Report Suva Expert Dialogue

Session: **Risk Retention (16:45 – 18:00), 2 May 2018**

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I. Introduction

1. The facilitator introduced the topic of the session and the cross-cutting questions which are addressed by all sections of the Suva dialogue.[1] He highlighted that risk retention focuses on risks that cannot be reduced or transferred which are therefore risk that need to be kept, taken or accepted. He furthermore highlighted that there are two principle approaches to risk retention and financing:
   a) Ex-ante approaches which comprise planned action (e.g. contingency funds, social protection;
   b) Ex-post approaches which comprise all unplanned action

II. Discussion

2. Participants generally highlighted that there is a need for partnership, solidarity and shared responsibilities between developing and developed countries to build layers of risk retention. The different layers that were addressed in the discussion comprise
   a) different scales (local, national, regional, international); and
   b) different actors (international, national, communities, individuals).

3. Participants shared information on

   a) their observations of loss and damage, as well as current approaches to risk retention by governments and organisations, related barriers, gaps and challenges faced to address loss and damage; and
   b) their proposals on further possible action to address risk retention vis-à-vis the approaches (incl. barriers, gaps, challenges) that were highlighted and/or further risk retention related needs

[1] These are: 1) What are the available and emerging approaches to avert, minimize and address loss and damage?; 2) How should the approaches be designed and implemented? ; 3) What are the barriers/gaps/challenges for design and implementation?; 4) What are the solutions and opportunities for addressing barriers/gaps/challenges? ; 5) What are the opportunities for scaling up of approaches to meet the needs in developing countries? ; 6) Are there sources of support, including finance, technology and capacity building? If so, what are they? Are these sources available inside or outside the Convention? 7) What are the organizations that can help support implementation and scaling up of approaches to meet needs in developing countries? 8) What are the cross-cutting institutional frameworks/enabling environments that can facilitate these actions?.

Observations on current approaches and related barriers, gaps and challenges

4. Participants highlighted that there are limits to adaptation which leads to loss and damage.

5. Many participants highlighted that individuals, communities and governments currently involuntarily have to retain risks. Risk retention is an additional burden for these actors.

6. Individuals, communities and countries face a multitude of risks which raise uncertainty in relation to the kind, and prioritization, of retention measure(s) necessary.

7. Not all risks can be, and are currently being, retained by individuals, local communities and/or countries. Reasons highlighted by participants include:
   a) lack of finance
   b) lack of insurance
   c) lack of insurance culture
   d) lack of capacities to plan and manage risk retention approaches
   e) lack of appropriate technologies,
   f) others

8. With respect to the lack of finance for risk retention, participants highlighted that national governments, in particularly in LDCs and SIDS, but also individual level currently face two main challenges:
   a) The volume of finance for risk retention is insufficient and does not cover the full costs incurred due to loss and damage arising from the adverse effects of climate change (e.g. insurance only covers part of the costs; finance to relocate a house affected by sea-level rise).
   b) Timely access to (international) finance after a disaster is crucial but often difficult

9. Referring to an example from Kenya's Northern region that constantly is affected by floods, a participant highlighted that investment in ex-ante retention measures are more cost effective than ex-post measures. In this case, money had been released in advance of the rainy season for potentially affected peoples and communities to prepare for the floods which finally did not come. The participant highlighted that, despite false alarms, the investment overall was still 4-6 times cheaper than relying on ex-post measures.

