SB48 Suva Expert Dialogue, Tue 2 May 2018 – 15:00- 18:00
Sessions on Risk Reduction and Risk Transfer
Patrick Toussaint, IASS Potsdam

Session on Risk Reduction

Facilitator: David Stevens (Head of UNISDR, Bonn)

- short interventions max. 2 min
- a lot of L&D work covered by risk assessment/reduction community under Sendai Framework
- focusing on mobilizing and enhancing capacity and support
- structural measures/non-structural measures
- participatory resilience planning and implementation
- community-based adaptation
- transformative livelihood approach
- scaling up early warning systems

Julie-Anne Richards (CAN)

- Sendai identifies UNFCCC as the body to deal with climate impacts for several reasons: climate change driving extreme and slow onset events beyond what we had to traditionally deal with
- dealing with loss and damage (L&D) beyond adaptive and coping capacity of vulnerable countries
- also need to address slow onset events, not only extreme events
- need to speak about loss and damage finance: Sendai does not have focus on polluter pays approach we have in UNFCCC
- given that L&D impacts as beyond adaptation and beyond resilience abilities of vulnerable countries, who is going to pay for it, how are we going to mobilize finance
- referred to op-ed by Seychelles and other island states / climate damages tax

Oxfam

- risk reduction is a priority over risk transfer; need to think about trade-offs
- need to facilitate exchange and connection between risk reduction and risk transfer people, i.e. insurance (need tools)
- should not evaluate risk reduction options not only on economic basis which would favor wealthy people and areas
- cost-effectiveness of risk reduction measures but still underfunded

Timor-Leste

- risk related to climate related disasters belong under UNFCCC as articulated in Sendai Framework
- L&D beyond adaptation
- L&D finance a big gap; even PA Art.8 does not address it: "Funding is the big gap that needs to be addressed in this dialogue"
- how could financial mechanism under the Convention tackle this issue

Philippines
- What are available approaches? Countries should choose the approaches that work for them
- significant barriers: technical expertise to conduct probabilistic risk analysis; data on frequency and real time exposure; relevant sectoral data;
- need enabling policy at national level

ICLEI
- knowledge may exist at national level and research institutions
- need to find ways to bring this knowledge/expertise to subnational level, i.e. local authorities and cities

Sao Tome and Principe
- process needs to trigger international support at appropriate scale when needed

Facilitator
NAPs are an important tool for L&D

Seychelles
- debt swap, Seychelles offered 250,000 USD in grants to communities to address climate change
- this money can help with risk reduction, helping people find alternative livelihoods; but will not be able to address the L&D that is beyond adapting to
- one of our worries is: "if we do not find an answer to finding finance under UNFCCC to address the beyond adaptation part, then it may be a disincentive for countries to take other risks without adding to the financial burden that they already face"; "many countries are already highly indebted"

Cuba
- risk reduction on L&D needs to happen in context of resilience and development
- trying to make development resilient; favoring natural solutions at national level (i.e. ecosystem restoration) while engaging local communities - that's the real way of producing awareness by involving them in the solution
- people need to also see a real improvement in their general quality of life to engage
- knowledge barrier in some cases is bigger than financial barrier
- science gaps /uncertainty

Spain
- national public insurance consortium for catastrophes established by law; managed by state-public entity, based on solidarity principles, self-sustainable system

BCAS (Bangladesh Center for Advanced Studies)
- community-based adaptation, ecosystem-based approach
- child-centered disaster risk reduction as an example of reducing risk of non-economic loss (i.e. children in coastal zones unable to go to school for a year after floods)

Timor-Leste
- US $100billion a year by 2020 not enough
- CAN estimates at least US $50billion per year by 2022 and US $300 billion per year by 2030
- could adopt similar approach as NAPAs and NAPs with guidance from Excom
- funding would be provided by GCF, in similar way that funding provided for NAPs

- role of Convention existing bodies: PCCB, CTCN, to help with technical needs assessment for L&D with Excom guidance and GCF finance
- need finance for conducting L&D needs assessment

Red Cross / Red Crescent
- importance of integrated planning from national to local level bringing in community perspectives
- risk reduction may overlap with adaptation conceptually
- international & national responses approaching risk reduction through silos (development, climate, DRR) – on the ground they become the same: translate to food, shelter, livelihoods
- Risk reduction starts with these very local community perspectives
- integration helps in formulation of budgets and concrete actions

UK
- great variation in how people experience threats to livelihoods
- need to address data needs, particularly of local communities to be aware and take action

Suriname
- awareness does not only mean “I have heard of it’ but it means acceptance, and action
- Parliamentarians will also need training to see the possibilities in addressing this issue

Quito city
- multidimensional approaches needed
- knowledge transfer, coordination necessary not only vertically but also horizontally
- solutions should be adequate for the social-cultural context

EU
- complementing elements already brought to the table
- see two barriers: data availability a key concern at the different levels; involving local authorities
- mention a couple of tools available: Copernicus (EU’s Earth observation system): emergency management service to be used for disaster risk prevention and response; climate pilot.
- Global Covenant of Mayors on climate and energy (ICLEI, C40)

