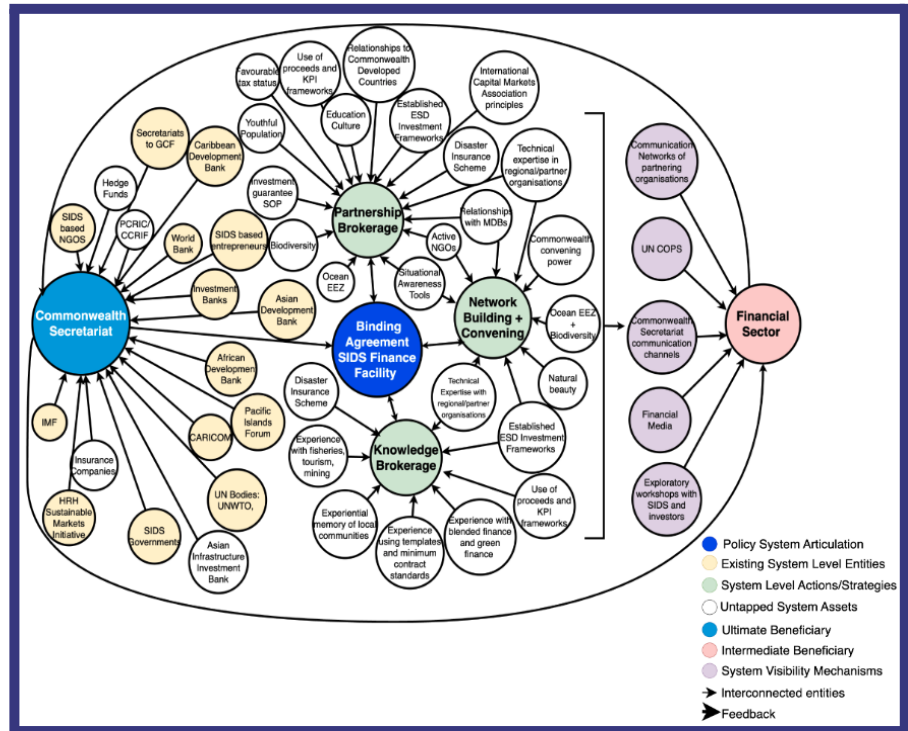
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Background

The environmental and economic challenges confronting Small Island Developing States (SIDS), exacerbated by climate change, have long presented obstacles to their development and financial progress. These complexities have often impeded SIDS from harnessing effective financial mechanisms, necessitating a tailored approach.

The Common Pool Asset Structuring System (COMPASS) represents this tailored solution. Developed from the "Their Future, Our Action" collaboration between the Commonwealth Secretariat and the Center for Resilience and Sustainable Development (CRSD) at the University of Cambridge. COMPASS is a financial institutional governance framework that enables SIDS voluntarily to pool resources to develop a robust pipeline of



investment projects and funding applications, using shared mechanisms that reduce the multidimensional risks faced by SIDS governments and by investors. COMPASS leverages existing multilateral and bilateral partnership models and opportunities from the impact investment community.

COMPASS's foundation is robust. It was designed through a comprehensive engagement involving over 500 experts, 4,000 citizens, and over 200 national policymakers from the Commonwealth. Early results are already evident, with the Commonwealth Secretariat facilitating a USD 10 million non-debt private sector investment for projects in the Caribbean.

COMPASS's strategy is built on shared values and resource pooling. It integrates diverse financial streams, including public funding, private finance, PPPs, and bond issuances, aligning with the Commonwealth Charter's principles of collaboration while preserving local autonomy.

The Marlborough House gathering underscored COMPASS's significance, with insights from prominent figures such as the Rt Hon Baroness Patricia Scotland, KC, Prof. Nazia M Habib, Director of the Centre for Resilience and Sustainable Development (CRSD), and Deborah Jamieson, the chief of staff of the Commonwealth. The committee guiding COMPASS comprised experts from renowned law firms, multilateral institutions, and top universities, ensuring a blend of expertise and practical experience.

Building upon these foundational developments, the discussion now turns towards the Cambridge-Commonwealth Legal Experts Meeting, a significant milestone in furthering the objectives of COMPASS.

