SB48 Suva Expert Dialogue, Wed 3 May 2018 – 15:00- 18:00
Sessions on Extreme Events and Slow-Onset Events
Patrick Toussaint, IASS Potsdam

Session on Extreme Weather Events

Facilitator: Olivier Mahul, World Bank
- 2 min short and focused remarks on your country contexts
guiding questions:
- What does comprehensive risk management mean?
- Referred to risk management elements under Sendai Framework
- risk reduction; risk financing; resilient recovery

Oxfam
- need to talk about comprehensive approaches
- conversations on risk finance and management tend to happen in different rooms (as they did on Day 1 of Suva Expert Dialogue
- need to focus on funding since we do not know where it will come from (insurance and humanitarian aid not enough)
- US $50 billion by 2022 and US $300 billion by 2030
- could look at EU solidarity fund as a model (principle of solidarity, equal burden sharing)

Espen (SPREP)
- need to reach all vulnerable populations
- need to help global partners, more funding for the systems that we have, and need to get to 1.5°C

Red Cross/Crescent
- how do we keep up with demand?
- need to leverage capacity, resources and principles of humanitarian aid community
- especially early action work; can use forecast-based early warning systems to reduce the risks
- requires institutional and financial changes in humanitarian and climate side
- forecast-based financing
- will be launching new financial mechanism based on this
- need to see greater connections between science and action on the ground
- ultimately must translate into meaningful action

Facilitator
- shifting from crisis responder to risk managers
- specifically called on small islands to speak up

Philippines
- comprehensive climate risk management framework using probabilistic risk management approach
- integrated contingency planning, integrated early warning and engineering
- no such thing as 'zero risk'
- mentioned emergency risk management mechanism (CRNF)

Facilitator
- Philippines one of the few countries with a comprehensive risk management strategies in place

Youth NGO constituency/Naturfreunde
- should include people with disabilities, women, youth in these decisions
- solidarity funds should be two-step: local and international
- risk finance should be provided by those who are responsible

Willis Tower Watson (insurance company)
- need to consider why don't these schemes grow?
- do we know what can be done? Need to understand needs and then tailor tools to each local context
- "it has become more and more clear to me that insurance is not the right tool"
- should not take a cookie cutter approach around the world
- funding: the poor don't have money to pay for insurance
- how can we define a scheme that is affordable? Can we structurally ensure this works?
- advocated a mutual risk insurance pool with commercial part/reinsurance should only be on top
- can we change the mindset of donors?

Sudan
- risk insurance is just one tool, should be used in conjunction with other instruments
- insurance does not really work for the poor
- many African countries unable to access contingency funding provided by African Risk Capacity
- climate finance should help the poor to pay for insurance

Timor-Leste
- already identified risks posed by climate change
- have institutional arrangements and policies in place for dealing with these risks
- but face financial limitations/barriers to address these risks
- need technology support for early warning systems
- need to build human capacity and technological capacity
- Convention rules are important – not only talking about natural events;
- For LDCs, do not have enough capacity to pay the premiums
- need support from international community whether through mechanisms we establish under this Convention or outside
- need new and additional funding (climate finance) not only to pay insurance premiums but also need solidarity from outside (e.g. solidarity fund)

Faciliator
- Anyone from GCF wishing to respond?

GCF
- important to highlight value and need to stress 'comprehensive' risk management
- need to understand what pieces are needed for insurance to work
- open to work with countries; not necessarily by jumping to one specific tool; must also consider long-term
- mentioned project in Senegal which through multiple activities put in place a framework for risk transfer, not just relying on insurance

- need to structure the cycle of activities in a way that can be compatible to the resource limitations that are in place
- readiness is crucial: have put in place technical assistance in Ghana for early warning assessments for droughts

