

# **Sri Lanka's Submission on the Strategic Workstream on Loss and Damage Action and Support**

## **For consideration by the Executive Committee of the Warsaw International Mechanism for Loss and Damage**

Sri Lanka welcomes the request to submit views on possible activities for the five-year rolling work plan of the Executive Committee under the UNFCCC process. This submission highlights Sri Lanka's policies and actions on loss and damage on climate change, and activities for the specific strategic workstream on enhancing action and support, including finance, technology and capacity-building, as mandated by decision 3/CP.22. It has been prepared by the Ministry of Disaster Management of Sri Lanka, in collaboration with the Ministry of Mahaweli Development & Environment and the Climate Change Secretariat of Sri Lanka which is the national focal point to the UNFCCC.

### **Country Context**

Sri Lanka, a developing island country is highly vulnerable to climate change. The country is already feeling the impacts of climate change, and has been facing adverse impacts of extreme and slow onset impacts induced by climate change. In order to address these impacts, Sri Lanka has initiated many policies and actions, and have formulated Nationally Determined Contributions (NDCs) on loss and damage.

Under Sri Lanka's NDCs for loss and damage, the country commits to:

- Improve the forecasting capabilities at all-time scales
- Analyse total loss and damage of climate induced disasters from 2000 and the gap that was not compensated/recovered. This includes making recommendations to establish a mechanism at the national level which will contribute to the Warsaw International Mechanisms for Loss and Damage in an effective and efficient manner.
- Establish a local mechanism in line with the Warsaw International Mechanism for Loss and Damage.
- Strengthen the existing national mechanism to recover the loss and damage to the maximum possible.
- Introduction of possible insurance schemes to recover the loss and damage to livelihood, properties, infrastructure, agriculture and fisheries, and other affected sectors due to adverse impacts of climate change.

In addition to the NDCs, Sri Lanka has developed additional policies which relate to loss and damage under the UNFCCC. Further, the country has formulated its National Adaptation Plan (NAP,) which reflects the need for resilience building and capacity building for nine sectors impacted by climate change which relates to some areas of work on loss and damage.

Sri Lanka has further developed the national disaster risk management programme for the country titled “Sri Lanka Comprehensive Disaster Management Programme” and National Biodiversity Strategy and Action Plan. These policies address needs that have been identified through previously felt weather events, as well as the extreme events that Sri Lanka has felt in recent years, especially in 2016.

On average over the long term, Sri Lanka’s housing, roads, relief sector-specific losses per year from natural disasters are estimated at Rs. 50 billion (US\$ 380 million). The annual expected sector-specific loss from natural disasters is equivalent to 0.5% of the Country’s Gross Domestic Product (GDP) and 3% of total government expenditure” (NPD, 2016). If damages and losses to agriculture, health and education sectors were added, the overall impact on the country’s economy would have been even higher. Annual Expected Loss (AEL) is highest for flood peril, with an AEL of SL. 32 billion (US\$ 240 million), followed by cyclone Rs. 11 billion (The World Bank, 2016).

According to the data provided for the NDCs of Sri Lanka by the National Disaster Relief Services Centre, the total relief expenditure for the period of 2007-2011 was SLR 1,786 million (US\$12.75million) which was borne by the Consolidated Fund of Sri Lanka. However, this calculation does not include damages to infrastructure as well as other physical damages. According to the Integrated Post Flood Assessment in May 2010 carried out after the floods in the Western and Southern provinces by the Disaster Management Centre of the Ministry of Disaster Management, the total damages and losses from the floods amounted to over SLR 5,000 million (US\$ 35.71 million). A majority of these damages and losses are borne by Sri Lanka’s national budget.

In the aftermath of the May 2016 floods and landslide disaster, which has affected 24 of 25 districts of the country, Sri Lanka for the first time adopted the Post Disaster Needs Assessment (PDNA) methodology in the country with the support of the World Bank, EU and United Nations. Damages and losses caused by the May 2016 disasters were estimated at approximately SLR 100 billion (US\$ 660 million). Since 2004, Disaster Management Centre has been maintaining a disaster damage and loss database for Sri Lanka, which carries damage and loss data from 1974 up to date. Recently, the Centre has strengthened its data management capability by developing an online system to collect and store disaster damage and loss data.

Sri Lanka has also created risk transfer mechanisms to address the risks of losses and damages in the country and has practiced a state led insurance mechanism for the agriculture sector since 1958, which was improved in 1973. This is one of the oldest state led, and funded insurance schemes of the world. In April 2016, in order to improve the financial instruments that are available to address risks, Sri Lanka has created the National Natural Disaster Insurance Policy, which has expanded the capacity to provide state led risk transfer systems to its total population. In addition to the above, the Catastrophe Deferred Drawdown Option (Cat-DDO), which came into effect since 2014 through a development policy loan of the World Bank provides US\$102 million to strengthen the

country's fiscal resilience in an emergency.

The country has also introduced a national insurance scheme against natural disasters as an implementation of budget proposals in 2016. This insurance scheme is a state funded insurance mechanism to benefit the people affected by natural disasters. National Insurance Trust Fund (NITF) implemented this in collaboration with National Disaster Relief Services Centre (NDRSC). Annual Premium of the Insurance Scheme is LKR 420 million (approximately USD 2.77 million) which is borne by Government of Sri Lanka. According to the available statistics expenditure up to 27<sup>th</sup> February 2017 from 01.04.2016 recorded LKR 134,892,958.71 (approximately USD 890441.91) as emergency compensation reliefs and LKR 752,232,474.04 (approximately USD 4965561.78) as housing compensation advance payments including advance payment of LKR 10,000 (approximately USD 66.01) for 60,212 victims.

