

Loss & Damage

Gauging solutions for climate loss and damage in Africa

Key discussion and way forward from UNFCCC
loss and damage meeting in Addis 13-15th of June

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Expert workshop explores ways to address loss and damage from climate change

Loss and damage from climate change impacts is the major theme of the adaptation negotiation in 2012. Inching towards a decision in Doha on this important topic, negotiators, decision makers and experts are meeting in a series of regional expert workshops over the course of the summer to flesh out regional pathways to address loss and damage from climate change. This report features from the first work-shop in Addis Ababa from the 13th to 15th of June. It provides an overview of the sessions, and an analysis of the discussions with possible meaning for the upcoming UNFCCC work on loss and damage in 2012.

The next regional workshop for the Latin American and Caribbean context will take place in Mexico City 23rd to 25th of July, followed by an Asian expert workshop at the end of August. The date and location for the expert workshop for Small Island Developing States is still to be confirmed.

Framing loss and damage in the African Context

Discussions in Addis started with a framing session on the topic. The Government of Ethiopia and Tanzania for the African Group formulated their expectations towards the work-shop and the issue in general. Ethiopia explained the hardships of the 1984 and 2011 drought in the Horn of Africa, and reminded that limits to adaptation is a real possibility, especially if mitigation and adaptation is not done boldly and swiftly. Tanzania noted its expectation for more information to inform discussions on an international mechanism to address loss and damage.

Four groups of interventions to address loss and damage: risk reduction, risk retention, risk transfer as well as institutional and governance approaches to manage slow onset processes

The United Nations University, supported by CDKN, presented the literature review on approaches to address loss and damage (background paper for all four regional workshops). The review framed four groups of interventions: risk reduction, risk retention, risk transfer as well as institutional and governance approaches to manage slow onset processes. These four types of interventions provided the frame for the subsequent discussions in the work-shop.

Extreme Events and Disaster Risk Reduction: Starting point for the discussion on loss and damage

Diving into content, participants reflected on the importance of addressing loss and damage from existing climate variability. Presentations by the IGAD Climate Prediction and Applications Centre, and by UNISDR showed that water –too little or too much- is the defining weather challenge in Africa, especially for the agricultural sector that remains largely rainfed on the continent.

- **Risk reduction.** The session was dedicated to risk reduction approaches, which are often used effectively for those kinds of climate-related stressors which occur often and whose impacts are relatively low. The benefits of avoiding and reducing loss and damage outweighs the costs of investing in risk reduction measures. The foundational requirements for risk reduction include political commitment to change the largely reactive approach to risk management that dominates today, strong institutions for implementation, data on weather-related extremes, vulnerability, hazard mapping and other types of risk assessment.
- **Early warning.** Participants highlighted the importance of early warning systems, the challenges of using warning systems effectively and bringing the information to decision-makers and communities as well as the institutional requirements to deal with this challenge. Participants also concurred about the need to incorporate indigenous knowledge and the community level in providing early warning information.
- **Mozambique** was presented as a case study, a country which embarked on a series of **risk**

reduction measures following disastrous floods in 2000. Key messages included the importance of national policy and strategy, the need for effective coordination, the responsibility of national disaster management institutes, stakeholder participation, effective early warning structures, the need for a largely decentralized approach, that however is linked to **transboundary structures** to effectively manage flood prone river basins across territorial borders. Participants highlighted the importance of regional risk management frameworks, in this case of the South African Development Community (SADC).

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In the discussions, it became evident that management of existing weather variability is the entry point for government officials and development experts likewise, to the topic of addressing the loss and damage from climate change. Discussants also emphasized the fact that addressing loss and damage has to follow on various metrics. Avoiding loss of life and personal hardship will remain a priority for managing the impacts of climate change. However, containing economic consequences and knock-on effects on livelihoods and resilience from loss and damage is an additional task that will have to be taken onboard to manage loss and damage longer-term.