Executive Summary

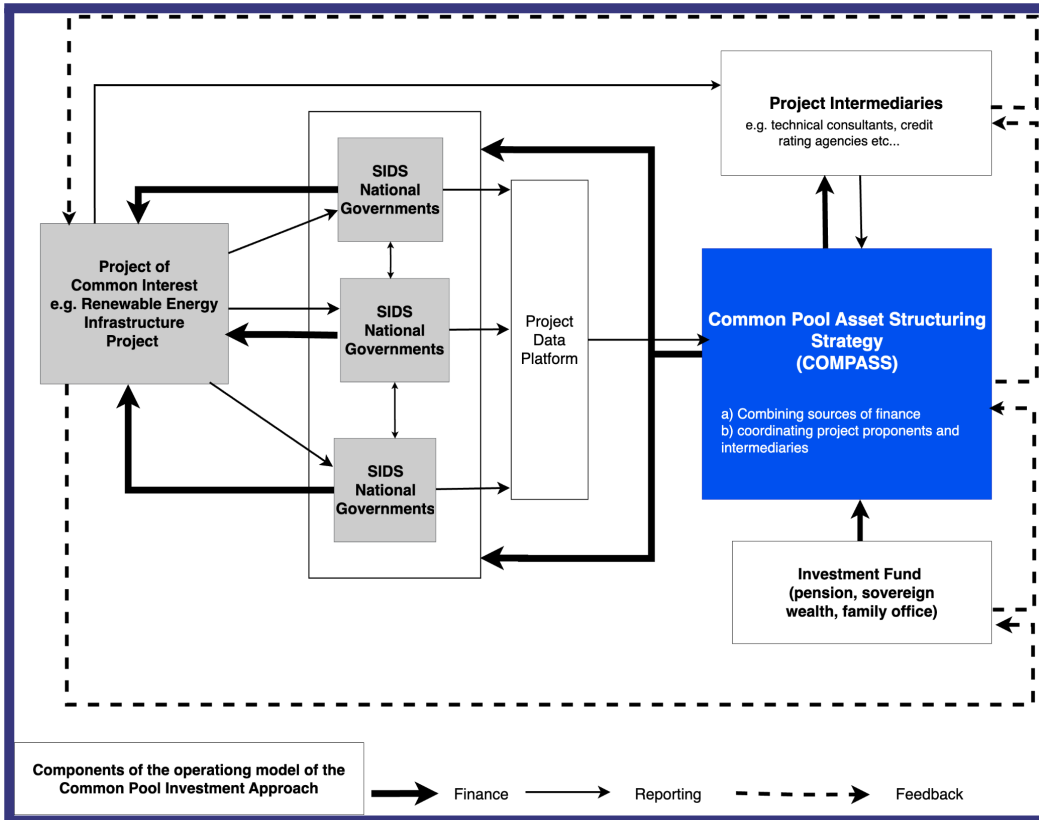
The inaugural Cambridge-Commonwealth Legal Experts Meeting, held on the 23rd of October 2023 at Marlborough House in London, was opened by the Secretary-General of the Commonwealth, the Rt Hon Patricia Scotland KC, and Prof Nazia M Habib, Director of the Centre for Resilience and Sustainable Development (CRSD) at the University of Cambridge. This joint venture between the Commonwealth Secretariat and the University of Cambridge's CRSD aimed to explore the essential legal and financial mechanisms for effectively operationalising the Common Pool Asset Structuring System (COMPASS) for Small Island Developing States (SIDS).

This workshop convened an elite panel of **over twenty global experts**, including leading legal practitioners from firms like *Clifford Chance*, *Dentons*, and *Allen & Overy*, representatives from multinational institutions such as the *United Nations*, and academics from *universities worldwide*. Their collective expertise in sustainable finance, debt capital markets, and environmental governance provided a rich foundation for the workshop's deliberations.

A central focus of the meeting was the Common Pool Asset Structuring System (COMPASS), supported by a binding framework agreement that includes both public and private sector engagement. This innovative model utilises a suite of tools tailored to meet diverse project requirements, facilitating collaborative finance and governance. The ability of COMPASS to amalgamate various investment finances, standardise processes, and ensure alignment with the capabilities of participating countries enhances its operational efficacy. Furthermore, the system places significant emphasis on safeguarding stakeholders from potential risks associated with adverse selection and moral hazards.