Sri Lanka
- should not put additional burden on vulnerable communities
- since 15 years Sri Lanka has an insurance system in place that is mostly available for farmers
- it does not address L&D or impacts, but generally available
- should not be based on national budget but international support
- 1970s national disaster insurance scheme, also a 2016 scheme focusing on infrastructure
- country-driven initiatives, but not backed by international support

Germany
- a comprehensive risk management approach is needed; each and every tool has its place and needs to be linked at country-level
- need to recognize different political narratives (climate, humanitarian, DRR, financial markets, economic development/sustainable development) and bring them together at country and global level to mobilize support
- need to bring in expertise and capacity building
- InsuResilience Global Partnership has 45 members so far, uses a multi-stakeholder perspective
- key issue remains how to mobilize these alliances and partners
- but we should not stop at forming partnerships, need to start with developing country budgets and then top up with support from international community
- currently in talks with other developed country donors
- insurance is not the golden bullet at all but can help: if you want to have a real assessment of the risks, premiums will help valuate risks. There are different ways to make premiums affordable such as smart support, capacity-building, etc.

Facilitator
- the better developing countries are able to articulate their priorities, the better other countries can give their support

PCRAFI
- need to provide access to information, should not be barrier to innovation
- need to tackle the needs of vulnerable communities first
- need clarity of what the goals/benefits of different tools are: rapid liquidity and easy access to rapid finance post-disaster; opening up private markets; developing knowledge and capacity-building
- need to have conversation on what those products are

ActionAid
- need to focus on actually *addressing* L&D, not just averting and minimizing it
- displacement is a key issue that needs more attention and new strategies
- planning and response needs to involve communities at all stages
- people are first responders, so need to strengthen local and national institutions
- currently not much money is spent on this (experts fly in and fly out)
- experience of humanitarian community important but needs to be contextualized in light of climate

loss and damage
- need to discuss the accessibility part of insurance: in India insurance programmes are not very successful from a claims point of view
- need to consider how poor communities can actually *access* insurance even if it is made affordable (i.e. cannot get the actual claims, lack financial literacy, politics are a barrier)
- unpaid claims of insurance have increased in India, Malawi
- need to look at insurance in a critical manner and need to review its place in the L&D response

Facilitator
- quality of insurance: need to make products that pay the way you want when you need it

Saint Lucia
- burden of addressing L&D should of course not fall on developing countries
- countries are at very different stages in addressing these risks
- regions face different types of risks; circumstances in countries drive ability to access different types of support
- states need to articulate from the bottom up what their needs are
- St Lucia have submitted their National Adaptation Plan where they indicate their priorities according to sectors but also within these sectors
- need to look at the sustainability of risk management approaches
- insurance has its place and is useful but is not a panacea
- increased cost and possible discontinuance of insurance poses a challenge
- GCF parameters are evolving but there still remains uncertainty where L&D is concerned
- needs to be viable for future climate scenarios
- need further research

Honduras
- Latin American situation: droughts, fires, hurricanes
- hardly any examples of DRR finance put into practice in Latin America
- the poorest, women and those with disabilities benefit very little from such schemes

Julie-Anne Richards (CJP, CAN)
- developing countries have been articulating their priorities for many years now: calling for solidarity fund, finance for scaling up programmes, highlighting challenges faced when dealing with L&D
- if we want to look at insurance as an option, we need to look at risk first: climate change makes risks more random and more risky; it is not possible to insure against that
- need social protection schemes both scaled up and scaled down; strengthening national institutions
- need to tackle question of how to mobilize the finance?
- is insurance the right option compared to other instruments?
- recent regional risk insurance pools paid out very little to LDCs ('small and vanishing contribution')
- need finance transfer from North to South and need to think about innovative sources of finance
- consider using a climate damages tax

IIASA
- consider need, ability, appropriateness, culture
- there is a lack of insurance culture in some countries
- social protection, insurance funds at national level need to be also considered

Nepal
- recently enacted DRR legislation; its implementation is yet to be observed
- focuses mostly on rescue and relief, not on DRR preparedness
- have limited technical, financial and institutional capacities

