



Climate Action Network

Recommendations for the WIM ExCom Five-Year Workplan

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Climate Action Network (CAN) is the world's largest network of civil society organizations working together to promote government action to address the climate crisis, with more than 1100 members in over 120 countries. www.climateactionnetwork.org

The Executive Committee (ExCom) of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM) is due to present its five-year workplan at the upcoming COP23. Below are the most important elements to enshrine in the five-year workplan, and the elements that should be prioritised in its execution, in CAN's perspective. This builds on CAN's submission¹ as well as the content and structure of the discussions at the 5th Session of the ExCom held in March 2017.

The first thing that is clear is that the WIM requires more resources. Much work needs to be done to support the most vulnerable on the frontline of climate impacts - and a voluntary body meeting two to three times a year, with modest support from the UNFCCC Secretariat, whose budget is entirely within the 'supplementary' UNFCCC budget is not up to the challenge. Nor is it in keeping with the importance given to loss and damage in Article 8 of the Paris Agreement. Parties must recognise this and move to make the WIM fully operational at the upcoming Pacific COP (COP23), including by committing significantly more budget funds - putting it on the same level as other elements of the Paris Agreement. The WIM ExCom must make this recommendation in their report to the COP and developed countries must step up with more finance for the WIM budget.

The second thing that jumps out is that since the WIM was established in November 2013, minuscule progress has been made on providing finance for loss and damage. Climate risk insurance has seen the most attention, but it applies to only a limited aspect of loss and damage, with other areas of financial needs, such as addressing permanent and irreversible loss and damage, being neglected. This gap must be addressed urgently. The ExCom must design their workplan to dedicate as much effort to the area of finance (enhancing action and support) as to the other areas combined. Below are specific activities that should be included in the workplan:

¹http://unfccc.int/files/adaptation/groups_committees/loss_and_damage_executive_committee/application/pdf/can_bond_input.pdf

Workstream: Enhancing Action and Support, including Finance

Function 1: Enhancing knowledge and understanding

Desired results: Better understanding of costs and support needs, including:

- activities that need finance;
- scale of finance required; and
- existing finance.

Activities:

Prepare a working definition, and/or set of guiding questions teamed with a non-exhaustive positive list, for loss and damage finance

- Prepare a technical paper synthesizing available literature, of actions to address loss and damage and associated types and natures of required finance to support them across the spectrum of the WIM's thematic issues.
- Call for submissions on:
 - Types and nature of actions to address loss and damage for which finance may be required and
 - Loss and damage activities to fund.
- Organize a workshop, or special event, to discuss definitional and positive list issues, with a view of having a working definition, and/or draft set of guiding questions or principles teamed with a non-exhaustive positive list, as an outcome. Outcome to be revisited within five years, once further experience is gathered.
- Invite Parties and funding organisations such as development banks to report on loss and damage finance separately to adaptation finance.
- Request that the Standing Committee on Finance (SCF) account for loss and damage finance in its next biennial assessment of finance in 2018.

Better understand the scale of finance required

- Make an open call to the scientific community to submit papers on the scale of loss and damage finance, with a view of holding a special event to discuss them at COP24.
- Hold a series of regional workshops ahead of COP24 to explore needs for various groups of countries, including countries with low-lying areas, those experiencing drought and desertification, those vulnerable to extreme events in the form of floods, unseasonal rainfall, drought, etc. and those most ill-capacitated to address loss and damage.
- Ahead of COP24, produce a synthesis paper utilising output from abovementioned workshops, papers and any additional papers already available.
- Host a special event in conjunction with COP24, inviting scientists to present their findings, and representatives from workshops to present outcomes.
- Use these findings to inform WIM plans to generate and disseminate finance for loss and damage.

Accounting

- Make an open call for submissions on principles and modalities for accounting for loss and damage finance, regardless of source or channel.
- Develop a pilot accounting system.

Function 2: Dialogue, coordination, coherence, synergies

Desired results: Platform for encouraging dialogue and enhancing coordination and synergies on finance for loss and damage is established to include relevant bodies inside and outside the UNFCCC process, including the SCF.

