

Co-chairs' summary of the Presidencies' consultations with Heads of Delegations on loss and damage

3 and 4 August 2021

Introduction

We held consultations on matters relating to loss and damage with Heads of Delegations on 3 and 4 August 2021.

The consultations built on the recent informal July Ministerial meeting and our wider work with Parties and relevant organizations that has been taking place this year.

We issued three discussion questions prior to the consultations to help guide the conversation and solicit Parties' views on some of the areas we viewed as important to accelerate understandings in the lead up to COP 26:

1. The need for delivering increased practical support on loss and damage was emphasised by Ministers. What can COP 26 deliver to help to streamline and increase finance and improve access to finance to help avert, minimise and address loss and damage?
2. In light of the Presidencies' consultations on the operationalisation of the Santiago Network on Loss and Damage, and taking into consideration the latest paper proposed by the Presidencies (attached), how can we accelerate this process to ensure that the network starts providing solutions to developing Parties as soon as possible?
3. How should parties manage the issue of loss and damage within the UNFCCC process? Are there areas that are not covered and what governance arrangements for the Warsaw Mechanism should be put in place?

This summary is structured along the three discussion questions.

Overall, we recognize the appreciation by all Parties for our efforts to continuously provide dedicated space for exchanging of views on the issue of loss and damage. We continue to count on the commitment and dedication that has been shown by all Parties in their engagement as we advance towards Glasgow.

Increasing access to finance to help avert, minimise and address L&D

We note that a successful COP 26 requires a holistic approach that achieves a substantive outcome on loss and damage.

Parties emphasised the need for scaled up finance and action on loss and damage, and the need for a strong signal at COP 26, considering the exacerbating adverse effects of climate change faced by vulnerable countries, especially LDCs and SIDS who are at the forefront of the climate emergency. These countries are facing further challenges with the impacts of the ongoing pandemic. Many stressed the need for taking a comprehensive approach to avert, minimize and address loss and damage, and include the consideration of impacts of slow onset events, such as sea level rise and coastal erosion, into disaster risk reduction and preparedness efforts. Furthermore, Parties emphasised the need to focus attention on the most vulnerable countries, including LDCs and SIDS, and within these countries on the most vulnerable and marginalised groups, including women, children and indigenous peoples.

Many Parties expressed the importance of showing, at COP 26, an increased commitment to support those most in need in the context of loss and damage. This could be in the form of adaptation communications; updated NDCs aiming at strengthening resilience within national societies and partnerships to mainstream climate risk in all relevant policy areas. Further, commitments by financial institutions to scale up finance to address climate impacts, including delaying debt service payments to provide additional fiscal space for countries hit by climate events, and by shifting investments away from fossil fuels; increased support for specific activities and for data processing, early warning, and emergency planning, access to insurance, support for disaster recovery and humanitarian relief.

Some Parties voiced their concern over the need to accelerate shifts in the financial system, as G20 and developed countries continue to invest in, subsidise or give grants to fossil fuel industries, which will further worsen losses and damages from climate change impacts, while investments in renewable energy and climate action need to rapidly increase in scale.

Furthermore, Parties stressed the importance of continuous efforts to reduce GHG emissions at speed and scale in line with the goals of the Paris Agreement.

In reference to the early days of the climate negotiation process in the 1990s, one Party recalled that an early idea had been to use funding from emitters to address losses and damages, and that in this regard, a life cycle approach of the extraction and use of fossil fuels could still be valid and helpful to identify the resources to address loss and damage.

It was also stressed that, with the continuous warming of the planet – with reference to the IPCC AR6 Working Group 1 report – and as recent climate-related disasters have shown, the increased frequency and severity of climate change impacts in all regions of the world, both rapid climate hazards and slow onset events, and related loss and damage challenges, would hopefully lead to a sense of solidarity and an increased understanding of the importance of addressing loss and damage.

Parties reiterated that any discussion under the new global goal on finance must look beyond mitigation issues. Many stressed the importance of balance between adaptation and mitigation, considering the long-term goals of the Paris Agreement, but that it must also be driven by developing countries' needs and include loss and damage. However, it was noted that the new finance goal will only be implemented in 2025, while immediate action is needed to deliver financial support for losses and damages in developing countries. Thus, some Parties urged that the COP and CMA should provide guidance to the operating entities of the financial mechanisms of the Convention, the GCF and the GEF, to allocate funding/make grant-based financing available for loss and damage, which should be in addition to adaptation finance, rather than at the expense of it. Those parties emphasised that such finance should be comprehensive and include, beyond DRR and humanitarian aid, also capacity building, technology, comprehensive risk management such as hazard mapping, risk assessments and transfer, including different insurance mechanisms, and take into account slow onset events and non-economic losses.

Some Parties suggested that COP 26 could mandate the Warsaw International Mechanism ExCom to develop guidance for the integration of L&D in NDCs, together with other constituted bodies. Furthermore, some Parties called for the mainstreaming of loss and damage in different agenda items, such as the GST, in which they proposed that data on loss and damage should be included to assess collective progress towards achieving the goals of the Paris Agreement, as well as progress on the global goal on adaptation. In addition, some Parties suggested that the WIM ExCom and SCF should jointly develop guidance for finance entities on how to incorporate L&D in their investment frameworks, and that the ExCom should engage with other constituted bodies and reflect crosscutting assessments in their synthesis report.

