

Submission of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts

to the **invitation of the Standing Committee on Finance (SCF) for inputs related to its 2016 fourth forum on “financial instruments that address the risks of loss and damage associated with the adverse effects of climate change”.**

In accordance with Action Area 7, “Encourage comprehensive risk management by the diffusion of information related to financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change to facilitate finance in loss and damage situations in accordance with the policies of each developing country and region, taking into account the necessary national efforts to establish enabling environments”, the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts hereby submits its inputs as follows:

1) Purpose of the Forum

- In addressing the below, to contribute to develop recommendations for actions and next steps of how loss and damage associated with the adverse effects of climate change affects particularly vulnerable developing countries, vulnerable populations and the ecosystems that they depend on, and how approaches to address loss and damage associated with the adverse effects of climate change can be designed and implemented to benefit these populations
- To take stock, map out and discuss existing financial instruments and possible innovative solutions for addressing the risks of loss and damage, and comprehensive risk management strategy
- To share information, good practices, experiences and lessons learned in relation to financial instruments that address the risks of loss and damage
- To promote better understanding and awareness of how countries can effectively insure against climate change impacts, and to capture experiences related to tools that address other types of impacts
- To identify potential climate finance flows, instruments and tools to enhance action and support including technology and capacity building, to address the risk of loss and damage associated with the adverse effect of climate change in developing countries, and to inform the biennial assessment of climate finance flows
- To categorise potential financial instruments across scale and with regards to purpose etc.
- To identify typology and aspects of Loss and Damage that could potentially be considered and/or addressed by public and private sources of climate finance and to identify losses and damages that may not be able to be addressed by existing financial instruments (such as losses due to slow-onset events and non-economic losses)
- To identify gaps, including knowledge gaps, in the types of financial instruments available for addressing loss and damage in developing countries, considering the nature of impacts associated with different temperature scenarios while acknowledging the role of sustainable development
- To discuss concepts for designing premium levels, including possible risk coverage and subsidies, with a special focus on particularly vulnerable countries and populations
- To build networks and partnerships for further outreach and dissemination of information relating to financial instruments and tools, including for the development of financial instruments for vulnerable developing countries
- To provide inputs to the modality of establishing a clearinghouse in accordance with 1/CP.21 para. 49.

2) Scope of the Forum

- The Forum should provide inputs on how to analyse and structure risks associated with climate change along a risk continuum, on how to design appropriate financing approaches to reduce, avert and address those risks, including approaches on insurance and other risk financing instruments and identify any limits and gaps.
- As the SCF Forum is the first UNFCCC Forum to deal explicitly with this topic, the scope should be kept broad so as to include useful experiences, lessons learned and solutions
- Target audience:
 - o Private sector, especially experts on insurance, risk finance and social protection
 - o Development banks
 - o GCF, GEF (as well as Adaptation Fund and others)
 - o Relevant constituted bodies under the UNFCCC (e.g. AC, LEG etc.)
 - o Parties, observers etc.
 - o NGOs
 - o Regional sovereign risk transfer facilities (e.g. CCRIF, ARC, PCRAFI)
 - o Regional organisations (e.g. Secretariat for the Pacific Environmental Programme, Secretariat of the Pacific Community Secretariat for Pacific Regional Environmental Programme (SPREP), Secretariat for the Pacific Community (SPC), etc.)
 - o Organisations providing humanitarian assistance and support for DRR
 - o Climate service providers
 - o Civil society
 - o Academia and universities

3) Relevant Information/ case studies etc. (to be shared as part of the submission)

One type of relevant case studies would be those related to risk transfer as per below

- Pacific Catastrophe Risk Insurance Facility
- Caribbean Catastrophe Risk Insurance Facility
- African Risk Capacity
- InsuResilience – The G7 Initiative on Climate Risk Insurance:
 - o Documentation of existing (direct and indirect) climate risk insurance solutions (-> background paper)
 - o Rapid action (as stated in joint declaration of G7 in Paris, primarily re: indirect insurance/regional risk facilities)
- Private sector: insurance/re-insurance sector, Insurance Development Forum, Geneva Association.
- Experience of national and regional sovereign risk transfer facilities (e.g. CCRIF, ARC, PCRAFI, FONDEN)
- Micro-insurance programmes (e.g. MCII, FAO, R4, others)
- CARIBSAVE: Climate Change Risk Atlas
- Programmes combining risk transfer and social protection elements
- IOPC case study

4) Technical information (to be shared during preparation *or* during the SCF Forum itself)

- Provide relevant information to be compiled from the submissions by organizations in response to Excom's call for submission as part of its workplan on best practices, challenges and lessons learned from existing financial instruments at all levels that address the risk of loss and damage associated with the adverse effects of climate change, in particular on how

approaches to address loss and damage associated with the adverse effects of climate change can be designed and implemented to benefit these populations

- Include examples of financial instruments and tools currently being employed to address loss and damage associated with the adverse effects of climate change which will help enhance action and support

5) Potential institutions to partner with in the organization of the Forum

- Private sector/(re)insurance sector/industry
- World Bank and other international institutions
- ADB and other multilateral/regional development banks
- USAID
- OECD
- International Cooperative & Mutual Insurance Federation (ICMIF)¹
- Humanitarian and disaster related organisations
- Disaster management institutions/centres at various scales
- GCF
- G7 Initiative (InsuResilience)
- Regional risk insurance institutions
- Regional organisations (e.g. Secretariat for Pacific Regional Environmental Programme (SPREP), Secretariat for the Pacific Community (SPC), Pacific and Indian Ocean partner countries, Caribbean Community Climate Change Centre (CCCCC))
- Members of the insurance industry
- Academic and research community
- Regional sovereign risk transfer facilities
- World Food Program
- Institutions engaged in case studies as described in Section 3 above.

6) Potential events to synergise the Forum with

- G7 Initiative InsuResilience steering group meeting
- Bonn Climate Change Conference (May 2016)
- Excom 4 meeting (September 2016)
- GCF meeting
- UNFCCC Adaptation related events (e.g. NAP Expo scheduled for 15-17 August 2016, Adaptation Forum scheduled during 10-13 May 2016)
- World Cities Summit (July 2016)
- Climate Week 2016 in NYC (September 19-26)

¹ : Launched the 5-5-5 initiative that will protect 25 million more people in the poorest areas by 2020