

**Submission by Grenada on behalf of the
Alliance of Small Island States (AOSIS)**

Views on the work programme to consider approaches to address loss and damage

February 2011

Grenada welcomes the opportunity to present the views of the 43 member States of the Alliance of Small Island States (AOSIS), in response to the invitation to Parties to submit to the Secretariat, their views on the work programme to consider approaches to address on Loss and Damage.

Background

The average vulnerability of SIDS has worsened over the last decade, primarily because of higher exposure to external shocks including increasing adverse impacts of climate change. In the two global international meetings on sustainable development of SIDS, under United Nations sponsorship, climate change was considered the principal threat to survival of the SIDS. This is articulated in the 1994 Barbados Programme of Action (BPoA), which provides a blueprint for sustainable development in SIDS, and the follow-up to the BPoA, the 2005 Mauritius Implementation Strategy (MIS).

Due to their small size and internal markets, SIDS rely heavily on international trade, have a heavy dependence on preferential trade agreements, suffer from a steady depletion of limited natural resources endowment (minerals, forest, freshwater, fish stocks); reduced possibilities in diversifying the economy; reduction in donor assistance; growing dependence on tourism, and growing indebtedness. In fact, very high debt has placed more than 10 SIDS amongst the most indebted countries in the world.

SIDS are highly dependent on environmental services, and in the case of the Pacific Islands region, fishery resources are critically important as a source of food and employment, a generator of government revenue and a foundation for economic development. Foreign-based offshore fishing is a major revenue earner, as the license fees paid to Pacific Island countries by foreign-based vessels is substantial and in some cases the major source of government revenue for some countries. In the Caribbean region, of significance is the economic value of tourism and recreation related to coral reefs – in 2009 the region earned over USD 39 billion from tourism, representing about 12.4 percent of GDP, and employed over 30 percent of the labor force in the smaller island states.

A major challenge facing SIDS is how to best cope with the devastation from weather-related extreme events and what kinds of mechanisms can be put in place to adapt to the longer-term foreseeable impacts of climate change and sea level rise. They are a group of countries that have contributed the least to the emission of greenhouse gases but they and other developing countries are the most vulnerable to the effects of climate change and have the least capacity to adapt to these changes.

The consequences have been deadly and costly – loss of lives, destruction of infrastructure, increasing debt, reduced economic growth, rising unemployment, and social unrest. These events have forced governments to divert resources from education and other areas to address disasters and impacts, very likely resulting from climate change. In 2010, SIDS were devastated by a series of weather-related events. The latest of these events was a late-season category one hurricane, Hurricane Tomas, which caused loss and damage of over 50 percent of St. Lucia's gross domestic product (GDP).

International support for adaptation strategies for SIDS has not been adequately implemented to enable SIDS to increase their resilience to the dangerous impacts from climate change, including those that are already occurring. Thus, SIDS continue to grapple with increased frequency and intensity of natural disasters such as cyclones, floods, tsunamis or droughts, some due to the effects of climate change.

Current Status of Loss and Damage in SIDS and the UNFCCC Process

Going back to the first meeting of the UNFCCC, the Alliance of Small Island States (AOSIS) has been insisting on an agreement on a mechanism to address the risk posed to sustainable development from the projected impacts of climate change. Para 26 of the COP 16 decision calls for the establishment of a work program under the SBI. This is in preparation for a decision to establish an international insurance mechanism in the future (the decision should be taken in two years time, at the 2012 COP18). Para 28 invites Parties and relevant organizations to submit ideas about the work program elements to the UNFCCC Secretariat by 21 February 2011. This submission provides AOSIS' views and information on what elements should be included in the SBI Work Program on Loss and Damage, as articulated in paragraphs 25 – 29 of Draft Decision - / CP.16¹, and ideas about the activities and timing of the work program².

