

Linking Climate Change Negotiations with Disaster Risk Reduction

Roundtable no. and title: **5** Coordinating Financing Mechanisms for Effective Responses to Preventing and Managing Disasters Related to Climate Change

Main points of discussion:

Chair presentation:

- DRR is in Bali action plan, as well as risk management, risk transfer. All 3 are integrated. Adaptation mechanisms must integrate the 3. Cost of risk transfer and HA will reduce as consequence.
- One size won't fit all – baskets of options needed.
- Options must not further discriminate against the most vulnerable
- DRR tools exist.

Introductory concerns of participants:

- What's the difference between adaptation and development funding
- How does GFDRR relate to adaptation
- How to link funds within UN and regional funds and me
- How to ensure focus of funds are maintained and not redirected.
- DRR a fail-proof strategy for CAA (long-term impacts, extreme events (natural disasters) so should be focus of adaptation funding. How to direct this.

Unfolding discussion

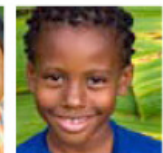
Balancing components of DRR and promoting DRR

- Risk management has focused on insurance to loss of other areas (e.g. Humanitarian response being left out in current discussions) - education to be done
- Are the components of risk management, transfer, reduction mechanisms integrated currently? What are people thinking to fund?
- Ex-post and ex-ante need to be balanced, too much currently on the former (felt by disaster community). WB feels that GFDRR is only organisation able to manage the finance of all these, in addition to risk management and reduction. Why should this not be the focal point since they do both. Debate: in cc negotiations, little attention on ex-post issues. Need to be more on ex ante. DRR unknown outside of DRR community. DRR not discussed in cc adaptation fora.

Multiplicity of funding mechanisms

- Must look at how existing finance mechanisms have emerged – lessons learned and how to reconcile the new mechanisms?
- How does adaptation funding fit with GFDRR? This has never been explicitly discussed. Many countries may have negative experiences with WB, so want UNFCCC to be coordinating institution (despite GFDRR a multi-donor setup). But WB representatives argue they meet development country needs and requests. GFDRR good example of promoting funding of these issues.
- DRR not just climate-related disasters. DRR community may start looking at tech and industrial risks etc., due to integrated risks.
- Need to be more creative to compliment 2 streams of funding. Different





mechanisms will exist (DRR – broader risks) and adaptation funding. WB believe that, through the GRDRR, they are 'the experts' in shaping the necessary coordination process: putting forward proposal on how all risk management needs can be met.

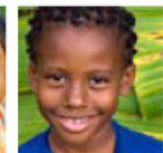
- Danish MFA / ministry of Climate considering proposal of new cc disaster fund within AF, under UN agency. Participants response: recognition of need of range of options good, but another response fund won't resolve adaptation challenge, and may probably be a diversion. Preparedness and early recovery is the gap in HA. DRR remains the poor cousin of development and HA sides. Need to integrate back into both. DRR should be emphasis. But threat is duplication of response.
- Raising funds may not be the issue – more that many not know what to do with funds raised. Opportunity to create best practice manual.
- Before taking if we have contingency fund, first look at previous examples of effective response to, and preparation for disasters.
- How do we assist countries who are facing DRR challenges and long-term development risks. There shouldn't be a choice, and countries currently forced to chose between limited options. Important challenge.

Final Priority issues:

- Attribution. How to decide if climate change related or not? Is this a helpful starting point
- Focus must be on vulnerability across sectoral issues.
- Must ensure future mechanisms have incentives to reduce risk to disasters in general in both HA and development practice.
- Multiplicity of funds are inevitable, thus need to build on and reinforce existing systems - coordination, avoid duplication. Must recognise that new funding options exist – aviation, shipping, auctioning to fill up adaptation fund
- How to link these instruments? Suggestion: Operation of adaptation funding should be based on good DRR plans. Opportunity to promote DRR that has always been under-resourced via adaptation emphasis. AND Adaptation is a moral hazard issue. Link adaptation and mitigation funds upstream to address moral hazard issues and incentives to mitigate. Currently adaptation and mitigation communities not talking.
- Recognise that adaptation and DRR often have same targets and instruments, information systems etc.
- Limited local capacity to access funds. Countries must not be forced to chose between limited range of funds. Can be resolved by guaranteed access to funds. Long-term reconstruction and promoting sustainable livelihoods central themes.
- Lessons must be learnt from development and HA before thinking about new contingency funds etc. Previous examples of funding mechanism success exist. Must market these lessons to wider community.
- Funding principle of funds reaching most vulnerable must remain central
- Concern for maintaining additionality. If DRR is both ODA and key adaptation, does this undermine additionality argument.
- Fragile states and weak governance
- Human mobility not considered sufficiently

Main challenges:





Chair:

- Multiplicity of CC funding mechanisms. Donors not working optimally
- Scaling up. Prioritisation and transfer challenges
- Cc risk dominated by risk transfer
- Additionality challenge

Discussion:

- Fragile states key, but a challenge. How donors channel funding is problematic from adaptation context.
- CC community often unaware of mechanisms that already exist. Negotiation process very complex in itself, so external ideas often missed. Cc attribution mechanisms. How these are defined. How funds are triggered, and ease of access of funds – issues. But attribution is problematic - is this the way forward? Solution could be boost in development investment – social protection etc. But donors / UNFCCC does not want to give black cheques for development and are demanding climate change attribution of disasters, so need to find way of responding to this concern – currently an impasse.

Suggested action points for a roadmap on further streamlining of DRR and CCA towards COP-15 – including appointment of drafting group to formulate each action point in further detail.

3 themes for discussion

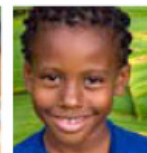
1. mechanisms for coordinating existing mechanisms. How it relates to existing DR - adaptation
2. who qualifies – choosing between funds, access
3. Basis for releasing funds

1. Multiplicity of mechanisms inevitable, in addition to other sources of financing (other financial flows, private sector). Challenge is to coordinate and identify synergies. Some work has been done already, but lack of knowledge among participants speaks volumes in itself.

Approach ISDR to commission synthesis of existing studies of current funding landscape (AF, GFDRR, bilateral sectoral assistance, private investment). South-South consultation groups, as part of GFDRR process, make specific recommendations on how to improve linkages, including drawing on lessons from GFDRR for AF, and submit draft at next global platform.

2. Ensuring most vulnerable needs met first, and ensuring developing countries are not forced to chose between limited resources
 - Hot spot maps exist. Lessons on difficulty of reaching the most vulnerable already gained from DRR.
 - Must not force developing countries to make choices between limited funds





- Only governments organised to set up national platforms currently qualify for DRR assistance. DRR should expand into capacity building, outreach. How to make DRR proactive in hotspot areas the challenge. Active outreach by donor community for capacity building and creating regime for guaranteed sources of income for beneficiary countries within adaptation financing mechanisms.

Based on existing DRR knowledge of vulnerability (not hazard) mapping, (i) prioritise most vulnerable countries for a guaranteed ring-fenced sub-fund – in addition to ODA and other adaptation funds, and (ii) prioritise proactive outreach by donor community for DRR capacity building.

3. What should be the national platform basis for funding DRR from AF and other funds?
 - National adaptation plans must have explicit DRR component as key guide for DRR funding.

Review NAPAs from a DRR perspective for fast track to funding, and champion national adaptation plans that successfully incorporate DRR. (Led by Swedish Commission and Tear Fund, supported by other workgroup organisation representatives). Concluding side event at Bonn 2009 to be organised by leading organisation.

