



AOSIS Inputs for the Two-Year Workplan for the Implementation of the Functions of the Warsaw International Mechanism

The Republic of Nauru, on behalf of the Alliance of Small Island States (AOSIS), welcomes the opportunity to provide input to the two-year workplan for the implementation of the functions of the Warsaw International Mechanism (Mechanism), currently being prepared by the Executive Committee operating under interim measures (iExCom). AOSIS acknowledges the submission made by Bolivia on behalf of G77 and China.

The concept for an appropriate mechanism to address the irreversible impacts of climate change from the loss and damage that was predicted for small islands and low lying coastal states was proposed by AOSIS some twenty years ago. Therefore, it is of great concern that AOSIS does not have a representative on the iExCom. For this reason, it is a matter of survival and utmost importance for the 43 member countries of AOSIS that the iExCom will reflect the input below in its development of the initial two-year work plan for the Mechanism. AOSIS's input is intended to ensure that the activities of the workplan help set the foundation for the work of the Mechanism over the long term.

I. Needs to be addressed by the Mechanism

The Warsaw International Mechanism has been established to address loss and damage associated with the irreversible impacts of climate change, including extreme events and slow onset events, in developing countries that are particularly vulnerable to the adverse effects of climate change.¹ The small island developing States (SIDS) that comprise the Alliance of Small Island States are the group of countries that are most vulnerable to the adverse impacts of climate change, including sea level rise, ocean acidification, water shortage and impacts on coastal zones and coastal infrastructure.

Despite the recognized vulnerability of small island developing States² and the IPCC's acknowledgment that small island States are already experiencing the

¹ Decision 2/CP.19, paragraph 1. Decision 1/CP.16, paragraph 25 & fn.3, recognized the need "to strengthen international cooperation and expertise in order 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", including "sea level rise, increasing temperatures, ocean acidification, glacial retreat and related impacts, salinization, land and forest degradation, loss of biodiversity and desertification."

² See, e.g., IPCC, Fifth Assessment Report, Working Group II Climate Change 2014: Impacts, Adaptation, and Vulnerability, Chapter 29.

impacts of climate change,³ many SIDS are only beginning to fully understand the quantum of the risks they face, the timeframe within which these impacts are likely to be experienced, the potential economic and social costs of these impacts, the types of tools available to manage, transfer and share a portion of this risk, or access to approaches and resources with which to minimize and address the loss and damage that is an inevitable consequence of human-induced climate change.

These ongoing needs are what prompted AOSIS some twenty years ago to call for the establishment of an international mechanism to address loss and damage; now that the Warsaw International Mechanism has been established, the workplan must respond to these long-standing needs which, can be categorised into the following four areas:

- Risk assessment;
- Risk management, including through risk transfer and risk sharing;
- Approaches to address slow onset events; and
- Approaches to recovery, rehabilitation and permanent loss.

These four categories of activities align themselves with the issues outlined in decision 3/CP.18, paragraphs 6 and 7, and are essential elements if the Mechanism is to fulfil the role intended for under the Convention of promoting the implementation of approaches to address loss and damage associated with the adverse effects of climate change that cannot be adapted to..

II. Strategic vision – purpose and content of the workplan

In Warsaw, the Parties requested the iExCom to develop an initial two-year workplan for the implementation of the functions outlined in paragraph 5 of decision 2/CP.19, taking into account the issues outlined in decision 3/CP.18, paragraphs 6 and 7.⁴

Although addressing loss and damage is a matter of extreme urgency for AOSIS, two years is not enough time. AOSIS is of the view, therefore, that the activities in the workplan should be designed and sequenced logically and should consist of a ***small number of well-designed activities*** that build upon each other to lay the foundation necessary to assist particularly vulnerable developing countries to address loss and damage both now and in the long term.

The selection of activities for the initial work plan, should be guided by an overarching ***long-term strategic vision*** for the Mechanism's work toward addressing the needs of particularly vulnerable countries confronting climate change impacts and consequential loss and damage. As part of this long-term strategic vision, AOSIS sees the Mechanism delivering the following longer-term outcomes:

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| <i>Strategic vision for the work of the Warsaw International Mechanism</i> |
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³Ibid. See also, IPCC, Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation (June 2012).

⁴ Decision 2/CP.19, paragraph 9.

1. Strengthened national capacities to reduce impacts of loss and damage through facilitation of risk assessment, risk reduction and risk management strategies.