Proposals on action to address risk retention needs

10. Participants highlighted several approaches to retain risks that are already being, or should be supported. These include *inter alia*:
    a) capacity building and technology transfer programmes related to risk retention
    b) social protection schemes and social safety nets (e.g. Ethiopia)
    c) contingency finance (e.g. African Risk Capacity)
    d) alternative livelihood programmes
    e) relocation funds
    f) support tailored risk assessments and risk trajectories and/or the provision of relevant data for communities and institutionalise these risk assessment capacities

g) countries already set up activities to address Decision 3/CP.18 §6; these are part of NDCs, NAPs or project proposals funded to the financial mechanism
h) support pro climate actions and resilience building in the context of implementing the SDGs (incl. debt swaps, blue bonds, public private partnerships such as e.g. in the Seychelles)
i) offer grants to communities for climate change related risk management
j) involve the private sector (e.g. UN Global Compact) such as in the area of infrastructure, but don't forget the "fourth P", i.e. support Puplic-Private-PEOPLE-Partnerships
k) establish insurance systems (e.g. Spain)
l) support child-centred approaches (e.g. Bangladesh)
m) support rural resilience initiatives (see e.g. Oxfam America in Africa)
n) support integrated approaches that address disaster risk reduction, climate change adaptation and development which necessarily come together at the community level
o) support "green technologies" instead of "hard constructions"
p) use available data from earth observation systems (e.g. EU Kopernikus)
q) support early action
r) support forecast based financing (such as e.g. by the Red Cross in the Philippines and Ecuador)
s) and others.

11. There is a need for partnerships, solidarity and shared responsibilities between different scales and actors: risk that cannot be retained by individuals and/or communities need to be addressed by the national and/or international level. National governments require support from the international community for risks that cannot be retained by them.

12. Risks that cannot be retained by individuals, communities and/or national governments respectively require the solidarity and support of the international community. The burden of involuntary risk retention due to the effects of climate change, in particularly that of LDCs and SIDs, needs to be shared/subsidized by, and/or transferred (partly or fully) to, the international community. Related proposals for empowering individuals, communities and countries to retain risks include:

a) A global solidarity fund which is financed based on the polluter pays principle
b) Budgetary allocation to countries, e.g. for building social protection and safety nets
c) Insurance premiums payed by international finance, in particular for LDCs and SIDs
d) New sources of finance (e.g. a climate damage tax, a fossil fuel transaction tax) should feed into an international fund controlled by the WIM (e.g. to finance social protection schemes)

13. Participants highlighted the need for systematic assessments, analysis and/or mapping of:
a) current risk management and finance approaches and related gaps;
b) best financial solutions to risk retention (and get finance for replication)
c) the documentation of the limits of adaptation and loss and damage incurred due to that (e.g. through the establishment of a loss and damage registry in order to assess the financial support needed, including community level);
d) the international political and financial architecture to address climate change risks and how it should best look like;
e) The costs of introducing social safety nets or social protection schemes to address the climate change impacts;

14. A participant suggested to analyse how international approaches to retain risks can be made more viable and persist against increasing climate-related risk (e.g. why are some countries not able to benefit from current approaches or joining initiatives such as the African Risk Capacity)

15. Several participants in particular highlighted potential steps that can or should be taken by actors and bodies of the UNFCCC regime. These include:

    a) consider how the existing financing structure under the UNFCCC can help generating support and finance for risk retention, for example through a GCF window or trust fund controlled by WIM; the distribution of loss and damage related finance through the Adaptation Fund or Least Developed Countries Fund; and/or by considering what loss and damage finance is and which countries should have access to it;
    b) provide guidance related to risk retention and related capacity building and technology needs through constituted bodies under the UNFCCC regime (e.g. LEG, ECCB, CTCN, ExCom/WIM)
    c) financing entities should address and support capacities of LDC to address risk retention
    d) assessment of long-term technology needs post disasters, and short-term assessment and assistance on risk retention for LDCs (e.g. capacity building, guidance)
    e) move to action by enabling countries to implement loss and damage- and risk retention-related needs which have been identified under the UNFCCC already.

16. The Suva dialogue does not provide sufficient time to answer the questions raised as well as the questions that need to be addressed within the review of the WIM. It would be beneficial to soon have the Technical Paper soon, and have further opportunities for discussion (e.g. another meeting or an ongoing agenda item).

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