



**SUBMISSION BY THE UNITED NATIONS UNIVERSITY  
Institute for Environment and Human Security (UNU-EHS in Bonn)**

**SBI Work Program on Loss and Damage: Ideas for work streams and areas of discussion  
up to and beyond COP18**

**21 February 2011**

**Prepared for Party consideration at the Thirty-Fourth Session of the UNFCCC Convention  
subsidiary bodies - SBSTA and SBI**

**Keywords:** SBI Work Program on Loss and Damage, Cancun Adaptation Framework, risk management, data management, climate adaptation, climate change, risk reduction and prevention, risk transfer, from knowledge to action

**PLEASE COMMENT:** This submission has benefited from the feedback and ideas of many different experts and delegations. We welcome your comments.

Submission by the United Nations University (UNU), Institute for Environment and Human Security, 21 Feb. 2011

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## 1. Introduction

The need is greater than ever to reduce and transfer risk in ways conducive to climate change adaptation and sustainable development. The Cancun Adaptation Framework (contained in - /CP.16) suggests that the Subsidiary Body for Implementation (SBI) make recommendations on loss and damage to the Conference of the Parties for its consideration at COP18, as well as to strengthen international cooperation and expertise to understand and reduce loss and damage associated with the adverse effects of climate change, including impacts related to extreme weather events and slow onset events. This submission by UNU outlines suggestions for elements for the SBI Work Program on Loss and Damage<sup>1</sup>, as articulated in paragraphs 25 – 29 of Draft Decision - / CP.16.

### Goals of the SBI Work Program on Loss and Damage

The Work Program on Loss and Damage should be an ongoing process of supporting implementation activities related to loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change<sup>2</sup>. As outlined in paragraphs 25 – 29 of Draft Decision - / CP.16, the Work Program will have the following goals:

- **Advance understanding of and the reduction of loss and damage.** On an ongoing basis<sup>3</sup>, the SBI Work Program will strengthen international cooperation and expertise to understand and reduce loss and damage associated with the adverse effects of climate change, including impacts related to extreme weather events and slow onset events<sup>4</sup>. The SBI Work Program will catalyse existing and future activities on loss and damage through exchange of ideas between Parties and experts. The SBI Work Program provides a useful avenue for relevant stakeholder organizations to signal what kinds of actions would be needed from Parties to catalyse action (e.g. provision of data about risk, information about ongoing and planned risk management priorities or actions, etc.); and for Parties to signal what kinds of questions they would seek responses to from relevant organizations (e.g. about existing experience, scope of possible tools and approaches, technical requirements, assessments, etc.).

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<sup>1</sup> Para 28

<sup>2</sup> Para 26

<sup>3</sup> e.g. leading beyond COP18, with a time period to be defined or open ended as appropriate

<sup>4</sup> Para 25

- **Promote the prevention and minimization of loss and damage.** Preventing or minimizing loss and damage is the bedrock of effective risk management. It may lower demands for adaptation funding, or enhance the ability to devote resources to other high-return adaptation activities. Disaster risk reduction can complement sustainable development, and dampen the negative cycle of hazards and poverty<sup>5</sup>. Disaster risk management and reduction are featured in the Cancun Adaptation Framework (paras 13-14), and span the range of rapid- and slow-onset hazards that can cause loss and damage. Activities related to loss and damage must be viewed as part of a climate risk management strategy that includes, first and foremost, activities that prevent human and economic loss and damage from climate variability and extremes. Activities and ultimately the recommendations by the SBI to COP18 should underscore the need to design and implement all activities with an aim to prevent and reduce loss and damage. A range of measures will be needed, but all should work towards the goal of risk reduction and take into account the principles of the Hyogo Framework of Action. All actions should strive to complement and enhance the ability of National Platforms under Hyogo to prevent and reduce loss and damage at the national and sub-national levels. Additionally, recommendations by the SBI Chair should consider what activities under the Convention can catalyse prevention and reduction of loss and damage internationally, and in areas where concerted international efforts can fill gaps which individual governments—especially in vulnerable countries—may struggle to fill alone. For activities undertaken under the auspices and guidance of the Convention, SBI recommendations should consider that progress in prevention and avoidance of loss and damage could help Parties qualify for participation in additional measures such as insurance or other forms of risk management beyond risk reduction.
- **To provide a framework for activities<sup>6</sup> that lead to implementation of measures to reduce loss and damage.** The Work Program will, through workshops, events and other modes as appropriate, support SBI with information so that it is in a position to make recommendations on loss and damage to the Conference of the Parties for its consideration at its eighteenth session<sup>7</sup>. The UNFCCC process may benefit from views about what activities are already being undertaken, what innovative new approaches are possible to design (both under the Convention and outside of but in harmony with it), and what kinds of activities may remain unrealistic for the foreseeable future (or what kinds of criteria would be needed to make such activities possible).

