



**Losses and Damages submission UNDP**  
**AWG-LCA/2010/L.7/26-29**

***26. Decides to hereby establish a work programme in order to consider, including through workshops and expert meetings, as appropriate, 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;***

***27. Requests the Subsidiary Body for Implementation to agree on activities to be undertaken under the above-mentioned work programme;***

***28. Invites Parties and relevant organizations to submit to the secretariat, by 21 February 2011, views and information on what elements should be included in the work programme, including the following:***

***(a) Possible development of a climate risk insurance facility to address impacts associated with severe weather events;***

***(b) Options for risk management and reduction; risk sharing and transfer mechanisms such as insurance, including options for micro-insurance; and resilience building, including through economic diversification;***

***(c) Approaches for addressing rehabilitation measures associated with slow onset events;***

***(d) Engagement of stakeholders with relevant specialized expertise;***

The Ad Hoc Working Group for Long-term Cooperative Action under the Convention (AWG-LCA), at its 13<sup>th</sup> session, invited Parties and relevant organizations to submit to the secretariat, by 21 February 2011, views and information on what elements should be included in a work programme under the Subsidiary Body of Implementation (SBI) intended to address loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to climate change as contained in paragraph 26-29 of the draft conclusions in FCCC/AWGLCA/2010/L.7. UNDP Barbados & the OECS, in support of AOSIS and the CARICOM task force on climate change and development, has previously drawn attention to loss and damage associated with climate change with the preparation of two studies: "an overview of modeling climate change: Impacts in the Caribbean Region with contribution from the Pacific Islands" and "Modeling the transformational impacts and costs of sea level rise in the Caribbean". Reports from the studies were launched at COP-15 and COP-16 respectively. Accordingly, and in response to the invitation issued by the AWG-LCA, the United Nations Development Programme (UNDP) would like to further contribute to deliberations on these important issues, particularly for SIDS, by making the following submission.

The commitments made under the Copenhagen Accord are unlikely to reduce projected temperature increases to anything below 2 degrees. It is projected that such increases in land and sea temperature will lead to higher frequencies of extreme weather events, changes in precipitation patterns and coral bleaching. Changes in local climatic conditions are associated with loss of biodiversity and food security through decreased agricultural output. Many small islands are also a maximum of a few meters above sea level, and have a substantial proportion of their residential areas and infrastructure, including critical infrastructure, situated on the coast. The incremental loss and damage associated with climate change places a heavy burden on countries which are already heavily impacted by extreme weather events due to their economic and physical vulnerability. There is limited capacity to spread risk geographically, and small, largely single sector economies leave little flexibility to address the changes associate with changing climatic conditions. The need for a strong and equitable mechanism to address economic costs of the loss and damage associated with climate change in vulnerable economies is therefore imperative.

## **United Nations Development Programme**

### **Environment & Energy Group**

An SBI work programme addressing loss and damage associated with climate change must be multi-focal in nature, emphasizing both available risk management tools and risk transfer mechanisms and the scientific evidence needed for quantification of loss and damage in developing countries. Furthermore, it should address both rapid onset events such as extreme weather situations and impacts associated with slow changes such as sea-level rise. Although the items listed in paragraph 28 a-d are important parts in the response to loss and damage and should be evaluated by the SBI work programme, these items should not be seen as a confined list of choices for response.

The work programme on loss and damage should be established as an ongoing programme cycle with a lifespan of a few years, addressing the following thematic areas: current knowledge on loss and damage; experience with various instruments to address loss and damage; and implementation pathways under the UNFCCC. Elements to be considered include micro- and meso level risks of loss and damage at the sub-national and national level, macro level risks of loss and damage at the country and regional level and longer term foreseeable loss and damage.

The first thematic area, current knowledge on loss and damage, expansion and updating of current studies such as those commissioned by UNDP will be necessary. Greater focus on impacts from extreme weather events with associated risk assessments events is required, and so is a thorough mapping of assets exposed to loss and damage at a regional and country level to proceed with insurance.

The work towards the development of a climate risk insurance facility will be an important part of the work programme. From 1980-2003 insurance covered 4 % of total costs of climate-related disasters in developing countries compared with 40 % in high income countries. An insurance component would enable SIDS and other particularly vulnerable states to manage financial risk from increasingly frequent and severe weather events. Although initiatives such as the Caribbean Catastrophe Risk Insurance Facility are available to Caribbean countries, these do not specifically address climate change impacts. Furthermore, many developing countries either cannot access insurance or find it increasingly difficult to afford commercial insurance to address impacts on national economies.

The development of such an insurance facility must be supported by inclusion in the work programme of quantification of loss and damage caused by climate change. Methods of quantification may include identification of vulnerable areas or sectors, analysis of the threat regarding source, extent, timeframe, detailed (regional and local) modeling of the impacts of climate change, and even more important the damages in various localized sectors. Quantification should also include specific assessments of damage, as for instance loss of landmass, erosion, loss of biodiversity, with the application of both resource and traditional economics to translate these damages to monetary losses.

To achieve implementation of the SBI work programme and a climate risk insurance facility under the convention, institutional development and capacity building at national and regional level, an area where UNDP has good experience to offer, will play an important part. This is not only to contribute to the reduction in loss and damage, but also to provide a scientific and operational base for assessment of existing assets vulnerable to climate change. It is imperative that the SBI work programme will rise to the challenge of improving the scientific and technical base in developing countries to allow for quantification of loss and damage from climate change, so an insurance mechanism can be based on substantive figures.

UNDP looks towards climate change from the perspective of its human development mandate, and addressing loss and damage is essential for the safeguarding and improvement of livelihoods worldwide. It is clear that a cooperative approach is needed to provide the required scientific evidence to inform the management of climate change related damages and losses in small island states and help SIDS and other vulnerable states minimize the social, economic and environmental impacts of climate change. UNDP has also supported the evolution of SIDSOC, a mechanism that allows AOSIS to access and effectively use donor funds to support Renewable Energy and Energy Efficiency efforts, thus mitigating climate change impacts globally while reducing the vulnerability of SIDS.