Egypt
- L&D costs will double adaptation costs in 2030-2050
- residual damages will hamper Africa’s development
- need to scale up L&D finance

Red Cross / Crescent
- importance of forecast-based early action

Oxfam
- *people* are missing from the picture, particularly in public private partnerships
- need to rebalance some of the roles, responsibilities, and interests

Session on Risk Transfer

Facilitator: Svenja Surminski, LSE

MCII

- there's already been a transfer from polluters to the most vulnerable
- need re-transfer
- premiums are too expensive for the poor
- premium support needs to be sustainable
- need funding, i.e. levy/tax on carbon

InsuResilience Global Partnership

- InsuResilience GP launched las year with goal to enhance resilience
- implementation mechanism creating solutions along value chain

Oxfam

- insurance is not free money – someone needs to pay the fees (e.g. climate damages tax)
- lack of information/M&E on impacts of insurance not just coverage

Nepal

-risk transfer/insurance should not be additional burden on vulnerable people

PIFS

- regional instrument to bring together disaster risk reduction and climate risk reduction approaches
- regional facility which includes insurance but also access to international finance

PCRAFI

- need to better understand balance between sovereign and private insurance

Timor-Leste

- insurance suitable for extreme events but not slow onset events
- premiums must be subsidized but by whom? Polluters should pay
- need to develop a mechanism within UNFCCC

ActionAid

- insurance should not sit in isolation, needs to be integrated into broader risk management strategy
- there is a gap between insurance and actual costs of risk
- some of these insurance products will become unviable as climate chance increases; need to look from perspective from poor people – i.e. who is going to pay and how can they bring claims
- need to look at solidarity funds (global level and in countries)

Naturfreunde

- people with disabilities face higher insurance costs because they are rated in a higher category, some insurance companies do not even accept disabled people; consider costs of rehabilitation
- consider insurance paid by fossil fuel producers

Sudan

- risk transfer part of broader risk management strategy

- African countries lack access to insurance markets
- donors should pay the premiums

ODI
- how can risk reduction and risk transfer be integrated through sovereign and micro insurance?

Tuvalu
- regarding small island states: We already know what our risks are
- need insurance industry experts to help with assessments at national level
- pacific island states have already set up vulnerability funds since insurance mechanisms lacking

Belize
- CCRIF paid out 100bn since its inception
- asked for recapitalization after suffering hurricanes in 2017

Kenya
- have various mechanisms, e.g. crops and livestock insurance, national disaster fund, cash transfers
- key challenges lie in modelling, data and getting the parameters right
- all measures require cost benefit and sustainability analysis
- need investments on data management

Suriname
- what to do if entire city like Paramaribo is at risk of inundation? What do you do in such a case in terms of risk transfer? Build dikes? Relocate the city? Insurance? Building codes? We are actually standing in front of these challenges.

Facilitator: do we have a response to that?

Floor: silence.

GIZ
- index-based insurance at micro-level (objective, clear and timely)
- has been tested in various countries, especially India
- efforts ongoing to scale it up by using freely available remote sensing, prefinancing of premiums

ActionAid
- happy to hear that risk transfer is considered only a piece of the puzzle
- need to identify which climate impacts can be covered by which mechanisms and highlight gaps
- need to assess what works in different contexts, and different levels, what new solutions needed
- need clear way forward to input the technical paper at the end of this dialogue

Germany
- referred to World Bank report last year on sovereign risk pools
- insurance just one of the solutions. Need risk layering approach, i.e. look at locally-specific risks and using right mix of tools
- InsuResilience has role to help upscale efforts to subsidize premiums
- need comprehensive risk management

Seychelles
- aware of limitations of insurance but insurance is here to stay
- "we see all kinds of attempts to make poor and vulnerable pay the premiums"
- "the same developed countries are telling us the well that we thought was deep is actually not deep enough"
- referred to op-ed with Dominica, Seychelles, Antigua, Barbados; and polluter pays principle; climate damages tax; climate levies in sectors most damaging
- see climate litigation around the world with companies being taken to court
- I hear "how are we going to subsidize what poor people are putting into insurance schemes"
- "I know some people are going to choke on this suggestion, but believe me, it is not as much as the coughing fits that my country is going through"

Honduras
- insurance mechanisms difficult to access, premiums need to be subsidized
- feed into global funds to tackle slow onset events

Saint Lucia
- a lot of solutions proposed are insurance focused
- need to also address question of increased cost and possible discontinuation of insurance as climate risks intensify
- "as we discuss insurance as a silver bullet, climate risks are intensifying"
- need to tailor responses and distinguish between different types of L&D impacts
- there are tools other than insurance that need to be considered, especially in the case of high frequency events

Frankfurt School of Finance
- can optimize insurance at different levels
- need more research to determine the amount of premium subsidy needed

PCRAFI

GIZ
- climate change increases risk level → need to restore to pre-climate risk level
- premium subsidy should only cover this "climate change delta"
- could provide clarity for financial support