## 2. Build clear work streams that prioritize avoidance of loss and damage

It is helpful to **frame the discussion in terms of clear** work streams (either as clearly defined agenda items, or as separate but complementary discussions) so that **progress in one area is not dependent on progress in another**. This approach will help ensure that Parties are supported in their goal to increase understanding of loss and damage issues by having a clearly structured and transparent structure. Additionally, the approach will ensure that Parties are

<sup>5</sup> Barnett et al. 2008; Dercon 2005

<sup>6</sup> such as events and workshops as appropriate, para 26

<sup>7</sup> Para 29

supported in a pragmatic discussion that moves towards the articulation of implementation options which can then be sent to COP18 for consideration.

The work streams are meant to start as soon as SBI approves the Work Program on Loss and Damage; but as noted above it would be highly desirable for the **Work Program to continue after COP18** to support Parties in questions related to the implementation of approaches to loss and damage. The work streams could encompass three areas considered important for thinking about, designing, and implementing measures to address loss and damage, to support the formation of recommendations for COP18. These three areas are outlined below (the elements from paragraph 28 (a - c).

**Assess and characterize exposure to loss and damage**<sup>8</sup> relevant to risks from extreme events at the micro, meso, and macro levels<sup>9</sup>, and longer-term foreseeable risks<sup>10</sup>.

Risk management options are needed more today than ever (see, e.g. Stern et al. 2007), yet one of the basic requirements for effective management and reduction of loss and damage is risk assessment and understanding what is exposed to loss and damage. This is especially the case for developing countries where data is sometimes less available. The SBI Work Program on Loss and Damage should help them understand what tools are needed<sup>11</sup> to help Parties characterize exposure (i.e. risk assessment, mapping, typologies of assets exposed to loss and damage) through rapid-onset events like weather extremes, or through slower-onset foreseeable events related to climate change<sup>12</sup>. It could prove interesting to explore whether assessment activities could also be useful for other areas of adaptation, such as to draw attention to sectors, geographic regions, etc. which may need particular attention. This area of discussion could begin discussion of the role of the Convention in supporting/catalyzing the assessment, mapping, modeling, and evaluation of risks<sup>13</sup>.

Some countries already have established institutions dealing with risk reduction and risk transfer, while others do not. In most developed countries, disaster risk reduction is dealt with by institutions and arrangements that are separate from those in place for risk transfer mechanisms. In many developing countries there are no established risk transfer mechanisms and so there are no institutions, which are responsible for them. In the context of climate change

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<sup>8</sup> Exposure could be assets like man-made (such as infrastructure), natural (such as ecosystem services like fresh water), and social (such as livelihoods). As the SBI Work Program focuses on issues related to the implementation of measures to address loss and damage, there may be an argument for addressing the first three assets (man-made, natural, and social), and recognizing the importance of (but not valuing) things like human life and health culture, and ethics which are of inestimable worth and value.

<sup>9</sup> Paras 28(a) and 28(b) deal with weather variability and extreme events (often of a rapid-onset nature).