- a) Develop standardized risk assessment guidelines, to assist countries in identifying risks related to climate change impacts in key sectors.
- b) Identify gaps in national capacity to conduct risk assessments and conduct risk auditing.
- c) Support in place for country needs assessment for risk assessment, risk reduction and risk management. This might be similar in scope to the Technology Needs Assessments and result in national plans to strengthen country capacities to implement comprehensive climate risk management approaches.
- d) Facilitate access to resources and technical support for the implementation of these action plans.

Strategic result: Countries will have begun to strengthen their risk assessment, reduction and management processes related to climate change impacts including slow onset events.

2. Examine feasibility and explore options for regional level risk transfer/insurance mechanisms; facilitate support for national inclusion in these mechanisms.

- a) Establish expert panel to identify risk management approaches, including insurance and other forms of risk transfer and risk sharing mechanisms, that are appropriate for a variety of climate change related impacts and contexts.
- b) Dialogue with existing risk transfer mechanisms to identify scope and requirements for expanding services to include full range of climate change impacts.
- c) Dialogue with risk transfer community on initiation of new risk transfer products and processes that are appropriate for loss and damage to climate impacts.
- d) Develop strategic plan to strengthen existing mechanisms and initiate new ones based on dialogues in (b) and (c) above.
- e) Identify financing arrangements that can facilitate insurance arrangements.

Strategic result: Identification of way forward for introducing appropriate risk transfer mechanisms where such is feasible, and determination of impacts that cannot be addressed by risk transfer.

3. Approaches to slow onset events: address gaps in national and regional knowledge on impacts from slow onset events including ocean acidification, sea level rise, desertification.

- a) Develop an inventory of agencies/institutes currently working on slow onset events and the scope of work that they are currently undertaking.
- b) Assess scope of work currently being undertaken and identification of gaps that are not being addressed.
- c) Assess capacity and identify gaps in capacity (knowledge base and scientific tools) at regional agencies to understand their potential for assisting countries to address impacts of slow onset events.
- d) Develop a strategic plan for addressing the gaps in global research and strengthening capacities at the regional and national levels for monitoring and assessing the development and impacts of slow onset events.

Strategic result: Gaps addressed in national and regional knowledge on impacts from slow onset events, including ocean acidification, sea level rise, desertification, to facilitate identification of way forward, with specific focus on potential impacts within regions.

4. Approaches to recovery, rehabilitation and permanent loss

- a) Identify the impacts for which recovery/rehabilitation is possible and those approaches that facilitate recovery/rehabilitation; and identify the impacts for which recovery and rehabilitation is not possible and which will result in permanent loss and identify the different approaches for dealing with this.
- b) Identify anticipated impacts of extreme weather events, slow onset events, timeframes for these impacts and political, social, and economic implications of

these impacts.

c) Develop strategic plans for supporting particularly vulnerable developing country Parties in the implementation of approaches to address extreme weather events and slow onset events, through finance, technology and capacity building.

Strategic result: Identification of different approaches and the way forward for addressing loss and damage from different impacts, extreme weather events and slow onset events.

III. Two-year work plan activities

In view of these longer-term aims, in AOSIS's view, ***the following activities should be implemented by the Mechanism over the initial two-year period***, to lay the foundation needed to assist particularly vulnerable developing countries in addressing loss and damage:

| Activity category | Activities | Timeframe for deliverable |
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| Risk assessment | 1) Oversee development of standardized guidelines for risk assessments at the national level, including for the preparation of asset inventories; 2) Design 2-3 pilot projects to test draft guidelines and assist Parties in assessing and analyse risks in one or two priority sectors. | End Month 6 for first drafts; ongoing work End Year 1 for pilot project design; end Year 2 for lessons learned from pilots |
| Risk management, including through risk transfer and risk sharing | 1) Identify risk management approaches, including risk transfer and risk sharing tools, such as insurance, appropriate for a variety of climate change related impacts and contexts, and to identify, where possible the costs and benefits of using these tools; 2) Design 2-3 pilot projects to demonstrate the use of these tools in different contexts, in order to test approaches, identify best practices and reflect on lessons learned. | End Year 1 End Year 1 for pilot project design; end Year 2 for lessons learned from pilots |
| Approaches to address slow onset events | 1) Develop inventory of agencies/institutes currently working on slow onset events and the scope of work they are currently undertaking; identify gaps in current work; 2) Undertake an assessment of capacity at regional agencies (knowledge base and scientific tools) to assess the potential regional impacts of slow onset events; identify capacity gaps (knowledge base and scientific tools) at regional agencies. | End Year 1 End Year 2 |
| Approaches to recovery, rehabilitation | 1) Identify the impacts from which recovery/rehabilitation is possible and the approaches that facilitate recovery/rehabilitation; | End Year 2 |

