

**Compilation of relevant documents for Action Area 7, activities (c) and (e)
of the Excom workplan**

Action Area 7: Encourage comprehensive risk management by the diffusion of information related to financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change to facilitate finance in loss and damage situations in accordance with the policies of each developing country and region, taking into account the necessary national efforts to establish enabling environments. These financial instruments and tools may include: comprehensive risk management capacity with risk pooling and transfer; catastrophe risk insurance; contingency finance; climate-themed bonds and their certification; catastrophe bonds; and financing approaches to making development climate resilient, among other innovative financial instruments and tools

Activity (c): Invite the SCF, in its next biennial assessment and overview of climate finance flows, to include information on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change

Activity (e): Facilitate diffusion of comprehensive information through a section of the UNFCCC website, reports of the Executive Committee to the COP, side event(s) and an invitation to the SCF to dedicate its 2016 Forum to financial instruments that address the risks of loss and damage associated with the adverse effects of climate change

Expected results: Improved understanding by public bilateral and multilateral institutions and funds, private financial institutions and developed and developing countries on the range of financial instruments and tools to enhance action and support, including finance, technology and capacity-building, to address loss and damage associated with the adverse effects of climate change

This note compiles the following relevant documents in relation to Action Area 7, activities (c) and (e):

1. Letter of invitation from Excom to SCF, sent on 14 October 2015..... *Page 2*
2. Response letter from SCF, received on 26 November 2015..... *Page 6*
3. Summary of the SCF Stakeholder Discussion event, held on 10 December 2015..... *Page 7*
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1. Letter of invitation from Excom to SCF, sent on 14 October 2015



United Nations
Climate Change Secretariat

Nations Unies
Secrétariat sur les changements climatiques

Mr. Hussein Alfa Nafo
Ms. Outi Honkatukia
Co-Chairs of the Standing Committee on Finance

Date: 14 October 2015
Reference: YN/MNK/cma

Dear Mr. Nafo, Dear Ms. Honkatukia,

On behalf of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (hereinafter referred to as the Executive Committee) and in our capacity as its Co-Chairs, we are pleased to inform you that the Executive Committee held its first meeting from 24 to 26 September 2015, and that we have successfully launched the implementation of our two-year workplan.

In this initial communication, we would like to present, for the consideration by the Standing Committee on Finance, opportunities to enhance coherence between the efforts of our two Committees. Please see Annexes I and II to this letter for invitations on specific areas of collaboration.

The Conference of the Parties (COP), at its nineteenth session, established the Warsaw International Mechanism to address loss and damage associated with the adverse effects of climate change through its three main functions: enhancing knowledge and understanding of comprehensive risk management approaches; strengthening dialogue, coordination, coherence and synergies among relevant stakeholders; and enhancing action and support, including finance, technology and capacity building. The Executive Committee is mandated to guide the implementation of these functions. The COP, at its twentieth session, approved an initial two-year workplan of the Executive Committee.

The Executive Committee recognizes that the work areas of various constituted bodies under the UNFCCC process are assisting Parties in various ways to address loss and damage associated with the adverse effects of climate change, in line with provisions contained in decisions 3/CP.18 and 2/CP.19 and in our two-year workplan. Therefore, while we are writing to you regarding a specific activity within our workplan, we, as a newly constituted body under the Convention, would like to take this opportunity to convey our interest in establishing a channel of communication with the Standing Committee on Finance with a view to exploring opportunities for enhancing synergies and developing ongoing collaboration between our two Committees.

The Executive Committee looks forward to hearing from you as soon as practical, whether and how your Committee intends to respond to this request. We are happy to answer any questions you may have as you consider this invitation.

Sincerely yours,

(Signed by)

Pepetua Latasi and Shereen D'Souza
Co-Chairs of the Executive Committee



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Annexes

Annex 1: Invitation in the context of Action Area 1 of the workplan of the Executive Committee

Annex 2: Invitation in the context of Action Area 7 of the workplan of the Executive Committee

Annex 3: Results of preliminary mapping of mandate/workplan of relevant bodies

Annex 4: Results of preliminary mapping of knowledge products of relevant bodies

Useful links:

- <Two-year workplan of the Executive Committee>.
- <Decision 2/CP.19 on the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts>.
- <Decision 3/CP.18 on approaches to address loss and damage associated with climate change impacts>.