Egypt
- have old risk/DRR programmes dating from "pre-climate change era" in the 1960s
- currently paying for it from domestic budget
- need to restructure existing systems to be prepared for new risks, e.g. through capacity building
- not all decision-makers are aware of the types and size of risks they are facing

South Africa
- have disaster risk management act: government approach is reactive rather than proactive
- sits in different departments in different ministries that are not always part of the climate change conversation

LSE
- this dialogue risks being a missed opportunity: the discussion shifted again and again to insurance
- have not really discussed that all these tools are being put under stress through climate change and will be under more stress going forward
- need to consider how they will cope in the long-term (e.g. to address migration/displacement)
- we are continually creating new risk through emissions and infrastructure investments
- "we are struggling to tackle todays risks but are still creating risks"

ODI
- social protection mechanisms have been highlighted as having potential to be scaled up
- but could also be used to address underlying vulnerabilities
- many initiatives exist at local level, such as projects supporting resilience and risk finance, resilient economic development
- yet how do they work together? What are the complementarities? How can we make them work together more systematically?

CARE
- need to address gender dynamics
- insurance and other approaches should not worsen these inequalities
- subsidies for premiums need to be carefully planned. What if they are discontinued?
- global finance can help subsidize insurance mechanisms
- GCF would likely only be able to fund some parts of a country's comprehensive risk management strategy
- GCF should not divert funding for adaptation: need to look at *additional* sources

Pacific Islands Secretariat
- have experience talking to finance ministers in the Pacific: need to communicate with the core ministries taking this process forward
- importance of resilience being absorbed into planning process
- mentioned a framework for resilient development
- need to build bridges, understanding and language between DRR and climate risk community
- Pacific Resilience Fund – building resilience prior to disasters ("for every dollar invested upfront,

there’s more than 7 dollars in return”)
- also need to incorporate social and other financial mechanisms
- mentioned Pacific Islands Climate Insurance Facility

Seychelles
- 2014 Disaster Risk Management Act
- Seychelles Climate Change Adaptation Trust Fund: based on debt swaps, anyone from grass roots level (even individuals) up to national level can apply for these funds

Session on Slow onset events (SOEs)

Facilitator: Musonda Mumba, UNEP

Philippines
--

German Red Cross
- quantifiable costs are important but should not lose track of other tools for addressing SOEs

Suriname
- hurricane impacts spread salinity into rivers reducing land fertility
- these are new phenomena for which we do not have an appropriate risk management response, appropriate technology, and mandates to equip these institutions
- need to listen to the experience from experts and other countries

GIZ
- “what is it with this insurance instrument that we all seem to hate but talk about all the time”
- insurance makes a difference less at a country level but at the household level
- it not only provides quick payouts after the fact but helps households with risks
- gave example of poor households in India that bought insurance at 15% premium: Why? Because it gives guarantee of some cash for when the drought hits, do not have to wait for humanitarian or government response → empowering the household to get access to finance, technology, markets
- “insurance can be an almost magical instrument”
- with proper awareness and regulatory framework to protect consumers against malpractice, then insurance can make a difference
- new coverage required beyond farmers and agriculture – not drought insurance only, but also catastrophe insurance for households

Facilitator
- on insurance: “it is a love and hate relationship”

Timor-Leste
- facing desertification, sea-level rise at 5.5 mm per year inundating agricultural land, houses, infrastructure
- we don’t need to think about assessments, the impacts are already here
- need technical support, capacity building and financial support

- support should be from under and outside of the Convention
- restoration is a key issue: repair damaged and bring back lost infrastructure
- also need support for addressing displacement
- COP can provide further guidance to Excom on how to countries could prepare comprehensive plans and mobilize financial support

Sudan
- “this dialogue has been tilted to insurance, DRR and extreme events”
- understand linkages but also missing elements: should instead focus on climate risk management
- many opportunities to utilize Paris Committee on Capacity-Building (PCCB), Standing Committee on Finance (SCF)