The principal objective of COMPASS is to create a robust financial governance framework. By enabling SIDS to pool resources voluntarily, it presents a mechanism to formulate a steady pipeline of fundable projects and applications. This structure not only seeks to reduce the multidimensional risks faced by these governments, investors, and intermediaries but also endeavours to pivot the discourse from what these nations lack to the value and opportunities they inherently present.



Example of COMPASS operating to facilitate investment in renewable energy infrastructure across three SIDS countries. Investors provide funds (thick lines) to the project lead, who provides the funding to national governments for project implementation. Technical consultants and suppliers are purchased directly by the SIDS government using a common contract to get value for money. Data is reported by SIDS to a common project data platform, which is then available for reporting by the investors.

With a successful proof of concept already in place, as evidenced by the Commonwealth Secretariat's coordination of a \$10 million USD collective non-debt private sector investment for youth-centric programs in the Caribbean, the necessity and potential of COMPASS are palpable. Furthermore, its incorporation into the 10th Commonwealth Youth Ministerial Outcome Statement serves as a testament to its strategic alignment with broader Commonwealth objectives.

The legal workshop was a crucial milestone in this journey. It sought to delve deeper into the operational, legal, and governance facets of COMPASS, exploring its underlying design principles and envisaging its future trajectory. The gathering aimed to foster collaborative discussions on co-designing the requisite legal frameworks, establishing risk mitigation strategies, standardising operating procedures across jurisdictions, and shaping model agreements that would be pivotal for the effective execution of COMPASS.



Workshop Proceedings

The Cambridge-Commonwealth Legal Experts Meeting was distinguished not only by its ambitious agenda but also by the calibre of its attendees. Comprising over twenty professionals from global legal, academic, and institutional hubs, the Committee brought together a depth and variety of expertise. Representatives from leading law firms such as Clifford Chance, Dentons, and Allen & Overy joined both in-person and online from around the world. Their insights were complemented by leaders from multinational institutions like the United Nations Economic Commission for Africa and the United Nations World Tourism Organization. The academic perspective was represented by scholars from diverse universities, including the University of Cambridge, the University of Edinburgh, the University of Auckland, the University of Amsterdam, and the Solomon Islands National University. These individuals, leaders in their respective fields, have spearheaded transformative projects in sustainable finance, navigated complex landscapes of debt capital markets, and crafted pivotal policies and frameworks at the intersection of law, environmental governance, and global cooperation. Their collective participation ensured that the discussions were grounded in a depth and breadth of real-world expertise and experience.

In the lead-up to the workshop, participants received an in-depth briefing on COMPASS, highlighting its operational successes and the tangible outcomes achieved thus far. This preparatory phase illuminated COMPASS's role in raising an additional \$10 million USD, which notably led to the creation of 10,000 jobs in the Caribbean. These achievements, including COMPASS's acknowledgement in the 10th Commonwealth Youth Ministerial Outcome Statement, emphasised its potential as a model for sustainable development in Small Island Developing States (SIDS). Building on this foundation, the workshop then transitioned into roundtable discussions that deeply explored the operational model and legal structure of COMPASS. The dialogues were strategically focused on distilling effective strategies for COMPASS's implementation, particularly emphasising how it can be integrated within the broader context of framework agreements to further enhance its impact.

Introduction & Initial Remarks

The Inaugural Cambridge-Commonwealth Legal Experts Meeting was initiated with formal addresses from key Commonwealth and University of Cambridge speakers. These presentations provided an essential backdrop and introduced participants to the foundational concepts surrounding COMPASS. Progressing from the introductory addresses, the focus transitions to the roundtable sessions, where a multitude of perspectives and expert opinions were exchanged.

Roundtable Sessions

The methodology then progressed to its core component: two distinct roundtable sessions. Each session was designed with specific core questions in mind, and participants engaged in discussions across two physical and one virtual roundtables, ensuring a comprehensive collection of viewpoints. Building on the rich dialogue from the roundtable sessions, the attendees reconvened and began their discussion of the key themes and insights that emerged during the roundtable sessions.



Discussion

After each roundtable session, participants returned to the main meeting room to engage in discussions, presentations, and a consolidation of findings. This involved each roundtable group electing a representative to present findings to the room before returning to their roundtables for discussion of the key question.

