



Africa-Asia Conclave on Loss and Damage Due to Climate Change

**Instituting a global agricultural insurance programme as a
risk-sharing and transfer mechanism for developing countries**

**August 25-26, 2016
Nairobi, Kenya**

CONCEPT NOTE

INTRODUCTION

Climate science has established that the devastating impacts of climate change in the form of extreme weather events, floods, droughts etc are increasing in frequency and intensity. The resultant loss and damage are suffered more by developing countries since they are more exposed to climate hazards and have limited coping capabilities. According to the Food and Agricultural Organization (FAO) Report (2015), natural hazards and disasters between 2003 and 2013 in developing countries affected over 1.9 billion people and caused over US\$ 494 billion in estimated damage. Further, since most African and South Asian countries are largely dependent on agriculture for their livelihood, the impacts on the agricultural sector are most felt. It is estimated by the FAO that the agriculture sector including crops, livestock, fisheries and forestry absorbs approximately 22 per cent of the economic impact caused by natural disasters in developing countries. By 2020, the UNEP projects that 75-250 million people in Africa would be exposed to increased water stress due to climate change. Further, rice yields are expected to drop by 50 per cent by the end of this century in South Asia. Since the global efforts to address climate change fall drastically short of what is required, loss and damage due to climate impacts is becoming a very important issue for developing countries in global climate change negotiations.

The growing concern around loss and damage issue is reflected by the fact that this issue is treated in a separate section in the Paris Agreement. The Agreement also calls upon Parties to enhance their understanding, action and support on a cooperative and facilitative basis to address loss and damage. It further identifies risk-insurance facilities, climate risk pooling and other insurance solutions among others as possible areas of convergence among the Parties. At the 22nd Conference of Parties (CoP 22) at Marrakesh, there will be a review of the two-year work plan of the Executive Committee (ExCom) under loss and damage and a five-year work plan will be formulated.

Agricultural insurance and financing is critical for enhancing the resilience and coping capacity of farmers in developing countries. Data, however, points out that African countries and South Asian countries are inadequately insured. According to recent estimates, only about 100 million people in developing countries and emerging economies are currently covered by climate risk insurance. It is also becoming clear that many developing countries cannot afford an insurance mechanism from their own resources. It is therefore important to institute a global agricultural insurance mechanism for reducing, sharing and transferring the risks of poor farmers in developing countries. We advocate that such an insurance mechanism be set-up as part of loss and damage under the United Nations Framework Convention on Climate Change (UNFCCC) and financed by developed countries.

THEME

The Conclave's objective is to get a better understanding of agricultural insurance in African and South Asian countries and the challenges involved in upscaling it. The Conclave will also discuss compensation-relief mechanisms available in different countries to deal with loss and damage suffered by farmers due to variable and extreme weather events. Finally, the Conclave also intends to explore the feasibility of a global agricultural insurance mechanism to address loss and damage within the United Nations Framework on Climate Change (UNFCCC).

Potential Issues to Be Covered

- Status of agricultural insurance in countries of Africa and South Asia;
- Status of government-supported compensation and relief mechanisms and availability of disaster funds and risk financing;
- Has agricultural insurance resulted in enhanced coping abilities in the countries where it exists?
- Challenges faced by domestic insurers in providing agricultural insurance;
- Feasibility of global agricultural insurance mechanism to address loss and damage under the UNFCCC.

Participants

The African and South Asian countries targeted for the Conclave include Bangladesh, Ethiopia, Ghana, India, Kenya, Malawi, Mali, Mozambique, Myanmar, Nepal, Nigeria, Rwanda, South Africa, Sri Lanka and Tanzania. Officials and experts from ministries, insurance companies, research institutes and civil society from the above-mentioned countries will be invited.