Parties also stressed the importance of the five expert groups of the WIM, notably the expert group on Action and Support (ASEG), working towards enhancing action on averting, minimizing and addressing loss and damage as they work closely with bodies within the UNFCCC and beyond.

Further operationalisation of the Santiago Network on loss and damage

With regard to the views on the way and timeline for the operationalisation of the Santiago Network, several Parties welcomed our amended second discussion paper and its focus on a demand-driven nature of the network and network members' capacities to deliver support.

Some Parties shared the view that, given the number of organizations interested in being involved, the operationalisation should take place as soon as possible, possibly ahead of COP 26.

While recognising our work to accelerate the operationalisation of the Santiago Network, and acknowledging that a rapid and early operationalisation of the Santiago Network would be very important, many Parties emphasised that the process needs to remain inclusive, transparent, Party-driven and demand-driven, allowing all Parties to contribute substantively to the consultations.

In this regard, a number of Parties voiced the concern that our consultations could face certain limits and called for an agenda item at COP 26 for countries to consult each other on the operationalisation of the Santiago Network. Some indicated that operationalising the Santiago Network would require a decision from the COP/CMA. Several Parties stressed that the management and oversight of the network under the WIM remains critical and that the three functions of the WIM under the Convention and Art. 8 of the Paris Agreement should guide the functioning and implementation of the Santiago Network.

Several groups emphasized that a website would not be sufficient, and that the Santiago Network should be more than a matchmaking facility, with dynamic functions. In this regard, they referred to the CTCN as a model to be used and from which valuable experiences could be taken as it had pioneered the provision of technical assistance under the UNFCCC.

Parties stressed that the operationalisation and coordination of the Santiago Network needs to be flexible and agile, and that it should be set up in a clear and accessible way. While some Parties saw the support provided by the UNFCCC secretariat sufficient for the operationalisation of the network, one Party suggested to take on an innovative approach and have a different international agency host the secretariat of the Santiago Network every year.

A number of Parties expressed the view that the Santiago Network would function as a coordination unit or secretariat, actively engaging with countries from an early stage, helping them identify and prioritise their needs for technical assistance, and, in a second step, identifying the best suitable provider of that assistance from the group of Santiago Network members, while helping developing countries unlock finance to address loss and damage on the ground. Parties called for such a secretariat to be well resourced and well-staffed, able to reach out to countries and strengthen the capacity of contact points, with the ability to pilot innovative solutions that could be scaled up later. Predictable, consistent and adequate reserves for the network would be needed to ensure its support. Several groups strongly recommended that the effective identification of needs and the provision of technical assistance is driven by developing countries' needs rather than by existing offers of member organizations.

Parties further recalled the importance of the Santiago Network to ensure timely provision of the required technical assistance on the ground. Several Parties reiterated that the network should, as per the COP 25 mandate, catalyse – rather than duplicate – assistance of the member organizations and enhance the visibility of their work, following the demand of countries and communities most in need,

especially considering that this demand for assistance will grow. In addition, some Parties emphasised that there should be no expectation for covering the cost by the countries receiving assistance.

Several Parties acknowledged different agencies' ongoing efforts to support countries in averting, minimising and addressing loss and damage, and committed to continue supporting these agencies' work. Operationalising the Santiago Network will furthermore help identify gaps and needs, as loss and damage issues are crosscutting and cannot be addressed by individual organizations alone.

Considering the crosscutting nature of loss and damage, some Parties also stressed the importance of including service providers at all scales, from local and community-level to global. This would include humanitarian and disaster risk reduction communities, and those working on slow onset events, non-economic losses and comprehensive risk management issues, risk assessment and transfer, and human mobility and displacement.

Some Parties suggested to hold a workshop, possibly at COP 26, to help understand relevant organizations work and available resources for climate-related work to respond to the needs from vulnerable communities and countries. One Party added that the variety of topics under loss and damage would call for the organisation of dedicated workshops.

At the same time, one Party indicated that functions of the network should be decided later, and decisions of COP 27 should not be pre-empted.

Governance of the WIM

While Parties expressed divergent views regarding the WIM governance, they expressed a willingness to engage and work together towards a solution.

Some Parties shared the understanding that Article 8 of the Paris Agreement intended that the WIM would be subject to the authority and the guidance of the CMA.

Other Parties expressed their understanding of a dual governance of the WIM – under the authority of the COP and the CMA, on the basis that the language of the Paris Agreement and related decisions do not render void the decisions adopted by the COP which had authority over the WIM prior to the adoption of the Paris Agreement. In their view, the COP and the CMA should continue providing guidance to the WIM in order to comprehensively avert, minimize and address loss and damage. Furthermore, such Parties were of the view that a dual governance would allow the WIM to benefit from the rich history of the Convention and to gain from future decisions of the COP and the CMA. In this regard, Parties cited precedents for bodies serving both the COP and the CMA, such as the Adaptation Committee, CTCN and TEC, SCF, and CGE.