Conclusion

The Closing remarks were given by Prof. Luis Franceschi, Assistant Secretary-General of the Commonwealth. He underscored the significance of the gathering, noting, ***“We typically would be paying maybe £2 - 3 million to keep you here sitting for an afternoon on a Monday... and you have come here and done this for free”***. Prof Franceschi highlighted the deep-seated challenges faced by 32 Small Island Developing States grappling with substantial sovereign debt. In his pursuit of viable solutions, he acknowledged having reached out to esteemed professionals, including Deborah



Zandstra, for their expertise. He further emphasised the Commonwealth's commitment to fostering economic stability and growth, saying, ***“We are trying to make investors be at peace and give them quantifiable, certifiable, verifiable data. We are trying to open these into new frontiers... [with] model contracts on energy, infrastructure, and [the] extractive [industry]... [This is] not going to waste. A lot will happen. And we are after... openness, transparency, [and] data availability.”*** This statement encapsulated the essence of the meeting — a concerted effort toward resolving complex economic issues, ensuring data transparency, and exploring new opportunities for sustainable development.

Outcomes and Recommendations

Disparity, Treaty Frameworks, and Sustainable Investment

- Recognised power and resource disparities between multinational entities and historically marginalised host countries.
- Stressed the importance of sustainable investment strategies tailored for smaller states.



- Addressed the necessity of innovative tools, like hedging mechanisms, and underscored transparency to prevent potential misuse of funds.

Climate Finance Innovation

- Centred discussions on the challenges of structuring deals with multiple financial sources within the COMPASS model and showcasing the tangible impacts of such mechanisms.

Developing COMPASS: Next Steps

Previously Planned ‘Next Steps’

Leading up to the Cambridge-Commonwealth Legal Experts Meeting, the next steps of this project were planned to develop further details on the legal, governance and technical aspects of COMPASS design in accordance with COMPASS principles and established practices and norms of the legal and financial sector.

Our primary goals were to explore:

1. **Legal Framework:** Co-design a legal framework to execute COMPASS
2. **Risk Mitigation:** Collective actions to reduce COMPASS execution risks.
3. **Operating Procedures:** Codevelop operational parameters for COMPASS across jurisdictions
4. **Agreement Crafting:** Co-develop model draft contracts and what legally binding agreements are most suitable among parties.
5. **Evidential Curation:** Collectively agreeing on evidential frameworks, methods and measurements to justify the use of proceeds

The Cambridge Policy Simulation Lab (CPSL) offers a state-of-the-art approach to policy design and enactment, providing leaders with a lifelike simulation to traverse policy intricacies.

Harnessing system dynamics and design thinking, the CPSL bridges theoretical ideas and their practical application, targeting sustainable and socially relevant solutions. Unlike policy innovation labs, which emphasise design, the CPSL prioritises effective policy implementation. It is our 'safety net', letting us test, adapt, and fine-tune strategies risk-free.

As we advance with the COMPASS framework for SIDS, the CPSL emerges as an essential tool, enabling us to anticipate challenges and perfect our tactics. With this CPSL perspective, we have outlined steps for our engagement preparatory, active, and post-phases.

In light of the workshop's outcomes and discussions, the document transitions to a re-evaluation of the next steps, adapting the strategy to align with new insights and directions.

The Re-Evaluation of “Next Steps”

Before the Cambridge Policy Simulation Lab

Develop a Blueprint for COMPASS:

Design a preliminary version of the COMPASS framework, detailing its objectives, governance model, and operational guidelines. This will serve as a foundational reference for simulation scenarios.



Establish a Data Verification Mechanism:

Research the feasibility of verification methods – this preliminary data can be used as input for the simulation to assess stakeholder reactions and potential challenges.

Draft Policy and Financial Tool Guidelines:

Generate a draft of potential guidelines. These can be "tested" during the CPSL for effectiveness and stakeholder approval.

Preliminary Engagement with Potential Investors:

Secure a brief feedback session with investors to gauge their initial concerns. This will help in tailoring the simulation scenarios at the CPSL more effectively.

During the Cambridge Policy Simulation Lab

Simulate COMPASS Implementation:

Utilising system dynamics, simulate the implementation of COMPASS, noting stakeholders' reactions, challenges encountered, and possible policy outcomes.