Activities:

Collaboration with SCF, GCF, AF, LDCF and others

- Following from the SCF 2016 Forum, which focused on insurance, the WIM and the SCF should co-host a workshop, inviting the Green Climate Fund (GCF), the Adaptation Fund (AF), the Least Developed Countries Fund (LDCF) and other interested bodies, Parties and observer organisations to discuss key issues with regards to institutional arrangements for loss and damage financial support. This workshop should address questions such as whether and how existing institutions, such as the GCF, the AF or the Global Environment Facility (GEF) through the LDCF and the Special Climate Change Fund (SCCF) could provide loss and damage finance and how to establish a specific loss and damage finance mechanism. This workshop should also consider the needs and potential options for strengthening risk pooling and social protection financing mechanisms on different levels, and ways in which this could be capitalised.
- Following the workshop, the WIM and the SCF should establish a working group incorporating relevant representatives, including civil society, to take forward discussions and craft recommendations on next steps for consideration and adoption by the COP. These recommendations should include recommendations as to the institutional arrangements for loss and damage finance as well as steps for implementing these institutional arrangements, with the objective of having institutional arrangements in place as early as possible, ideally by 2019.

Function 3: Enhancing action and support

Desired results:

- Mechanisms in place to generate resources from new sources
- Provision of finance adequate to demand
- Action and support enhanced to meet the needs of vulnerable developing countries and communities

Activities:

Establish a mechanism to generate adequate, predictable and equitable loss and damage finance from new sources

- Invite submissions from Parties and observers on potential sources of finance, including innovative/alternative sources of finance.
- Compile a resource paper, based on submissions received and previous work done (including the High Level Panel on Alternative Sources of Finance), to inform a workshop in mid-2018, with a view of identifying sources of finance capable of generating resources at a scale of billions of dollars to address loss and damage in developing countries before 2020, and growing after 2020 at a scale sufficient to address the problem over and above the finance provided for adaptation. Some have suggested that a target of generating at least USD 50 billion per year by 2020 and at

least 200-300 billion per year by 2030 is an appropriate level of finance to use as a guide², pending further work discussed above in function 1.

- WIM and the SCF to establish a special group of experts to take this forward in an open and inclusive manner and including observers.
- The WIM ExCom could host a workshop with Parties, relevant bodies (GCF, AF, GEF with LDCF and SCCF and others), legislators and observers to agree on a plan for putting in place the sources of finance identified, including responsibility for key tasks.
- The task/expert group identified above to meet virtually and in person, a sufficient number of times to create detailed plans to present to COP24 for consideration and adoption.
- Throughout 2019, the task group and other relevant bodies to undertake actions (including for instance, supporting national legislation) as required to allow for sources of finance to be in place by 2020, and to report on same at COP25.

Suggested Further Reading:

- CAN and Bond (February 2017), Joint Submission on the Strategic Workstream on Loss and Damage Action and Support available at:
http://unfccc.int/files/adaptation/groups_committees/loss_and_damage_executive_committee/application/pdf/can_bond_input.pdf
- Bond (November 2016), Finance for Loss and Damage available at
https://www.bond.org.uk/sites/default/files/resourcedocuments/deg_ld_series_finance_for_loss_and_damage_nov16_final-1.pdf
- CAN (October 2016), Annual Policy Document: Marrakech - Galvanizing Ambition available at <http://www.climatenetwork.org/publication/can-annual-policy-document-marrakech-galvanizing-ambition-october-2016>
- CAN (March 2016), Financial Instruments to Address Loss and Damage Associated with the Adverse Effects of Climate Change available at
https://unfccc.int/files/adaptation/groups_committees/loss_and_damage_executive_committee/application/pdf/can_submission_to_the_excom_of_the_wim_on_loss_and_damage_finance.pdf
- CAN (February 2016), Submission for the 4th SCF Forum on Financial Instruments to Address Loss & Damage available at
http://www.climatenetwork.org/sites/default/files/can_submission_on_the_scf_forum_loss_and_damage_finance.pdf
- CAN (2015), New, Innovative Sources of Climate Finance, Position available at http://www.climatenetwork.org/sites/default/files/can_position_innovate_sources_of_finance_final_may2015_0.pdf

² See, for instance, Richards and Schalatek (2017), Financing Loss and Damage: A Look at Governance and Implementation Options available at <http://us.boell.org/2017/05/09/financing-loss-and-damage-lookgovernance-and-implementation-options>