



AUSTRALIA

Submission under the Cancun Agreements | February 2011

Work programme to consider approaches to address loss and damage associated with climate change impacts in vulnerable developing countries | SBI

I. Overview

This submission contains the views of the Australian Government on elements to be included in a work programme to consider approaches to address loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change, as requested under paragraph 28 of Decision -/CP.16 on *Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention (AWG-LCA)*.

Australia welcomes the opportunity to submit its views under the Cancun Agreements on approaches to loss and damage. In overview, Australia considers that:

- the proposed work programme provides an important opportunity for capacity-building, and should focus principally on enhancing understanding of the “building blocks” necessary to ensure the effective functioning of loss and damage approaches in vulnerable developing countries, such as understanding and modelling risks associated with climate change impacts, identifying data collection needs and gaps in local implementation frameworks, and sharing and synthesising relevant expertise and good practice;
- it would be pre-emptive to begin developing any specific loss and damage approaches or mechanisms without equipping ourselves with a robust understanding of these issues;
- the work programme should seek to draw upon the existing work and technical expertise of established practitioners, programs and institutions working on loss and damage associated with climate change impacts in vulnerable developing countries.

II. Elements for a work programme to consider approaches to address loss and damage

Australia recognises that all countries will face challenges in addressing the risks associated with climate change. While in Australia’s view, reducing carbon pollution – and developing a post-2012 international framework that supports meaningful mitigation action by all major emitters – remains the primary means of minimising climate-related risks and avoiding the emergence of dangerous climate change, we also recognise that there are some impacts that cannot be avoided. In particular, we recognise the distinction between slow onset impacts and immediate impact events (such as extreme weather events causing immediate disruption and damage).



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GPO Box 854 Canberra ACT 2601 Tel: 02 6159 7000 www.climatechange.gov.au

Australia considers that the Cancun Adaptation Framework provides a robust foundation for supporting and taking forward international co-operation on adaptation to unavoidable climate change impacts. In particular, Australia recognises that there are countries – particularly developing countries – that because of their high degree of exposure to the physical impacts of climate change, and limited institutional and financial capacity to respond, will be particularly vulnerable to these impacts. Australia has been a consistent advocate of prioritising international efforts towards these most vulnerable countries.

Accordingly, Australia welcomes the fact that the proposed work programme on approaches to addressing loss and damage associated with climate change impacts will focus on developing countries that are particularly vulnerable to the adverse effects of climate change. In Australia's view, this work programme provides an important opportunity for information-sharing and capacity-building, for discussing the information and data needs, risk modelling approaches, planning and regulatory settings, and programs and strategies that will assist vulnerable countries to identify, develop and implement effective approaches to addressing climate-related loss and damage. In particular, the work programme should focus on the following elements:

- as a critical first step, enhancing understanding of the risks and losses that vulnerable countries are facing and likely to face from climate change impacts;
- developing the “building blocks” necessary to ensure the effective functioning of adaptation policies, risk management and loss and damage approaches, including identifying (extensive) gaps in risk exposure data, risk modelling and regulatory and implementation frameworks, and discussing potential strategies to address these needs;
- sharing, synthesizing and promoting relevant knowledge, expertise and good practice in addressing climate change impacts through risk management, risk transfer and rehabilitation approaches;
- understanding the means available to assess what strategies or approaches are likely to be most practical and effective for the local needs and circumstances of vulnerable countries, for example through cost-benefit analysis and program evaluation.

In Australia's view, it would be pre-emptive to begin developing any specific loss and damage approaches or mechanisms without equipping ourselves with a robust understanding of each of these issues. Specifically, Australia remains cautious about the value of progressing discussions on possible development of a climate risk insurance facility, given the current paucity of detailed risk data for vulnerable countries that is essential to the effective functioning of risk transfer mechanisms, and the lack of clarity around whether a climate risk insurance facility would be the most effective means of addressing risks of climate-related loss and damage in vulnerable countries. As a mechanism to only transfer and not actually reduce risk, the role of insurance is likely to be limited in many vulnerable countries and regions: it cannot take the place of risk prevention.



It will be important to recognise and draw upon the initial work that has been done across the agenda proposed above. In Australia's view, the work programme on loss and damage can advance existing discussions through:

- facilitating enhanced coordination, co-operation and knowledge management through providing a forum to share and consolidate experiences and lessons learnt;
- engaging and drawing on the technical expertise of established practitioners, programs and institutions, such as the United Nations International Strategy for Disaster Reduction (UN ISDR) and World Bank's Global Facility for Disaster Reduction and Recovery;
- complementing and ensuring coherence with existing risk management and reduction frameworks such as the *Hyogo Framework for Action 2005 – 2015*;
- bringing to bear a specific focus on loss and damage risks associated specifically with climate change impacts, as distinct, for example, from broader disaster risks;
- ensuring that the work programme on loss and damage continues to complement the broader adaptation framework, bearing in mind that risk transfer and rehabilitation approaches should not undermine incentives for risk management and good adaptation planning, or distract from the core challenge of promoting a primary focus on climate compatible development;
- given the local nature of climate change impacts, recognising that the role best performed by the UNFCCC is to catalyse and facilitate support for the implementation of nationally, and where appropriate, regionally driven responses.