Pilot the Unified Data Platform:

In the lab environment, simulate the functioning of the proposed data platform.

Engage Stakeholders in Trust-building Simulations:

Undertake exercises that mimic real-world trust-building scenarios among SIDS and between SIDS and investors. Observe participants' reactions and behaviours.

Test the Drafted Policy and Financial Tool Guidelines:

Engage stakeholders in exercises that simulate the application of the drafted guidelines. Identify areas of contention or confusion.

Feedback & Reiteration:

At the end of each simulation, gather feedback, allowing participants to reflect on the outcomes and potential improvements. This iterative approach can help refine strategies in real time.

After the Cambridge Policy Simulation Lab

Integrate CPSL Findings:

Consolidate all findings, feedback, and observations. Modify the COMPASS blueprint based on insights gathered.

Strengthen Trust Dynamics:

Design real-world trust-building workshops and sessions. Establish clear guidelines for data reporting to build trust with potential investors.

Refine and Finalize Data Verification Mechanisms:

Finalise the most viable data verification mechanism and begin its practical establishment.

Expand Investor Engagement:

Engage more deeply with potential investors, introducing the refined metrics for evaluation and addressing their concerns more specifically.

Plan for Future Technological Integration:

Leverage technologies like AI and advanced sensor/surveying technologies; plan for the eventual technological expansion of COMPASS – including data management, monitoring, and prediction capabilities.

Feedback Loop & Continuous Improvement:

Establish a regular feedback loop mechanism, ensuring that the strategies and tools developed for COMPASS are continuously refined based on real-world applications and outcomes.

Acknowledgements

Our heartfelt appreciation goes to Dr Nazia M. Habib, Centre Director, for her pivotal leadership in orchestrating this event. We extend our gratitude to the Rt Hon Patricia Scotland, KC, Commonwealth Secretary-General, for gracing us with her opening address. Our thanks also encompass Deborah Jamieson, Chief of Staff to the Secretary-General, for sharing her invaluable insights and Prof. Luis Franceschi, Assistant Secretary-General, for imparting his closing remarks.



Appendix 1: Agenda

Agenda for the Inaugural Cambridge-Commonwealth Legal Experts Meeting

Topic: Operational and Governance Design for Common Pool Asset Structuring System (COMPASS)

Link: [Access COMPASS briefing note here.](#)

Date: 23rd October 2023

Time: 14.00 - 16:05 GMT

Location: Marlborough House, London SW1Y 5HX

Time	Sessions
15min 1400 - 1415	<p>Welcome and Introduction Opening Remarks Rt Hon Patricia Scotland KC, Secretary-General of the Commonwealth</p> <p>Explainer Video (5 mins) Project Overview Ms Deborah Jamieson, OBE, Chief of Staff and Senior Director, Commonwealth Secretariat</p>
10min 1415 - 1425	<p>Overview of COMPASS Professor Nazia M Habib, FRSA, Founder and Head, Centre for Resilience and Sustainable Development (CRSD), University of Cambridge, UK</p>
45min 1425-1510	<p>Designing the Operational Model: Roundtable discussion of the operational features of COMPASS</p> <ol style="list-style-type: none"> 1. How to share financial losses associated with non-performance of projects? 2. How to generate information that aligns with the needs of investors, governments and investees?
45min 1510 - 1555	<p>Innovation in Climate Finance: Roundtable discussion on governance for COMPASS</p> <ol style="list-style-type: none"> 1. What are the legal challenges in structuring deals with combined and pooled multiple financial sources within the COMPASS model? 2. How do we demonstrate impact?
10min 1555 - 1605	<p>Closing Remarks Professor Nazia M Habib, FRSA, Founder and Head, Centre for Resilience and Sustainable Development (CRSD), University of Cambridge, UK</p> <p>Professor Luis Franceschi, Assistant Secretary-General, Commonwealth Secretariat</p>
1605	Closing and Networking in the Blenheim Saloon



Appendix 2: Attendees

Ayomide Ogunsesan

Position: ILFA Secondee (PE Lawyer)
Institution: Clifford Chance
Mode of Participation: In-Person

Bartholomew Armah

Position: Chief of Development
Planning, Macroeconomics, and
Governance
Institution: UN Economic
Commission for Africa
Mode of Participation: Virtual