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Annex I

Action Area 1 of the workplan focuses on enhancing the understanding of how loss and damage associated with the adverse effects of climate change affect particularly vulnerable developing countries, segments of the population that are already vulnerable owing to geography, socioeconomic status, livelihoods, gender, age, indigenous or minority status or disability, and the ecosystems that they depend on, and of how the implementation of approaches to address loss and damage can benefit them.

To initiate this Action Area, the Executive Committee would like to invite the Standing Committee on Finance to consider making efforts to reduce and avert losses and damages among particularly vulnerable developing countries, vulnerable populations and the ecosystems that they depend on, as the Standing Committee on Finance undertakes its work, and to share the outcomes with the Executive Committee.

The expected result of this activity, as stated in the workplan approved by the COP, is that the consideration of particularly vulnerable developing countries, vulnerable populations and the ecosystems that they depend on becomes a cross-cutting topic, and becomes integrated across the relevant work under the Convention.

Accordingly, we would appreciate if you could provide the Executive Committee, in writing (e.g. a succinct narrative report) with:

1. How the Standing Committee on Finance envisages including in its work, specific and tangible ways to reducing or averting loss and damage in particularly vulnerable developing countries, vulnerable populations and the ecosystems that they depend on;
2. Information on specific action that the Standing Committee on Finance is taking in key areas relevant for work on loss and damage.

To assist you in responding to the above request, the secretariat has prepared a preliminary analysis of the mandates and work of some of the relevant bodies or processes under the Convention, which may have contributed and/or would contribute to, efforts on avoiding and reducing loss and damage associated with climate change impacts. Please see annexes III and IV to this letter. We hope that you would find this preliminary analysis useful.



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Annex II

Action Area 7 of the workplan focuses on encouraging comprehensive risk management by the diffusion of information related to financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change to facilitate finance in loss and damage situations in accordance with the policies of each developing country and region, taking into account the necessary national efforts to establish enabling environments.

Under this Action Area, the Executive Committee would like to invite the Standing Committee on Finance to:

1. Include information on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change, in your next biennial assessment and overview of climate finance flows;¹
2. Dedicate your 2016 Forum to financial instruments to address the risk of loss and damage associated with the adverse effects of loss and damage.²

The expected results from these activities, as stated in the workplan approved by the COP, is improved understanding by public bilateral and multilateral institutions and funds, private financial institutions and developed and developing countries on the range of financial instruments and tools to enhance action and support, including finance, technology and capacity-building, to address loss and damage associated with the adverse effects of climate change.

In line with our mandate to complement, draw upon the work of and involve, as appropriate, existing bodies under the Convention, the Executive Committee stands ready to work with the Standing Committee on Finance in achieving these expected results from Action Area 7, including helping to compile the necessary data and any further action related to the aforementioned activities.

In relation to item 1 above, we would encourage you to take into account, including their strengths and limitations: comprehensive risk management capacity with risk pooling and transfer; catastrophe risk insurance; contingency finance; climate-themed bonds and their certification; catastrophe bonds; reserve funds; insurance; contingent debt; insurance-linked securities; and financing approaches to making development climate resilient, among other innovative financial instruments and tools.

In considering these instruments and tools, we would also encourage you to assess associated costs, benefits, effects on incentives to adapt, and risks attributable to utilizing these instruments and tools, including political ones. In making this assessment, we would like you to consider including examples of financial instruments and tools currently being employed to address loss and damage associated with the adverse effects of climate change, as well as an analysis of gaps in financial instruments and tools that address the risks of loss and damage.

The Executive Committee assures you of our close cooperation as your Committee advances its work on these two activities, including participating in any review process(es) of the draft biennial assessment before publication, as well as in any preparatory action required for the 2016 Forum.

¹ Action Area 7, activity (c) of the initial two-year workplan of the Executive Committee.