1. Goals of the SBI Work Program on Loss and Damage:

The Work Program on Loss and Damage should be an ongoing program cycle, including planning and implementation of activities which considers approaches to address loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change³. AOSIS would like to see a decision on its proposal for an international insurance mechanism at COP18, as part of ongoing efforts under the Convention to address loss and damage. To prepare for this and complementary decisions at COP18, AOSIS recommends that the Work Program provide a framework for activities between SB34 and SB37. These activities should prepare Parties with responses to their questions and help prepare them with the knowledge base needed to make a decision about implementation of a loss and damage mechanism at COP18⁴. The SBI Work Program will **catalyse existing and**

¹ Para 28

² Para 27

³ Para 26

⁴ Para 29

future activities on loss and damage through exchange of ideas between Parties and experts. Activities could include workshops, events, and extensive dialogue with relevant experts and stakeholder organizations⁵.

It would also be desirable that the Work Program advances understanding of loss and damage that results from climate change while simultaneously providing insights into how to reduce such impacts on an ongoing basis⁶. Additionally, the SBI Work Program should strengthen international cooperation and expertise to more effectively reduce loss and damage associated with the adverse effects of climate change, including impacts related to extreme weather events and slow onset events⁷.

2. Themes for discussion for the SBI Work Program on Loss and Damage

The SBI Work Program should have three thematic areas: 1) Current knowledge on exposure to loss and damage; 2) Experience with various instruments to address loss and damage; 3) Possible implementation pathways under the Convention. These three thematic areas are suggested for consideration by Parties in order to provide guidance in planning, designing, and implementing measures to address loss and damage, and to support the formation of recommendations for COP18. These three areas are outlined below (the elements from paragraph 28 (a - c), with the following section that lists activities and recommended timelines of areas.

- 1) **Current knowledge on exposure to loss and damage**⁸: This thematic area addresses loss and damage from extreme weather events⁹, and longer-term foreseeable risks¹⁰. This area could also explore tools needed to help Parties characterize exposure through rapid-onset events like weather extremes, or through slower-onset foreseeable events related to climate change (tools could include risk assessments, mapping, typologies of assets exposed to loss and damage). This is a point of departure for thinking about what kinds of tools have been used or could be used to address different kinds of exposure in vulnerable countries.
- 2) **Experience with various instruments to address loss and damage**¹¹ at the community, national, and regional levels¹², and in the longer-term¹³. Relevant experts and stakeholder

⁵ Para 28(d)

⁶ e.g. leading beyond COP18, with a time period to be defined or open ended as appropriate

⁷ Para 25

⁸ Exposure could be assets like man-made (such as infrastructure), natural (such as ecosystem services like fresh water), and social (such as livelihoods). As the SBI Work Program focuses on issues related to the implementation of measures to address loss and damage, there may be an argument for addressing the first three assets (man-made, natural, and social), and recognizing the importance of (but not valuing) things like human life, culture, and ethics which are of inestimable worth and value.

⁹ Paras 28(a) and 28(b) deal with weather variability and extreme events (often of a rapid-onset nature).

¹⁰ Para 28(c) refers to longer-term foreseeable exposure to loss and damage, such as sea level rise and desertification processes.

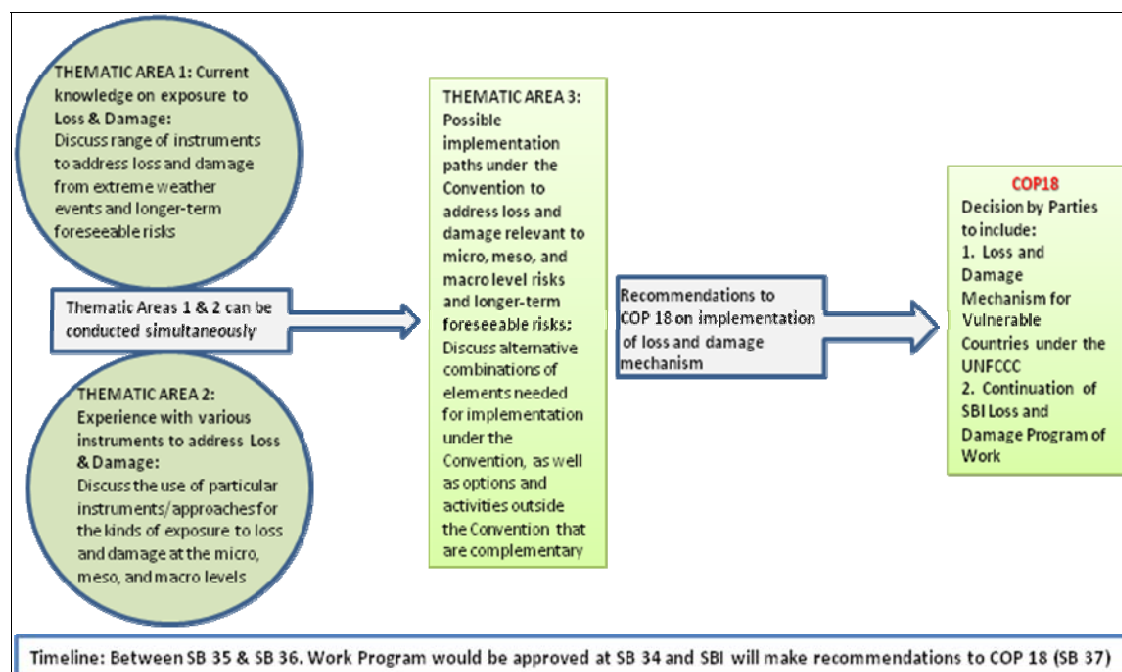
¹¹ Para 28 (b and c).