<sup>10</sup> Para 28(c) refers to longer-term foreseeable exposure to loss and damage, such as sea level rise and desertification processes.

<sup>11</sup> Also refer to the WMO „Climate Services for All“ program.

<sup>12</sup> Para 28 (b and c). It could be helpful for Parties to help sort out „what is the nature of the problem“ and understand the relationship between loss and damage and either weather-related extreme events, or longer-term foreseeable processes. Implementation of measures will likely look different, depending on whether impacts are associated with rapid-onset events or slow-onset processes. So it could make sense to start the discussion by characterizing and assessing exposure to loss and damage.

<sup>13</sup> UNFCCC (2008). „Report on the workshop on risk management and risk reduction strategies, including risk sharing and transfer mechanisms such as insurance: Summary by the chair of the workshop.“ Available on the UNFCCC website, document FCCC/AWGLCA/2008/CRP.7 from 6 December 2008.

with a heightened need to manage, reduce risk and prevent losses, it will be increasingly useful to have coordinated mechanisms that incentivize risk reduction and loss prevention, and ensure that risk transfer approaches complement and accelerate adaptation. One important benefit of such a risk management approach could be that institutions dealing with risk reduction and risk transfer could also have the responsibility for gathering data about climate-related risks, measure and map risks and raise awareness of them – activities that catalyse and improve overall adaptation efforts and improve the effectiveness and efficiency of limited adaptation funding.

Therefore, the SBI Work Program should help Parties **identify and make plans for reducing the potential for loss and damage related to weather extremes, and longer-term shifts in climatic patterns**. This is especially useful for that range of activities outlined in Para 28 (b), many of which already exist but could use assistance in getting to scale. The principles of disaster risk reduction laid out in the Hyogo Framework of Action serve as a guideline (UNISDR 2005). The SBI Work Program could request Parties to share, or express their views on; what their countries have done in the following risk management activities:

- Gathering data and mapping high-risk zones
- Building codes and other regulatory measures to reduce buildings in hazard-prone areas, and improve the physical resilience of structures and houses
- Protecting and developing hazard buffers (forests, reefs, etc.)
- Developing a culture of prevention and resilience
- Improving early warning and response systems
- Building institutions, and development policies and plans

**Range of instruments and their respective functions**<sup>14</sup> to address exposure to loss and damage. This level of discussion in each work stream would explore experience using particular instruments/approaches for the kinds of exposure to loss and damage addressed in each work stream. This area could help articulate lessons learned, good practice, challenges, analysis of relevance of various instruments in the context of adaptation, etc.

As outlined in paras 28 (b) and 28 (a), additional adaptation tools including insurance may be part of discussions on loss and damage. It is recommended that the SBI Work Program explore those current experiences which link disaster risk reduction and other risk management tools, and develop a set of design principles for measures to address loss and damage. It is important to keep the focus on avoiding loss and damage, and to help disaster risk reduction serve as a portal through which countries pass in order to realize the additional adaptation benefits of risk transfer tools like insurance. For climate-related risks which cannot be further reduced in an efficient way, such as the risk of natural hazards, measures can be used to share or transfer risk, including the use of reserve funds, social safety nets, contingent credit arrangements and a variety of risk transfer tools like insurance. Ongoing participation/renewal of insurance coverage with international support could be dependent upon some evidence that participating vulnerable countries are making tangible progress in implementing their disaster risk reduction plans.

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<sup>14</sup> Para 28 (b and c).

**Options for implementation of activities<sup>15</sup> to address** loss and damage relevant to micro and meso and macro level risks<sup>16</sup>, and longer-term foreseeable risks<sup>17</sup>, as appropriate. This area could explore alternative combinations of elements needed for implementation, both under the Convention as well as options that could be implemented in ways that are complementary to Convention activities. This area of the discussions could explore what implementation options would look like, depending on different **combinations of issues such as Party needs**, institutional arrangements/ operational entity, governance considerations, alternative financial arrangements, etc. Implementation options should consider placing the avoidance and reduction of loss and damage as a leading priority.

