

Technical paper elaborating the sources of financial support for addressing loss and damage

I. Introduction

A. Background and mandate

B. Purpose of the technical paper

The purpose of the technical paper elaborating sources of financial support, and modalities for accessing such support, for addressing loss and damage provided through the Financial Mechanism, as well as finance available for addressing loss and damage outside the Financial Mechanism, and modalities for accessing such support, is to inform the 2019 review of the Warsaw International Mechanism (WIM) and its function of enhancing action and support, including finance, technology and capacity-building, to address loss and damage associated with the adverse effects of climate change,

In providing guidance to the secretariat for the preparation of this technical paper, the Executive Committee (ExCom) of the WIM recognizes that loss and damage associated with the adverse effects of climate change includes, and in some cases involves more than, that which can be reduced by adaptation. In this regard, the Secretariat is encouraged to identify sources related to a broad spectrum of action including, but not limited to, the elements listed in Annex 1, as appropriate.

C. Scope, approach and structure

- Role of the secretariat
- Role of the Executive Committee

II. Type and nature of actions to address loss and damage for which finance may be required – with sources of financial support provided and finance available

To include an elaboration of sources of financial support provided and finance available related to the actions set out below drawn from the Synthesis Report, Part 1 prepared by the secretariat. The Secretariat should aim to include information associated with relevant topics to the strategic workstreams of the Excom (i.e. slow onset events, economic and non-economic losses, comprehensive risk management, human mobility, and cross-cutting elements) and elements listed in Article 8.4.

- I. Cross-cutting and generic actions to address loss and damage for which finance is required
 1. Understanding- and knowledge-related actions
 2. Awareness and capacity-building
 3. Technology
- II. Actions to manage risks comprehensively
 1. Risk assessment
 2. Risk prevention
 3. Risk reduction
 4. Risk transfer
 5. Social protection
 6. Risk retention

7. Transformational approaches

III. Sources of financial support as provided through the Financial Mechanism as considered within the framework of Section II

- Information to be provided to understand how each source may be applied to address loss and damage, where available
 - Projects, or examples of, as appropriate
 - Financial support provided and pledged to date
 - Modalities for access, including channels to access (i.e. direct, international, regional etc.) as well as streamlined, efficient and simplified access procedures
 - Impacts / risks most amenable to this type of financing (links to section II)
 - Data sources used, including where data was not found and where it is not available and where it was
- To be informed by, *inter alia*, 2016 SCF Forum; outcomes of the SED; UNFCCC technical papers (e.g. 2008 paper on mechanisms to manage financial risks, etc)
- Consider at which level resources are provided (e.g. at local, national, regional) and the type of financing provided (e.g. grants, loans, etc.)

IV. Finance available outside the Financial Mechanism as considered within the framework of section II

- Information to be provided to understand how each source may be applied to address loss and damage, where available
 - Finance available
 - Modalities for access, including channels to access (i.e. multilateral, bilateral, institutional support, etc.)
 - Grant- or loan-based, including associated costs
 - Impacts / risks most amenable to this type of financing (links to section II)
 - Data sources used, including where data was not found and where it is not available
- To be informed by, *inter alia*, 2016 SCF Forum; outcomes of the SED; UNFCCC technical papers (e.g. 2008 paper on mechanisms to manage financial risks, etc)
- Consider at which level finance is available (e.g. at local, national, regional)

BOXES: Case Studies: Accessing sources for addressing loss and damage

- Example of a country affected by a climate-related extreme event
 - What are the approaches such a country could take/took?
 - What is already in place for quick response, such as in the immediate aftermath of a tropical cyclone?
 - Where could such a country get resources under existing modalities inside and outside the Financial Mechanism?
 - How could such a country access these resources? What barriers exist and what enabling conditions can ease access to these resources?
- Example of a country affected by slow-onset climate-related changes
 - What are the approaches such a country could take/took?

- Where could such a country get resources under existing modalities inside and outside the Financial Mechanism?
- How could such a country access these resources? What barriers exist and what enabling conditions can ease access to these resources?

VI. Conclusions/Summary of findings/Key Findings/Trends/Takeaways

Annex 1 - Indicative list of sources of finance, inside and outside the Financial Mechanism, related to a broad spectrum of action to drive the analysis under II

Sources inside the Financial Mechanism

- A. Green Climate Fund
- B. Global Environment Facility

Sources outside the Financial Mechanism

- A. Funds, including those entrusted to operating entities of the financial mechanism
 - a. Adaptation Fund
 - b. Least Developed Countries Fund
 - c. Special Climate Change Fund
- B. Regional and national risk transfer mechanisms
 - a. CCRIF
 - b. ARC
 - c. PCRAFI
 - d. Other
- C. Sovereign Wealth Funds / Domestic budgetary expenditures
- D. Overseas development assistance
- E. Multilateral and regional development banks
- F. Humanitarian Assistance
- G. Disaster risk reduction assistance
- H. Private sector, NGOs, philanthropy and charitable organizations
- I. Other available sources of finance
 - Finance, including programmatic finance, provided by other intergovernmental actors, e.g., World Food Program, IFAD, FAO, which may not be exclusively in the form of grants or loans
 - Research / Science funding
 - Rapid financing instruments, which may be a mix of grant- and loan-based finance (e.g., World Bank Crisis Response Window or Immediate Response Mechanism; IMF Rapid Credit Facility, Rapid Financing Instrument, Catastrophe Containment and Relief Trust)
 - External and domestic support for social protection programs