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| and permanent loss | 2) Identify the impacts for which recovery and rehabilitation is not possible and which will result in permanent loss and identify approaches for dealing with this permanent loss. | End Year 2 |
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IV. Rationale for each activity

1. Development of standardized guidelines for risk assessments

A central aspect of the Mechanism's long-term strategic vision should be to ensure that all ***countries that are particularly vulnerable to climate change impacts are able to perform an assessment of the risk to their assets from the impacts of climate change***, using standardized guidelines. At a minimum, particularly vulnerable developing countries should have the following risk assessment-related information available to support the development of country-driven approaches to address loss and damage:

- An inventory of assets at risk (categorised sectorally and including both land and sea territories);
- Climate-related hazards giving rise to risk (e.g., cyclones, sea level rise, ocean acidification);
- Stakeholders impacted; and
- Scale and timeframe of the risk.

To lay the groundwork in this area, ***the two-year workplan should assist in the development of standardized guidelines for risk assessments in key sectors***. A standardized set of risk assessment guidelines will assist particularly vulnerable developing countries in preparing and maintaining inventories of assets at risk of loss or damage due to the adverse effects of climate change and in evaluating the scale of risk to these assets.

The availability of standardized guidelines for risk assessments will also help countries to identify their data and capacity needs to conduct risk assessments and risk audits in key sectors, and help countries to assess and address their gaps in national capacity. Standardized guidelines will also facilitate comparability, facilitate capacity building support, and facilitate the development of regional approaches and tools to manage and address loss and damage (e.g., risk transfer and risk sharing tools, such as insurance). Over time, countries can take these standardized guidelines and further refine them to their own national circumstances.

There is ***extensive expertise*** available in the private sector and UN agencies on asset valuation, risk modelling and the assessment of risk related to climate change in different sectors. The two-year workplan could build on work that has already been done by ***bringing together expertise in this area and commissioning the development of a first set of draft standardized guidelines for risk assessments*** in key sectors.

The workplan should then ***test the effectiveness of these draft guidelines by piloting them in different country contexts in key sectors***, to collect lessons for subsequent iterations. For example, guidelines for risk assessments to the tourism sector or fisheries sector might be piloted in SIDS in different regions (the Caribbean, Indian Ocean and Pacific regions), to ***identify improvements needed as well as potential gaps in national capacity to conduct risk assessments in key sectors that need to be addressed***. Lessons learned would be fed back to the Executive Committee for further work.

The ***role of the Executive Committee*** would be to: 1) identify the appropriate expertise needed for the design of the guidelines; 2) commission the relevant work; 3) oversee the development of draft standardized guidelines; 3) oversee the piloting of the guidelines for key sectors in particularly vulnerable countries; 4) manage the feed back of lessons learned in subsequent iterations of the standardized guidelines for use by Parties; 5) develop recommendations on ways to support the development of capacity within particularly vulnerable developing countries to conduct and "own" their risk assessments; and 6) consider how the results of these assessments might support decision-making on approaches to address loss and damage.

Work on standardized guidelines for risk assessment should be initiated early on in the initial work plan, though iterations of this work may extend beyond the two-years of the initial work plan. A sufficient level of support will be required to ensure that this work is implemented effectively and in a timely manner.

2. Identification of risk management tools and options

A second central aspect of the Mechanism's long-term strategic vision should be to examine the feasibility and ***explore options for regional level risk transfer/insurance mechanisms and facilitate support to national initiatives***. Every country should have access to information on risk management tools and options available to address its climate change-related risk in key sectors including options and tools for risk reduction, and risk transfer and risk sharing mechanisms such as insurance.

Particularly vulnerable developing countries should have access to the following information on risk management tools and options, to enable the development of country-driven approaches to address loss and damage in key sectors:

- Risk management tools, including risk transfer and risk sharing tools, including insurance, that are suited to different sectors and contexts;
- Costs and benefits of different options available;
- Data needed to support implementation of these options; and
- Financial and legal infrastructure required for implementation of options.

To lay the ground work in this area, ***the two-year work plan should identify risk management approaches, including risk transfer and risk sharing tools, such as insurance, appropriate for a variety of climate change related impacts and contexts, and to identify, where possible the costs and benefits of***

using these tools.

There is extensive expertise available in the private sector, UN agencies and inter-governmental bodies on risk management, risk transfer and risk sharing approaches related to climate risk in different sectors and their suitability in different contexts. One approach to carry out this activity may be to establish an expert panel, including representatives from the insurance industry, to identify existing and emerging risk management and risk transfer and risk sharing tools that reflect best practices in different sectors and country contexts.