¹² Paras 28(a) and 28(b) deal with weather variability and extreme events (often of a rapid-onset nature).

organizations could support Parties in exploring the use of particular instruments/approaches for the kinds of exposure to loss and damage at the micro, meso, and macro levels. This area should articulate lessons learned, good practice, challenges, analysis of relevance of various instruments.

- 3) **Possible implementation pathways under the Convention**¹⁴ to address loss and damage relevant to micro, meso, and macro level risks¹⁵, and longer-term foreseeable risks¹⁶, as appropriate. This area would explore alternative combinations of elements needed for implementation under the Convention, as well as options and activities outside the Convention that are complementary. Discussions in this area could explore implementation options, depending on different **combinations of issues such as Party needs**, institutional arrangements/ operational entity, governance considerations, alternative financial arrangements, etc. Implementation options should consider placing the avoidance and reduction of loss and damage as a leading priority.

Figure 1: Discussions in the SBI work program on loss and damage



¹³ Para 28(c) refers to longer-term foreseeable exposure to loss and damage, such as sea level rise and desertification processes.

¹⁴ Para 28 (a, b and c). Once Parties have had a chance to examine areas of concern (assets at risk of loss and damage), the range of possible tools to address rapid-onset events and longer term foreseeable events and their functions, then Parties can begin considering options for development of approaches to address loss and damage. These options could outline design elements for approaches for managing rapid-onset loss and damage issues (climate risk insurance facility and other forms of insurance linked to disaster risk reduction) and for managing foreseeable slow onset processes (options for operational design for such approaches).

¹⁵ Paras 28(a) and 28(b) deal with weather variability and extreme events (often of a rapid-onset nature).

¹⁶ Para 28(c) refers to longer-term foreseeable exposure to loss and damage, such as sea level rise and desertification processes.

3. Elements that should be included in the Work Program up until COP18

Three elements are proposed for inclusion in the SBI Work Program on Loss and Damage, corresponding to the three areas noted in para 28 (a, b, c) where SBI should make recommendations to Parties by COP18. The areas would support the goals outlined above, supported where desired by engagement of relevant specialized expert stakeholders¹⁷.

- **Element 1:** Micro and meso level risks of loss and damage at the sub-national and national level (Para 28(b) options for risk management and reduction; risk sharing and transfer mechanisms such as insurance, including options for micro-insurance; and resilience building, including through economic diversification).
- **Element 2:** Macro level risks of loss and damage at the country **and regional** level (Para 28(a) Impacts associated with severe weather events).
- **Element 3:** Longer-term foreseeable loss and damage (Para 28 (c) Approaches for addressing rehabilitation measures associated with slow onset events).

