

AOSIS Presentation



UNFCCC In-session Workshop:

Risk management and risk reduction strategies, including risk sharing and risk transfer mechanisms such as insurance

4 December 2008

Poznań, Poland

Unique challenges faced by SIDS

1. **Economically fragile**
2. **Limited resources** - natural, financial, human
3. **Infrastructure** - located primarily in coastal zones; more than 50% of populations live by the coast
4. **Highly exposed** to impacts of sea level rise and increasing temperatures; finite land area, thin fresh water lenses
5. **Highly susceptible** to natural hazards - tropical cyclones, hurricanes, storm surges, drought
 - Grenada - 2004 Hurricane Ivan – 90% of housing stock, 200% GDP
 - Fiji, Samoa, Vanuatu - annual damage from climate disasters est. at 2-7% of GDP
 - Cuba - 4 hurricanes in 2008, no time to recover
 - FSM Tropical Storm Chata'an, 2002, 60 landslides on lagoon islands in Chuuk
 - Niue was food sufficient; following Cyclone Ofa in 1991 became import dependent
6. **Insurance coverage increasingly unavailable or unaffordable; many impacts and assets 'uninsurable'**

Guiding principles for addressing loss and damage

- **Principle of State Responsibility** – States are required to ensure that activities under their jurisdiction or control **do not cause damage to the environment of other states** or areas beyond national jurisdiction (Principle 21 Stockholm Declaration; Principle 2 Rio Declaration). Where there is a breach of this international obligation, **there is a duty to cease and to make reparation**.
- **Principle 13 of the Rio Declaration** – States to cooperate in developing further international law regarding **liability and compensation** for adverse effects of environmental damage caused by activities within their jurisdiction or control to areas beyond their jurisdiction.
- **precautionary measures** should be taken by Parties to anticipate, prevent or minimize the causes of climate change **and minimize its adverse effects**
- **equity and intergenerational equity**
- **common but differentiated responsibilities and respective capabilities**

AOSIS Proposal: Multi-Window Mechanism to Address Loss and Damage from Climate Change Impacts

1. Insurance Component	2. Rehabilitation / Compensatory Component	3. Risk Management Component
<p>To address climate-related extreme weather <u>events</u> such as hurricanes, tropical storms, floods and droughts, which result in loss and damage</p>	<p>To address <u>progressive negative impacts</u> such as sea level rise, increasing sea and land temperatures, ocean acidification that result in loss and damage (e.g., land loss, coral bleaching, impacts on potable water availability, fisheries, desertification, etc.)</p>	<p>To promote risk assessment and risk management tools and strategies at all levels; to facilitate the implementation of risk reduction and risk management measures</p>
<p>Triggers – e.g., including precipitation, wind speed, storm surge</p>	<p>Parameters – sea level rise, temperature increase, loss of land, loss of coral reefs, loss of fisheries, salinization of aquifers; ‘all-risk parametric’</p>	
<p>A. Technical Advisory Facility</p>		
<p>B. Financial Vehicle/Facility</p>		

Institutional Arrangements

Multi-Window Mechanism Board under Convention

UNFCCC Secretariat to Provide Administrative Support

Insurance Component

Rehabilitation / Compensatory Component

Risk Management Component

A. Technical Advisory Facility - Roles

- Provides advice and guidance to countries on available instruments, best practices and innovative approaches
- Provides technical support for establishment of appropriate risk sharing and risk transfer schemes (e.g., risk pooling, indexed-instruments)

- Works with countries to establish baseline parameters in local context
- Verifies when parameter thresholds exceeded

- Provides advice to countries on risk management techniques in context of climate change
- Facilitates collection of weather data and analysis
- Identifies hazards, provides support to risk assessments
- Recommendations on risk reduction measures

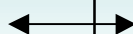
Inputs and interlinkages: Insurance and Reinsurance sectors, disaster risk reduction community, UNDP, UNEP, WHO, WMO, ISDR, World Bank, Red Cross, humanitarian and research organisations, IPCC

Institutional Arrangements

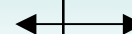
Multi-Window Mechanism Board

UNFCCC Secretariat to Provide Administrative Support

Insurance Component



Rehabilitation / Compensatory Component



Risk Management Component

B. Financial Vehicle / Facility - Roles

- Enables, administers and supports risk sharing/risk transfer schemes through start up financing, subsidization
- Manages and invests reserves accumulated from assessed Annex I Party contributions
- Premiums/ contributions from covered private and public sector institutions

- Accumulate funds from assessed Annex I Party contributions, based on GHG emissions (responsibility) and GDP (capacity)
- Pays out when parametric thresholds crossed

- Fund measures to support risk reduction and risk management efforts
- e.g., data collection, hazard mapping, risk assessments

Inputs and interlinkages: Convention Adaptation Fund, Kyoto Protocol Adaptation Fund
Vehicle could be created inside the UNFCCC, and lodged with an existing financial institution

Thank you