Cameron Half

Position: Partner
Institution: Dentons
Mode of Participation: Virtual (from
Dubai)

Christopher Ndegwa

Position: Private Equity Associate
Institution: Clifford Chance
Mode of Participation: In-Person

Chris Noonan, PhD, LLB

Position: Associate Professor and
Associate Dean at Faculty of Law
Institution: University of Auckland
Mode of Participation: In-Person

Deborah Zandstra

Position: Partner, Capital Markets
Institution: Clifford Chance
Mode of Participation: In-Person

Joywin Mathew

Position: Partner; Debt Capital
Markets and Sustainable Finance
Institution: DLA Piper
Mode of Participation: Virtual

Laurence Doering

Position: International Disputes
Lawyer
Institution: Allen & Overy
Mode of Participation: In-Person

Mitchell Aghatise

Position: Senior Associate
Institution: Olaniwun Ajayi LP
Mode of Participation: In-Person

Prof Transform Aqorau

Position: Vice Chancellor; Legal
Advisor
Institution: Solomon Islands NU;
Marshall Islands Marine Resources
Authority
Mode of Participation: Virtual

Navraj Singh Ghaleigh

Position: Senior Lecturer in Climate
Law
Institution: University of Edinburgh
Mode of Participation: Virtual

Twapewa Mwashindange

Position: Lawyer: International
Secondee
Institution: Latham & Watkins
Mode of Participation: In-Person

Noreen Kidunduhu

Position: Lawyer
Institution: Mayer Brown
Mode of Participation: In-Person

Margaretha Wewerinke-Singh

Position: Attorney and Associate
Professor of Sustainability Law
Institution: Blue Ocean Law;
University of Amsterdam
Mode of Participation: Virtual

Zoritsa Urosovich

Position: UNWTO Executive Director
Institution: United Nations World
Trade Organization
Mode of Participation: Virtual

Yun Ma

Position: Partner, Co-Head of
Sovereign Advisory, Europe, Paris
Institution: Dentons
Mode of Participation: In-Person (but
in Paris so unsure)

Rohit Pothukuchi

Position: Chief Executive Officer
Institution: Verdentum
Mode of Participation: In-Person

Daniel Gasaatura

Position: Partner
Institution: Trust Law Chambers
(Rwanda)
Mode of Participation: Virtual

James Tanner

Position: Senior Associate
Institution: Baker McKenzie
Mode of Participation: In-Person

Toby Smith

Position: Partner & General Counsel
Institution: Arcus Infrastructure
Partners LLP
Mode of Participation: In-Person

Saed Hamid

Position: Legal Fellow // Advisor
Institution: NYU // AOSIS
Mode of Participation: Virtual

Mark Sterling

Position: Retired Partner
Institution: Allen & Overy
Mode of Participation: In-person

Appendix 3: COMPASS Brief – Provided to Attendees

Background

In response to financial and climate crises facing Small Island Developing States (SIDS), the Commonwealth Secretariat and the Centre for Resilience and Sustainable Development (CRSD), University of Cambridge, have collaborated on the "[Their Future. Our Action](#)". The output being discussed today is the Common Pool Asset Structuring Strategy (COMPASS), a framework designed to improve access to sustainable finance access for SIDS.

The COMPASS Model

COMPASS, developed during a recent Cambridge Policy Boot Camp (CPBC) hosted by CRSD Cambridge and the Commonwealth Secretariat, was co-created with 40 professionals from key global and local entities, including Standard Chartered, the World Bank, IMF, IBM, leading law firms such as DLA Piper and Clifford Chance, and the combined CRSD-Commonwealth research team. The current model is designed to encourage a financial system wherein Small Island Developing States' (SIDS') collective natural and youth assets are leveraged to address their common needs while utilising economies of scale to attract and enhance non-debt finance and investment opportunities. COMPASS is designed to ensure SIDS maintain authoritative control over the scope, scale, and investment decisions of projects whilst facilitating a collaborative approach to secure funding from public and private investors. The approach strategically enhances the scale and appeal of investment projects while safeguarding investor interests by employing the Commonwealth's convening power and distributing risk across multiple jurisdictions. Therefore, COMPASS strategically repositions SIDS in investment discussions, highlighting them as a united and robust investment opportunity.