Activities related to loss and damage must be viewed as part of a climate risk management strategy that includes, first and foremost, activities that prevent human and economic losses from climate variability and extremes. To be effective and to harmonize measures to address loss and damage with adaptation, it is essential to align adaptation incentives with prevention and risk reduction.

One of the common challenges for countries in implementing disaster risk reduction is that it competes for funding with development projects, or other national priorities (Kunreuther 2006). One of the recommendations for COP18 from the SBI Work Program on Loss and Damage may be to outline alternatives for easing this dilemma, such as by providing appropriate support to vulnerable countries to set these disaster risk reduction plans into motion. There is a case for creating frameworks or institutions that more closely link risk reduction and complementary measures like early warning, insurance, reconstruction, urban planning, management of human mobility related to environmental change, water management, etc. The SBI Work Program can catalyze efforts to more systematically consider risk reduction in adaptation approaches.

The three areas suggested above could be taken in any order that Parties desire. However, a logical sequence could be to first characterize exposure (“what is the area that requires addressing?”), second discuss the relevant range of instruments, and third discuss implementation options for each work stream.

**Work Program on Loss and Damage Beyond COP18:** Ongoing process of knowledge transfer on loss and damage to facilitate implementation.

Up until and beyond COP18, the Work Program will represent an ongoing process of knowledge accumulation and transfer to support better understanding of loss and damage issues. The Work Program will provide an ongoing channel to bring relevant expertise about the management and reduction of loss and damage to Parties, and to collect information and experience gathered in

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<sup>15</sup> Para 28 (a, b and c). Once Parties have had a chance to examine areas of concern (assets at risk of loss and damage), the range of possible tools to address rapid-onset events and longer term foreseeable events and their functions, then Parties can begin considering options for development of approaches to address loss and damage. These options could outline design elements for approaches for managing rapid-onset loss and damage issues (climate risk insurance facility and other forms of insurance linked to disaster risk reduction) and for managing foreseeable slow onset processes (options for operational design for such approaches).

<sup>16</sup> Paras 28(a) and 28(b) deal with weather variability and extreme events (often of a rapid-onset nature).

<sup>17</sup> Para 28(c) refers to longer-term foreseeable exposure to loss and damage, such as sea level rise and desertification processes.

the implementation of approaches to manage and reduce loss and damage, including risk reduction and insurance measures in various areas of the world.

The timing of discussions for some issues, particularly longer-term issues such as the social and economic dimensions of foreseeable longer-term processes like sea level rise, increasing temperatures, ocean acidification, glacial retreat and related impacts, salinization, land and forest degradation, loss of biodiversity and desertification, etc. may require different paces. For example, Parties may need more time to work through issues like exposure, assessment, and ranges of options for managing loss and damage associated with longer-term foreseeable processes.

The articulation of approaches to manage loss and damage for longer-term issues may be in an early stage. For example, the processes mentioned above could have implications for population distribution, migration, displacement, and planned relocation in the distant future. Yet it will likely take a process of gathering evidence over time, building dialogue (as outlined in para 14(f)), exploring policy implications, and possibly building a multi-stakeholder process for identifying guiding principles to shape thinking about human mobility in the context of climate adaptation. These approaches will require more time than the months leading up to COP18 to explore. The process should be designed in a way to allow Parties sufficient time to build a common framework of understanding, upon which sustainable implementation options at the appropriate time in the future may be built.

In summary, if Parties so wished, they may choose for some Work stream discussions to advance at a more rapid pace (from “problem”, to range of solutions, to implementation options) while others may require a slower, more in-depth pace to allow sufficient consideration of the issues at hand. The SBI Work Program on Loss and Damage should support Party discussions on an ongoing basis, in part for the reason that some areas (possibly such as longer-term foreseeable loss and damage) may require time beyond COP18 to consider implementation options. Regardless of the timing, the process should be designed so that implementation efforts both under the Convention, and outside of but in harmony with the Convention, can be undertaken to address loss and damage in the context of climate change.