While Sri Lanka has contributed largely from its national funds to address the impacts, losses and damages induced by climate change, in order to implement the NDCs of Sri Lanka, the country has allocated a component to be implemented through international funding. While country's national budget will continue to provide finance as it has previously, the country is seeking finance to comprehensively address the technology, research and data, capacity building of country to address the losses and damages from climate change.

### **Sri Lanka's Views on Workstreams of the 5 Year Rolling Work Plan:**

In light of the growing loss and damage induced by climate change, Sri Lanka believes that the WIM needs to address the issue of finance as a prior for the coming two years - dedicating as much time and resources to the finance (support) workstream as to the other workstreams combined. This includes identifying objectives and key activities to reach across 2017 and 2018. Given the increasing needs of finance and given the WIM mandate to facilitate and mobilise support, the overall objective of this workstream should be to urgently generate finance from predictable, adequate and sustainable sources at a scale of billions of dollars to address loss and damage in developing countries before 2020, and growing after 2020, at a scale sufficient to address the problem over and above the finance provided for adaptation. This will require enhancing the understanding of the nature, types and scales of finance developing countries required. Sri Lanka also highlights the need for technology transfer to address climate induced losses and damage, as well as needs for research and data collection which developing countries are in need of to improve the country's capacity to address the losses and damages which impacts it. Technology transfer is also required to support developing methodologies for assessing damages and losses for past disasters and to set baselines. As per the NDCs, it is required to establish a baseline for damage and losses caused by climate induced disasters from 2000. It is felt that international best practices should be shared among the developing countries to

strengthen their efforts to establish baseline and develop methodologies for damage and loss assessment for past disasters.

Sri Lanka proposes the following views to be incorporated to the relevant workstreams for the activities for 5 year rolling work plan. Where necessary, this may involve the work of other bodies including and not limited to the Standing Committee on Finance.

#### **Views on workstream 5 on finance related topics:**

Sri Lanka wishes to propose a few activities that could be conducted under the 5 year rolling work plan which relates to finance related topics.

Sri Lanka requests:

The WIM (UNFCCC) Secretariat to prepare a background note, drawing from previous WIM work, in time for the May 2017 SB session on finance related matters. This paper needs draw up an open list of actions to address loss and damage and associated types and natures of required finance to support them across the spectrum of the WIM's thematic issues, and distinguishing between measures to reduce loss and damage, and to address occurring loss and damage.

The ExCom to hold consultations during the May SB session, based on the background note, to gather further views.

The WIM to open a call for submissions from Parties and Observers to conclude a few weeks after the May 2017 SB46 meeting inviting views on types and nature of actions to address losses and damages for which finance may be required, and specific issues and proposals related to principles and modalities for the accounting of the activities as finance, regardless source and channel.

The WIM to prepare a working definition for loss and damage finance which will provide further guidance on calculating loss and damage finance needs, and also identifying available funding for actions related to climate induced loss and damage.

#### **Work stream 6 on Emerging Needs:**

Sri Lanka believes that emerging needs will play a key role in how developing countries will need to address climate change induced losses and damages. In order to be effectively and efficiently addressed, Sri Lanka requests that:

- The WIM identifies the emerging needs in a rolling basis, and prepare a list of needs highlighted by countries to be focused on.

- The WIM to organize a workshop on addressing the emerging needs, ways to identify them, and inclusion of them in the 5-year work plan.
- The COP to call for submissions how the emerging needs should be addressed, data related to these issues be shared, and how scenarios could be developed to address the emerging needs.

Sri Lanka provides also input on the 4 workstreams which are not highlighted in the call for submissions, but the country feels as important to provide input on:

Under the workstream on slow onset events, Sri Lanka believes that there is need to identify slow onset events impacting countries at national level, and to list the priorities to be addressed through the action on loss and damage during the time frame of the rolling work plan. The country also wishes to highlight the need for development and improvement of climate information by strengthening the capacities of the meteorological departments for accurate predictions as well as the need to develop an inventory of the disasters, identify vulnerable population, and support and capacity building for data and the facilitation of data on the disaster scenarios related to slow onset events.

Under the workstream on non-economic losses, Sri Lanka is of the view that there is need for technical information/methodology on the assessment and the calculation of losses and damages that fall under non-economic category. This includes the need for definitions, and methodologies being identified to address non-economic losses, and building of capacity and knowledge sharing on such losses. Sri Lanka requests that there be additional capacity building provided for Parties on how to address non-economic losses, and methodologies to calculate such losses.

In the workstream on migration, Sri Lanka believes that there is a need for facilitating and coordinating data collection which reflects the number of displaced or migrants that are impacted by climate change, and displacement and migration induced by impacts of climate change. There is need to better understand the phenomenon of climate induced migration, and Parties would be able to benefit from further technical information on the issue of climate migration, and the work of the task force on migration would be helpful in addressing the needs of Parties to work effectively on migration under the rolling work plan of the WIM.