COMPASS Framework

- **Support SIDS to work together** to create projects that address common challenges across their countries.
 - This increases the project size to be more aligned with the demands of investors. Projects are implemented simultaneously across jurisdictions - reducing transactions and operational costs and sharing expertise.
- **Facilitate the pooling of governance resources** between SIDS to generate joint applications for finance on these common projects.
 - Governments, investors, and entrepreneurs will benefit from reduced transaction costs and improved management of proceeds.
- **Foster relationships between SIDS and investors** through strategic use of the Commonwealth's convening and political power.
 - The investment community becomes familiar with the investment opportunities available in SIDS and develops common structures to mitigate risks and improve relationships needed to pursue investment outcomes.
- **Retain sovereignty over projects**, data and implementation processes, as COMPASS is flexibly implemented to meet the specific needs of communities.
 - Application and reporting data processes are standardised, but their use and application are driven by SIDS capabilities and demand for investment.



Progress Snapshot

“Their Future our Action” and the methodology underpinning COMPASS has successfully obtained [\\$10 million in private sector investment](#), underpinning digital training and youth health programmes in the Caribbean, exemplifying the initiative's viability.

COMPASS Objectives

1. **Addressing Barriers:** Navigate financial challenges due to SIDS' small economic scale and heightened susceptibility to global financial conditions.
2. **Positive Discourse:** Shift dialogue from limitations to opportunities and offerings of SIDS.
3. **Investment Opportunities:** Unlocking scalable and impactful investment avenues within SIDS.
4. **Sustainability:** Prioritising investments with significant Environmental, Social, and Governance (ESG) impacts.

Legal Expert Involvement

As we advance towards institutionalising COMPASS, legal expertise will be pivotal in:

1. **Legal Framework:** Crafting a framework ensuring compliance and robust governance.
2. **Risk Mitigation:** Identifying and strategising to mitigate legal and compliance risks.
3. **Governance Structuring:** Establishing a flexible yet steadfast governance structure.
4. **Agreement Crafting:** Developing clear and secure agreements and contracts.

Next Steps

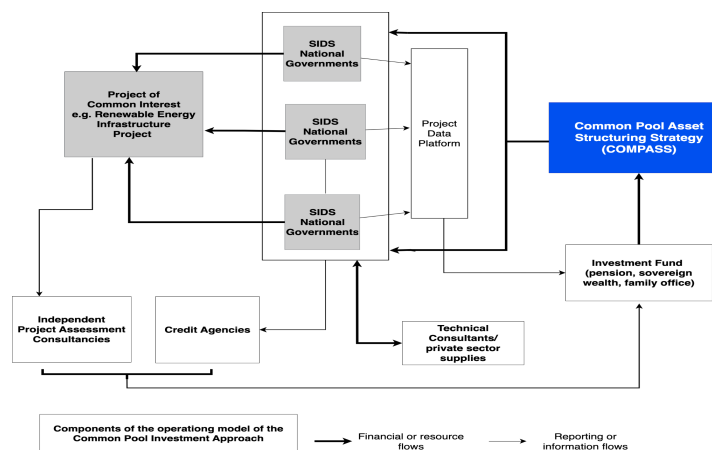
Develop a Robust Legal Framework:

- Advocate for a solid legal framework ensuring compliance and capable governance.
- Implement conflict management mechanisms among participating countries.
- Safeguard interests of lending and borrowing entities.

Engage and Structure Private Sector Participation:

- Propose methods to incentivise the private sector to contribute low-cost, non-debt finance.
- Develop structured pathways to incorporate private entities into the financial framework of SIDS.

Today's focus: Sharpen COMPASS's legal and regulatory architecture, enabling it to foster sustainable development and financial resilience amongst SIDS successfully. Your insights are pivotal in anchoring COMPASS as a resilient, effective, and scalable financial tool, supporting the sustainable development goals and breaking down the finance constraints of SIDS while ensuring their cooperative functionality in the face of multifaceted challenges.



Contact Us

Contact Information

For inquiries or additional information regarding this report or the activities of the Centre for Resilience and Sustainable Development (CRSD), please reach out to:

Professor Nazia M Habib,
Founder and Director,
Centre for Resilience and Sustainable Development
University of Cambridge
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Your interest in our work is greatly appreciated, and we are available to provide further details or engage in discussions about our transdisciplinary initiatives.