## **5. Complementary activities to the Work Program on Loss and Damage**

- **IPCC Special Report on Extreme Events.** Make special note of the findings of the IPCC SREX, and consider having the synthesis document presented in a special workshop or side event during an appropriate SBSTA or LCA meeting, or complementary to the UNFCCC climate negotiations. Ensure that Parties receive a synthesis for policy makers in a timely manner. This could be complemented by a briefing of scientists / lead authors of the SREX.
- **SBSTA:** Submissions invited from relevant organizations about the scientific basis and questions related to loss and damage in particular regions, ecosystem types, etc. to provide a comprehensive view of the kinds of issues countries face related to loss and damage. To facilitate timely provision of such contributions, a Work Program annex could make suggestions about specific questions that require addressing and the relevant time periods when such papers would be needed to inform SBI and SBSTA discussions. Part

of this would be formal and part of this, if appropriate and agreed by the Chairs of SBI and SBSTA and the UNFCCC, would be informal consultations by the Chairs. **Nairobi Work Program:** Invite specific inputs and pledges from (especially scientific) organizations related to loss and damage (in NWP work streams on risk management, insurance, adaptation, etc.). Similar to the point on SBSTA, an annex in the Work Program could make suggestions about specific questions, areas where feedback about lessons learned would be needed, and possible complementary NWP activities such as NWP workshops could be useful.

- **UNU volunteers to co-organize a series of training workshops** to support delegates in familiarizing themselves with technical terms, different ways of addressing loss and damage, etc. together with other relevant stakeholder organizations. These training sessions could be organized as desired immediately before sessions or relevant SBI Work Program workshops to capitalize on participants' time.
- **UNU volunteers to co-organize a workshop** on a relevant theme, as appropriate and desired by Parties.
- **UNISDR Global Platform (May 2011) and Global Assessment Report:** UNISDR's Global Platform and the upcoming Global Assessment Report will provide useful information for SBI discussions, particularly about the nature of asset and other value exposure to extreme weather events (Work Streams 1 and 2) and to a range of approaches that can help manage potential loss and damage from extreme weather events. Emphasis on risk reduction options and the avoidance of loss and damage are of particular importance. It would be helpful if Parties could note these elements/sources of information in the SBI Work Program on Loss and Damage.

## 6. Conclusions

The topic of loss and damage has advanced substantially from Bali onwards. The SBI Work Program has the opportunity to further foster confidence in the process as one that helps create solutions to some of the shared challenges of climate change. The work program should be designed with enough flexibility that Parties and relevant stakeholder observers will have both the chance for sufficient transfer of information, as well as moving forward even without perfect certainty in all areas. Measured progress over time and the ability to design solutions that offer some benefits for all Parties will contribute to a positive dynamic both in the climate negotiations as well as in other arenas where implementation of solutions occurs<sup>18</sup>.

The SBI Work Program on Loss and Damage should help Parties explore what combinations of tools could be used to address loss and damage at the micro, meso, and macro levels (with the primary aim to prevent and reduce loss and damage, and also to help share risks that cannot further be reduced). It would be helpful to explore the added benefits to adaptation of effective risk management. A range of tools may be used to address the temporal and spatial dimensions of climate-related risks. The process should not expect to find one silver bullet solution; rather, the SBI Work Program should look for combinations of tools that can be implemented at different levels, both under the Convention and outside of (but complementary to) the Convention. This

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<sup>18</sup> It would be useful if the Work Program had a modality for updating information on an ongoing basis, providing inputs on ongoing implementation activities and feeding back lessons learned outside of the UNFCCC process.



will be as much a time of discussion and preparation for a decision about implementation under the Convention, as it will be in catalyzing experiments, pilot approaches, and learning on the ground.