² Action Area 7, activity (e) of the initial two-year workplan of the Executive Committee.

2. Response letter from SCF, received on 26 November 2015



United Nations
Climate Change Secretariat

Nations Unies
Secrétariat sur les changements climatiques

Ms. Pepetua Latasi
Ms. Sheeren D'Souza
Co-Chairs of the Executive Committee of the
Warsaw International Mechanism for
Loss and Damage associated Climate Change Impacts

Date: 26 November 2015
Reference: YV/LL/jh
Direct line: +49 228 815 1399

Dear Ms. Latasi, Dear Ms. D'Souza,

On behalf of the Standing Committee on Finance (SCF), we would like to congratulate the Executive Committee of the Warsaw International Mechanism for Loss and Damage (hereafter the Executive Committee) for launching the implementation of its two-year workplan. Accordingly, we would also like to thank the Executive Committee for the initial communication that it sent to the SCF on 15 October 2015, with regard to opportunities to enhance coherence between the efforts of our two committees.

At our recent SCF meeting, in late October 2015 in Bonn, Germany, we considered the invitations to the SCF, as identified in Action Area 7 of the workplan of the Executive Committee and discussed how to reflect them in the work of the SCF in 2016. At that meeting, the participation of Mr. Gottfried Von Gemmingen, member of the Executive Committee, was greatly appreciated as he contributed substantially to informing the SCF's consideration of the proposed areas of work.

We are pleased to inform you that the SCF has agreed to respond positively to the invitations included in Action Area 7 of the workplan of the Executive Committee. In particular, the 2016 biennial assessment and overview of climate finance flows (BA) of the SCF will include information on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change, while the 2016 forum of the SCF will focus on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change, recognizing the relevance of the forum to the 2016 BA.

Further information on the deliberations by the SCF on these issues as well as the general work of the SCF is included in the SCF report to the twenty-first session of the Conference of the Parties, which you will find in the attached annex.

We will take stock of the elements of Action Area 1 of the workplan of the Executive Committee when we finalize the SCF's 2016-2017 workplan, at our first meeting in 2016. A communication on this will be transmitted to you in due course.

The SCF looks forward to working closely with the Executive Committee in the future.

Sincerely yours

(Signed by)

Seyni Nafu and Outi Honkatukia
Co-Chairs of the Standing Committee on Finance

3. Summary of the SCF Stakeholder Discussion event, held on 10 December 2015

Stakeholders Discussion on the

2016 Forum of the Standing Committee on Finance

10 December 2015, 13:30-14:30, Meeting room 18, Le Bourget

I. Background and proceedings

- Further to the invitation by Excom, the SCF, at its 11th meeting, decided to dedicate its 2016 Forum to financial instruments that address the risks of loss and damage associated with the adverse effects of climate change.
- The SCF decided to establish a working group for the 2016 Forum, to be co-facilitated by Mr. Richard Sherman and Mr. Stephan Kellenberger.
- The SCF agreed to consult with relevant stakeholders, throughout the preparation of the Forum, starting at COP21.
- Excom members were invited to attend this meeting. The following members attended: Idy, Helmut, Shereen, Shoni.

II. Introduction by the co-facilitators

The co-facilitators of the meeting, Richard and Stephan, shared at the outset of the meeting that:

- The objectives of the Forum will be to:
 - Increase awareness about financial instruments that address the risks of loss and damage;
 - Provide platform for actors/bodies to share knowledge and experience;
 - Inform the work of SCF (SCF's next Biennial Assessment and Overview of Climate Finance Flows will incorporate the outcome of the Forum and possibly recommendations).
- The purpose of the stakeholder discussion is to:
 - Obtain first views and reactions from stakeholders on the Forum;
 - Obtain initial ideas about the scope and purpose of the Forum;
 - Inform the work of the SCF in designing the Forum.

The co-facilitators outlined the following next steps:

- SCF to issue a general call for submissions (by end January 2016, tbd) and start an open process for engagement;
- SCF to consider the submissions in preparation of a concept note, finalize framework and arrangements (by March 2016, tbd);
- Scheduling of the Forum – tbd, however, given COP22 is taking place in November 2016, the Forum may take place in July/August; SCF to explore opportunities to have it back-to-back with other relevant events.