Throughout the discussions until COP18, it would be particularly helpful for Parties to consider the combination of disaster risk reduction (i.e. the avoidance of loss and damage) with tools such as risk transfer (i.e. insurance), and rehabilitation/recovery once loss and damage have occurred. Instruments should ideally work in harmony in a larger framework aimed at expanding adaptation options while avoiding or limiting loss and damage. For example, a range of tools exist to address the kinds of weather variability: pre-hazard activities such as community preparedness, risk reduction, infrastructure fortification, risk pricing and risk transfer tools (ex ante tools); disaster management when events occur such as evacuation, humanitarian assistance, etc.; post-disaster activities such as reconstruction and rehabilitation, planning for better preparedness etc. In each of these phases of the disaster cycle, there are specific instruments that could be considered by Parties. It would be useful to focus especially on experience with instruments which have been designed to avoid or reduce loss and damage, or discussing how the existing range of instruments could be altered where needed to emphasize the need to avoid or reduce loss and damage.

Figure 2 below illustrates these areas. The areas are meant to start as soon as SBI approves the Work Program on Loss and Damage; but as noted above it would be highly desirable for the **Work Program to continue after COP18** to support Parties in questions related to the implementation of approaches to loss and damage.

Elements 1, 2, and 3 could either be **separate agenda items in one discussion**, **OR** could be undertaken as **separate but complementary discussions**. It is helpful to **frame the discussion in terms of clear areas**. This could be in the form of clearly defined agenda items, or as complementary but different discussions. It would be useful for **progress in one element is not dependent on progress in another**. A clearly structured and transparent structure will

encourage innovative thinking, and solutions-oriented approaches that support Parties in their goal to increase understanding of loss and damage issues. Additionally, the approach will ensure that discussions focus on solutions-oriented discussions which help the articulation of implementation options which can then be sent to COP18 for consideration.

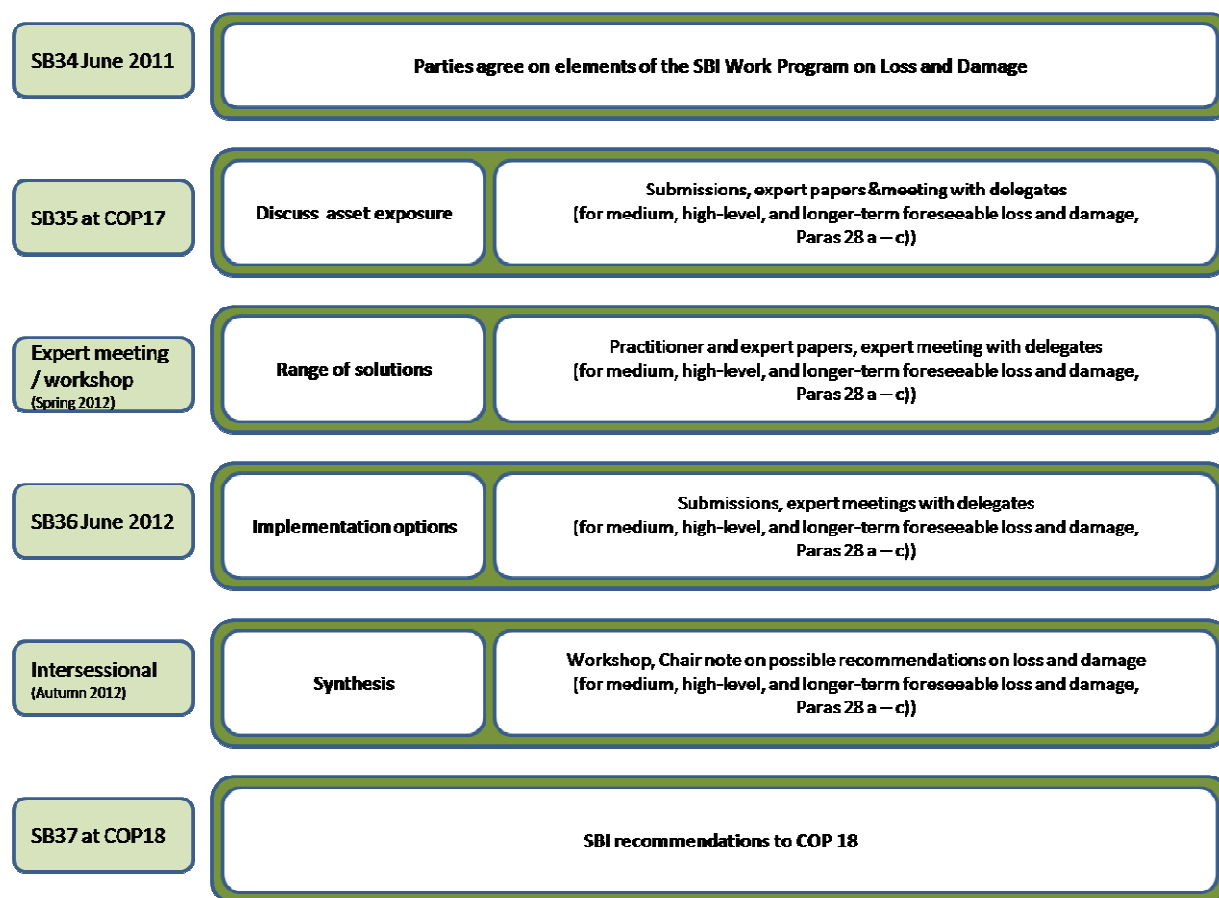
4. Activities and timeline of Elements 1, 2, and 3 (from SB34 to SB37)