Risk retention and risk transfer: Combination of approaches

Moving discussions from risk reduction and early warning, participants approached the issue of risk retention and transfer as options to address loss and damage:

- **Risk retention** is defined broadly as that group of approaches which allows a country to “self-insure” itself against climatic stressors—through activities such as building the resilience of the population through social protection and related measures, or through financial means like establishing reserve funds for the purpose of offsetting unexpected financial burdens associated with climatic stressors. **Unplanned and unforeseen expenses can place significant burden on the public sector**, one of the greatest disadvantages of (financial) risk retention. . Often inability in risk reduction, and lack of contingency planning means that resources have to be taken away from existing development priorities such as education and infrastructure development, when events and impacts manifest themselves. Such costs are of course an unacceptable form of retention and not sustainable given expected increases of loss and damage.
- **Risk transfer** approaches help shift the – mostly financial – risks of loss and damage from one entity to another. Risk transfer is used to reduce the uncertainty and volatility associated with potential loss and damage. The cost effectiveness of risk transfer, compared with other approaches to manage loss and damage, depends on the actual and expected loss and damage – in most cases a “layer” of the risk can be transferred in a cost-effective way.

Participants heard about existing and emerging initiatives in Africa in risk retention and transfer.

- A scholar from Columbia University presented the HARITA, the **Horn of Africa Risk Transfer for Adaptation** project, - a community level initiative that strives to strengthen the food and income situation of Ethiopian smallholders through a combination of natural resource management (risk reduction), insurance (risk transfer), and microcredit (enables risk retention). On risk retention, WFP presented Ethiopia’s approach to use social protection and safety nets under the **Productive Safety Net Programme**, to capacitate communities against weather shocks and extremes.

- Lastly, participants learnt about the **Africa Risk Capacity** (ARC), which aims to transform existing responses to drought disaster management in African countries. ARC combines an automatic early warning system with a risk pool that allows for automatic payout in case of droughts. Importantly, the payout of resources is depending on ex-ante contingency plans. The Pan-Africa initiative that combines risk transfer, with elements of risk retention and risk reduction, would considerably lower lead time and costs of humanitarian intervention in events of droughts. ARC received the ownership of the African Union and is expected to become on-stream later this year.

Take-home message: necessity to combine approaches of risk reduction, risk retention and risk transfer, at different levels – from local, national, to regional and international

One of the take-home message of the session included the necessity to combine approaches of risk reduction, risk retention and risk transfer. Combination of tools should also consider the different levels, connecting regional and international approaches such as the ARC, with national and sub-national approaches (in this case the contingency planning element). Risk assessment is an overarching element to all approaches, which tells the needs and plots the course for the relevant intervention.

Slow onset: The Known Unknowns in a 4^o world

Slow onset climatic processes are underway today, yet this is the area under approaches to address loss and damage where the most needs to be learned, new approaches tested, and experiences shared. Exposed to experience from low-lying coastal areas in Senegal and desertification affected areas in the Sahel, participants discussed potential approaches to address loss and damage from slow-onset impacts.

Noticeable, the experience from Senegal spoke also about scenario building and how the magnitude of impacts varies depending on assumptions of emission growth. This element – avoiding future loss and damage – by increased mitigation action, is an important African ask from the workshop.

Participants concluded early that slow onset impacts are already inflicting damage on the African continent. Though experience comes still often from an angle of existing management to disturbances, **governance approaches** can provide double dividend by addressing existing maladaptive side-effects of development and increasingly plan with slow onset changes of the climate and ecological system.

Ecosystem approaches received particular profile in the discussion, and also the need to understand how people manage existing risk profiles. Participants also reflected about the interplay of structural and non-structural measures.

The earlier approaches are set into place to manage slow onset climate processes, the lower the costs and higher the benefits will be.

Combinations of approaches will be needed in the future to address the losses from long-term foreseeable risks (residual loss and damage) such as sea level rise, widespread desertification and the loss of geological water sources such as glaciers. These residual damages and losses will require the accumulation of resources and are likely best dealt with using a combination of institutional and governance approaches, management, and financial tools. The earlier approaches are set into place to manage slow onset climate processes, the lower the costs and higher the benefits will be.