III. Questions by participants and answers

- How do you intend to engage observers?
 - The Forum will seek wide participatory approach and dialogue with limited use of presentations;
 - SCF to launch a call for submissions to inform the concept note for the Forum (in respect of themes, scope, relevant participants);
 - No organizations and participants have been identified so far.
- It will be important to define where adaptation stops and where L&D begins, terminology is very important.
 - SCF is not to deal with this question and academic discussions on L&D, but to focus on practice, rather than concepts and definitions and to operate under the mandate for the Forum to find a number of financial instruments;
 - To explore views of practitioners, their experience, challenges, and get a set of recommendations and possibly included in GCF/GEF if relevant.
- Given this invitation is related to action area related to diffusion of information, what modalities could be used so that the findings/ discussion of the Forum are communicated to a broader audience (e.g. website, reports, side events, etc.)?
 - SCF has not yet considered this - will consider the submissions and elevate discussions to the mandate by the Excom;
 - A lot depends on the preparations for the Forum – in the past some sessions were recorded and made available to attain a broader audience;
 - Need to consider how to feed in conversations from the Forum into other events;
 - We need assistance to identify who are the relevant people and what conversation to have;
 - From past experience, some recommendations from the Forum on forest found their way as to guidance to GEF;
 - We want to clearly focus on evidence what is happening and what is working.
- Bring attention to the work done to operationalize the Mechanism and how this Forum should assist in providing some clarification. What are the best practices, what works, not does not work, who must come – so that this work is done within the context of operationalization of Mechanism.
 - The Forum is a way to establish a close relation between the SCF and Excom, for which the Excom requested in its letter and the flows of information are in both directions.
- How would the call for inputs reach the scientific community?
 - The call will be posted on the website and we encourage everyone to share this information with partners and welcome any support.

4. Call for inputs from the SCF, received on 15 January 2016

This call for inputs was sent from the SCF to targeted stakeholders,¹ including the co-chairs of the Excom.



United Nations
Framework Convention on
Climate Change

Standing Committee on Finance invites for inputs related to its fourth forum on "financial instruments that address the risks of loss and damage associated with the adverse effects of climate"

Dear Sir/Madam,

In accordance with decision 2/CP.17 paragraph 121(a), the Standing Committee on Finance (SCF) organizes annual forums for the communication and continued exchange of information among bodies and entities dealing with climate change finance, in order to promote linkages and coherence.

At its [eleventh meeting](#) held in October 2015 in Bonn, Germany, the SCF decided to respond positively to the invitation, by the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, to dedicate its 2016 forum to the theme of **financial instruments that address the risks of loss and damage associated with the adverse effects of climate**, in the context of Action Area 7 of the workplan of the Executive Committee.

The SCF also agreed to invite inputs on the topics below, in order to inform the Forum's preparatory work:

1. Scope and purpose of the Forum

The SCF invites its members and interested observers to submit their inputs on the scope and purpose of the Forum and also to provide relevant information/case studies that would inform the Forum.

2. Potential institutions and events to partner with in the organization of the Forum

Building on the experience from the previous Forums, where the SCF worked with a wide range of partner institutions and held the Forum in conjunction with relevant events, the SCF agreed to explore partnerships for the upcoming fourth SCF Forum and hence invites its members and interested organizations to provide information on potential organizations with whom to partner as well as events (ideally taking place between May and September 2016), with which the Forum could be held in conjunction.

With the aim of advancing the preparation for the SCF Forum, the SCF would appreciate receiving your inputs on these matters through this email address (standingcommittee@unfccc.int) by **15 February 2016**.

This invitation, as well as any received inputs, will be posted online: <http://unfccc.int/7561>

The SCF looks forward to your inputs and to further cooperate with you in preparation for the Forum.

¹ This call for inputs is also available on the UNFCCC webpage at http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/scf_invitation_for_4th_forum_inputs_%28no_weblink%29.pdf.