Over the longer-term, the Mechanism could assist in demonstrating the use of these tools in different contexts through the design and facilitation of pilot activities, in order to test approaches, identify best practices and reflect on lessons learned. The expert panel could also ***respond to requests for technical support for national initiatives.***

The ***role of the Executive Committee*** would be to:1) oversee the collection of information on risk management approaches, including insurance and other forms of risk transfer and risk sharing approaches, that are appropriate for a variety of climate change related impacts and contexts, for example, through establishment of an expert panel with appropriate expertise; 2) facilitate the design and implementation of pilot activities in this area;3) manage the feed back of lessons learned(both inside and outside the UNFCCC process); and 4) make recommendations for further work.

3. Identify gaps in national and regional knowledge on impacts from slow onset events, including ocean acidification, sea level rise, desertification.

A third component of the Mechanism's long-term strategic vision should be to ***address gaps in national and regional knowledge on impacts from slow onset events, including ocean acidification, sea level rise, desertification.*** While there is good scientific information available in many regions, there are gaps in information in others as well as gaps in capacity within regional agencies to assess this information in order to support national level decision making on risk management approaches.

To lay the groundwork in this area, ***the two-year work plan should***

- a. Develop an inventory of agencies/institutes currently working on slow onset events and the scope of work they are currently undertaking;
- b. Identify gaps that are not being addressed;
- c. Assess capacity at regional agencies (knowledge base and scientific tools) to assess the potential impacts of slow onset events at the regional level; and
- d. Identify capacity gaps at regional agencies.

Closing gaps in regional knowledge on impacts from slow onset events, as well as gaps in regional capacity to assess the potential impacts of these events, will be a

first step in assisting to closing national gaps in knowledge and capacity.

The ***role of the Executive Committee*** would be to: 1) oversee the development of an inventory of agencies/institutes working on slow onset events; 2) compile information on gaps in the work currently being undertaken; 3) oversee an assessment of regional capacity to assess the potential impacts of slow onset events; 4) compile information on gaps in regional capacity; 5) make recommendations for further work to close these two sets of gaps; and 6) make recommendations for further work.

4. Identify approaches to recovery, rehabilitation and permanent loss

A fourth component of the Mechanism's long-term strategic vision should be to ***identify different approaches for addressing loss and damage from extreme weather events and slow onset events.***

To lay the groundwork in this area, ***the two-year work plan should***

- a) Identify the types of impacts from which it is possible to recover/rehabilitate and the approaches that facilitate recovery and rehabilitation; and
- b) Identify the impacts from which recovery and rehabilitation is not possible and which will result in permanent loss and identify approaches for dealing with permanent loss.

Beyond the two-year work plan, it will be important to build on these activities by identifying anticipated impacts of extreme weather events and slow onset events, the timeframes for these impacts and the political, social, and economic implications of these impacts. This will enable the development of strategic plans for supporting particularly vulnerable developing country Parties in the implementation of approaches to address extreme weather events and slow onset events, through finance, technology and capacity building.

The ***role of the Executive Committee*** in connection with the initial activities in this area would be to consider ways to: 1) Identify the types of impacts from which it is possible to recover/rehabilitate and the approaches that facilitate recovery and rehabilitation; 2) identify the impacts from which recovery and rehabilitation is not possible and which will result in permanent loss and identify approaches for dealing with permanent loss; (3) make recommendations for further work.

V. Conclusion

The activities included in the Mechanism's initial work plan must be practical and tangible and address the needs of particularly vulnerable developing countries. This core set of activities AOSIS proposes is intended to help set the foundation for the Mechanism by kick-starting efforts to:

- 1) implement functions outlined in paragraph 5 of decision 2/CP.19;
- 2) assist vulnerable developing country Parties in undertaking the actions in paragraph 6 of decision 3/CP.18; and
- 3) advance the understanding of and expertise on loss and damage, as set out in paragraph 7 of decision 3/CP.18, with particular focus on those issues in sub-paragraph 7(a)(i-vi) and (e).

To ***support this streamlined set of activities***, the permanent Executive Committee will need to establish an appropriate organisational infrastructure (e.g. sub-committees, expert panels, task forces with terms of reference and work plans) to oversee the design of activities, provide technical support to workplan activities and support delivery of outcomes.

It will also be incumbent upon the permanent Executive Committee to facilitate funding, technical support and capacity building for the implementation of both the Mechanism and its workplan.