Analysis of discussion and next steps

The Addis workshop showed that African countries are increasingly aware of the challenge of climate induced loss and damage. It also came through that the face of loss and damage really has regional

characteristics. Realities in Africa differ from those in Asia, and Small Island Developing States. Some of the broad take-home messages from the discussion include:

- There is a case for **creating frameworks or institutions that link approaches to address loss and damage and accentuate complementarities**. Some countries already have established institutions dealing with risk reduction and risk transfer, while others have national climate change focal points but no effective links to risk reduction, risk retention, or risk transfer.
- It will be increasingly useful to **have coordinated mechanisms at the national, regional, and international levels** that pool necessary expertise, data and infrastructure, incentivize risk reduction and loss prevention, and ensure that risk transfer approaches complement and accelerate adaptation.
- Analogies can be drawn from history about approaches that have been applied to different challenges, but **we lack experience (almost entirely) with measures that address future climate change and climate variability**.
- Therefore, **a combination of understanding needs and innovating around lessons learned from current experience are needed**. Understanding needs and innovating will help define possible sets of approaches to address loss and damage related to climate change.
- **Existing decision making support tools currently are not sufficiently equipped to account for non-economic¹ loss and damage**. However, the literature suggests that in different regions of the world such indirect and difficult to quantify losses could be significant.

Facing potential system shifts as a result from climate change impacts, a historic event-based approach could fall short of enabling the necessary transformational approaches

Gaps.

- **Experience and examples are centered almost entirely around managing the impacts of extreme weather-related events under current climate conditions**. Discussions among participants illustrated that existing risk management approaches start from an historic perspective. Facing potential system shifts as a result from climate change impacts, such an event-based approach will fall short of enabling the necessary transformational approaches that are required in an increasingly climate constrained work.

Outlook for further regional workshops and the way to Doha

In conducting further regional workshops and in further refining national positions on loss and damage, it is important to explore the role of the climate process in addressing loss and damage. These go beyond tackling existing political failure to curb emission growth and to ramp up adaptation action and support (the role of loss and damage in driving ambition under the UNFCCC could be an analysis on its own). Many substantial activities in risk management take place under other policy streams for example in the context of the Hyogo Framework. One example is UNISDR's attempt to improve loss accounting, risk assessment, modelling for extreme weather events and a strategy exercise in developing countries running towards 2015. It seems sensible to link such initiatives to adaptation planning processes that are currently developed under the Cancun Adaption Framework.

¹ IPCC 4th Assessment Report glossary refers to „non-market“ impacts.

The Loss and Damage in Vulnerable Country Initiative

Accepting the reality of unmitigated climate change, the UNFCCC negotiations have raised the profile of the issue of loss & damage to adverse climate impacts. At COP-16, Parties created a Work Programme on Loss and Damage under the Subsidiary Body on Implementation (SBI). The goal of this work programme is to increase awareness among delegates, assess the exposure of countries to loss and damage, explore a range of activities that may be appropriate to address loss and damage in vulnerable countries, and identify ways that the UNFCCC process might play in helping countries avoid and reduce loss and damage associated with climate change. COP-18, in December 2012, will mark the next milestone in furthering the international response to this issue.

The "Loss and Damage in Vulnerable Countries Initiative" supports the Government of Bangladesh and the Least Developed Countries to call for action of the international community.

The Initiative is supplied by a consortium of organisations including:

Germanwatch

Munich Climate Insurance Initiative

United Nations University – Institute for Human and Environment Security

International Centre for Climate Change and Development

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For further information:
www.loss-and-damage.net

Germanwatch

Following the motto "Observing, Analysing, Acting", Germanwatch has been actively promoting North-South equity and the preservation of livelihoods since 1991. In doing so, we focus on the politics and economics of the North with their worldwide consequences. The situation of marginalised people in the South is the starting point of our work. Together with our members and supporters as well as with other actors in civil society we intend to represent a strong lobby for sustainable development. We endeavour to approach our aims by advocating fair trade relations, responsible financial markets, compliance with human rights, and the prevention of dangerous climate change.

Germanwatch is funded by membership fees, donations, grants from the "Stiftung Zukunftsfähigkeit" (Foundation for Sustainability), and by grants from a number of other public and private donors.

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