Elements 1, 2, and 3 will be structured in a manner that helps Parties explore approaches to address loss and damage¹⁸. The structure will include workshops, expert meetings as appropriate, approaches to address loss and damage. The Work Program on Loss and Damage should have an lifespan of a few years, as defined by Parties. However, the first year and a half would concentrate on exploring themes that support delegates in decisions about design of a risk management approach for adaptation (for a decision at COP18). The Work Program content could address the three elements and discussion themes in the period between the 34th and 37th sessions of SBI.

Figure 2 below illustrates what the structure of the Work Program could look like between SB34 to SB37, after which the SBI would make recommendations to COP18. Following this illustration, the document has a general description of the kinds of activities that could take place during each time period. If desired, each discussion theme could have well-defined calls for submissions, expert meetings, workshop, etc. as defined by Parties. As an option, the Work Program on Loss and Damage could combine the elements across the areas (such as having a call for submissions about asset exposure, but request submissions to be clearly organized along the lines of the areas – micro, meso, and macro level risks, and longer-term foreseeable loss and damage). The call for submissions should be defined in a way that does not require progress in one area to make progress in another—as stated earlier, the elements of the Work Program should be organized in a way that progress (or lack thereof) in one area is not a condition for constructive discussions in another.

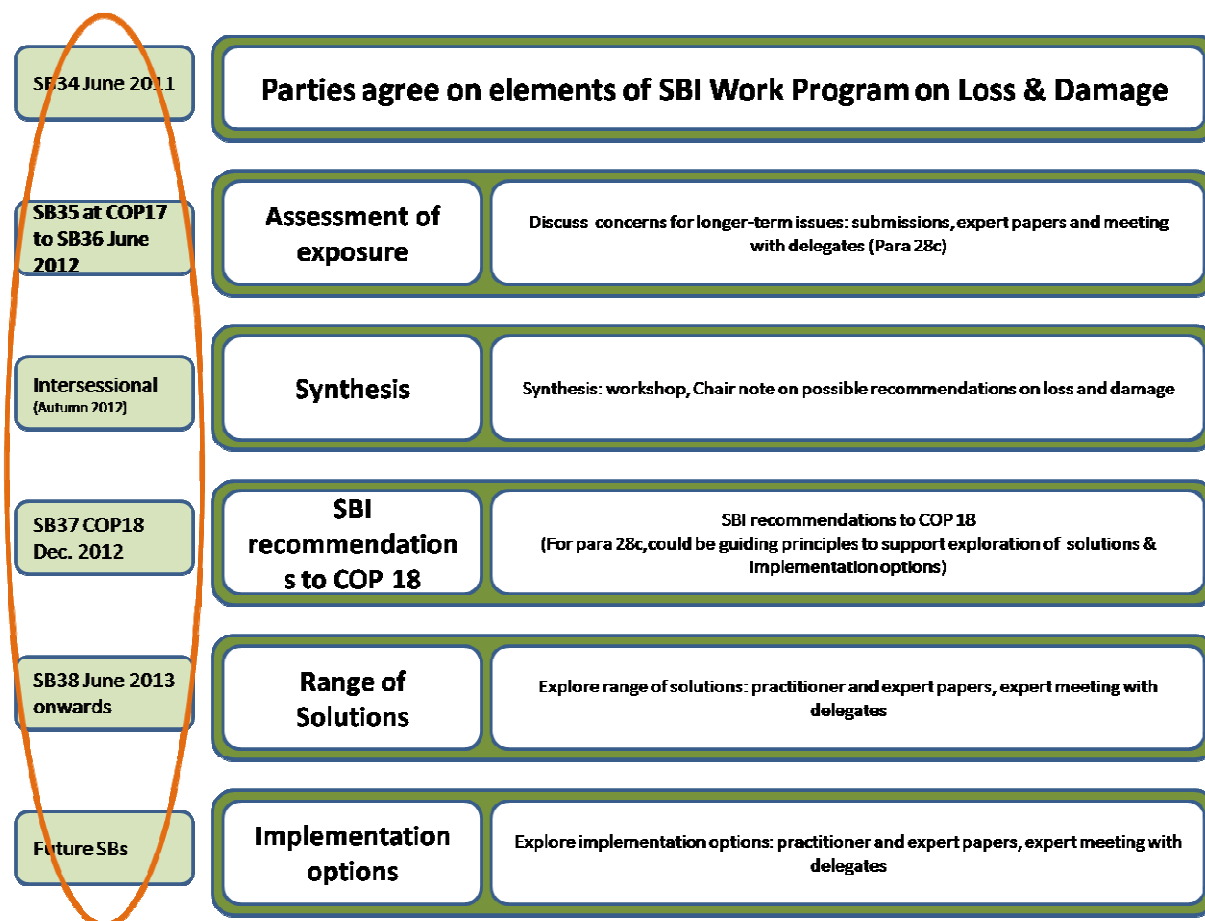
¹⁸ Para 26

Figure 2: Parallel areas, activities and timeline between SB34 and SB37



Note about timing: Figure 2 above suggests a general way for structuring a flexible Work Program to fit the state of discussions and the underlying knowledge base. For example, Figure 3 below shows a possible option for Element 3 (longer-term foreseeable loss and damage). Parties may find that this topic requires a different amount of time to discuss, as