Facilitator
- key issues from word cloud (slido): sea-level rise, food security, displacement

UNCCD
- countries do not have comprehensive risk-based drought plans
- drought is not a ‘sector’ but a ‘connector’ – need to integrate it at national level across institutions
- for example through high level risk management commissions
- there should be some kind of authority, accountability, and responsibility

Germany
- need projections and data on how SOEs will take place and develop; more research needed
- global infrastructure investments must be adequate and take into account slow onset events
- how can we guide investments and make them more sustainable
- important to bring in the finance ministers (e.g. V20 ministers, G20)
- need to scale up the work that is already happening (e.g. under CBD, UNCCD, mangrove protection)
- UNFCCC has responsibility to highlight and promote these existing efforts, not to duplicate them

MCII
- slow onset events are not insurable
- basic condition for insurance is that loss events are *not* predictable, and involve *sudden* onset
- sea-level rise is foreseeable thus not insurable
- insurance industry is not just selling about policies, it generates a lot of data on losses caused by natural disasters which can help assess risks in different areas for different perils
- insurances have most sophisticated risk models, can simulate future sea-level rise, hurricane/cyclone landfalls and helps calculate losses (e.g. Lloyds calculated sea-level rise from Hurricane Sandy impacting New York bay area and estimated it lead to 30% higher costs)
- insurance helps calculate costs of future investments
- there is a lot of will among insurance industry to cooperate with NGOs and anyone who wants to make this data widely available
- “for extreme events insurance is the only real, reliable and transparent [L&D] finance mechanism”

Sujay Natson, Oxford
- talked enough about insurance and need to move beyond this approach
- need to bring up more innovative ideas for addressing L&D, particularly slow onset events (SOEs)
- insurance is not well suited for SOEs since payouts are measured in different parametric tools

- technical paper should come up with database on innovative approaches across different countries and regions
- should include database on different tools to mobilize international finance
- gave example of France solidarity levy on airlines which generated US $1 million already
- the airline industry today accounts for 5% of GHG emissions and 40% GHG by 2050 – how can we mobilize funds from these industries

Vanuatu
- "is it fair for countries like ours who contributed least to climate change to pay for these slow onset events?"

Naturfreunde
- support systems, solidarity funds should have the same fees for everyone and not discriminate against disabled people
- solidarity funds should be financed by fossil fuel companies
- need to consider L&D and potential conflicts of interest:
- no one who has a financial interest in the tools proposed should have a say in this process
- no one who has contributed to creating L&D should be allowed to decide on who gets finance/payouts

ActionAid
- on finance: "need to take the bull by the horns"
- urgently need to identify financial instruments to tackle SOEs
- on 'magical' insurance: outstanding claims of 32%
- need to consider the thousands of examples where insurance is inadequate for addressing SOEs

Cook Island
- L&D from SOEs is not just about sea level rise but also rising sea surface temperatures
- e.g. black pearl farming: community investments also affected, not just commercial investments

Botswana
- would like to request follow-up discussion to this Expert Dialogue, for countries to continue these deliberations
- lack of data on risk and vulnerability assessments

WWF
- not addressing linkages between mitigation, adaptation and L&D
- need to see how to support vulnerable communities and ecosystems, and how to articulate these discussions in the technical paper

Rapporteurs
-- reports will be shared on UNFCCC website

Closing
Excom co-chairs
- Excom will follow up thoroughly these discussions
- will capture the views and concerns shared

- will elaborate on the scope of the paper at next Excom meeting in December 2018
- technical paper will be made available by SB50 in June 2019
- in July 2018, Forum of the Standing Committee on Finance will be held on the topic ‘the Climate Finance Architecture – enhancing collaboration and seizing opportunities’
- invited the participants to sign up to a roster of experts (since there is no expert group)