the articulation of approaches to manage loss and damage from foreseeable longer-term processes like sea level rise, increasing temperatures, ocean acidification, glacial retreat and related impacts, salinization, land and forest degradation, loss of biodiversity and desertification may be in an early stage. If one Element requires substantial time, this should not be an obstacle to progress in the other two Elements. The SBI Work Program on Loss and Damage should support Party discussions on an ongoing basis, in part for the reason that some Elements (possibly such as longer-term foreseeable loss and damage) may require time beyond COP18 to consider implementation options.

Figure 3: Possible option for Element 3 (longer-term foreseeable loss and damage)



5. Work Program on Loss and Damage Beyond COP18: Ongoing process of knowledge transfer on loss and damage to facilitate implementation.

Up until and beyond COP18, the Work Program will represent an ongoing process of knowledge accumulation and transfer to support better understanding of loss and damage issues. The Work Program will: 1) provide a continuing channel to bring relevant expertise about the management and reduction of loss and damage to Parties, 2) collect archiving information and experience from implementation of approaches to manage and reduce loss and damage, including risk reduction and insurance measures in various areas of the world.

6. Conclusions

AOSIS has proposed a Work Program that has a framework of three strategic discussion themes aimed at providing Parties with information to better understand the challenges presented by loss and damage. The Work Program also provides a method for capturing the experience in the use

of risk management, risks transfer and other financial instruments, as well as non-financial instruments to minimize impacts.

It is the expectation that the Work Program would commence in June 2011, and that all Parties will find it a useful framework in which to address what has long been a major cause of concern by small island states. It is further expected that by COP 18, Parties will be in a position to agree on the need for a loss and damage mechanism to be implemented