

**Seventh meeting of the Executive Committee of the Warsaw International Mechanism for
Loss and Damage associated with Climate Change Impacts
Bonn, Germany, 13–16 March 2018**

Synthesis paper part I

**Views on the type and nature of actions to address loss and damage
for which finance may be required**

Eighteen submissions were received as of Friday 9 March 2018, in response to a call for submissions *on the type and nature of actions to address loss and damage for which finance may be required*. Submissions comprise 8 submissions from Parties or groups of Parties, and 10 submissions from non-Party stakeholders.¹

This document synthesizes views and inputs shared in the submissions in relation to current or future actions to address loss and damage that are identified as requiring finance.

¹ Submissions are available at: http://unfccc.int/adaptation/workstreams/loss_and_damage/items/10560.php.

I. Introduction

1. Mandate

1. In the context of activity 1(a) of strategic workstream (e) of the five-year rolling workplan of the Executive Committee (Excom), the Excom called for submissions, on 20 December 2017, on the type and nature of actions to address loss and damage for which finance may be required. In decision 5/CP.23,² the Conference of Parties (COP) invited Parties, observers and other stakeholders to make the submissions by 15 February 2018.

2. Scope of the document

2. Eighteen submissions were received as of Friday 9 March 2018, in response to that call, including 8 submissions from Parties or groups of Parties, and 10 submissions from non-Party stakeholders.³ This document synthesizes views and inputs shared in the submissions in relation to current or future actions to address loss and damage that are identified as requiring finance.⁴
3. This document does not contain a generic description of the current or foreseen loss and damage, and associated general efforts, included in some submissions. Some submissions contain views on the Suva expert dialogue, the scope of the technical paper referred to in decision 4/CP.22, paragraph 2 (f), or what the UNFCCC institutions should do to mobilize finance (e.g. in the context of the Warsaw International Mechanism, topics for negotiation under different bodies and agendas, etc.). These views are captured in the part II of the synthesis paper.

3. Structure of the document

4. Types of actions to address loss and damage for which finance may be required have been broadly grouped by actions: cross-cutting and/or generic actions to further address loss and damage (Section II) and actions to manage risks comprehensively (Section III).
5. The “cross-cutting actions” section clusters types of actions into those related to research and knowledge, awareness raising and capacity building, and technology. The section on “Actions to manage risks comprehensively” further clusters types of actions related to risk assessment, prevention, reduction, retention, as well as actions around social protection, recovery and actions that are transformational in nature.
6. Quantified information on the distribution of submissions by type and region of contributors, and those that identify actions for which finance may be required in association 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) are provided in Annex I.

² [FCCC/SB/2017/L.5](http://unfccc.int/Adaptation/Workstreams/Loss_and_Damage/items/10560.php)

³ Submissions are available at: http://unfccc.int/adaptation/workstreams/loss_and_damage/items/10560.php.

⁴ Efforts have been made to synthesize diverse concepts and ideas of similar nature to the extent possible. Where appropriate, original wording has been kept.

7. Annex II contains the names of Parties, groups of Parties and organizations that provided submissions.

II. Cross-cutting and generic actions to address loss and damage for which finance is required

8. A number of submissions identify cross-cutting or generic actions to complement specific actions that foster comprehensive risk management. These actions broadly aim to (a) better understand and address current and anticipated loss and damage challenges, (b) build awareness and capacities, and (c) facilitate the development and transfer of technologies.

1. Understanding- and knowledge-related actions

9. Many submissions underscore further knowledge needs to facilitate countries to have a better grasp of concept of loss and damage, including those associated with slow onset events and permanent losses, as well as to explore new opportunities regarding, in particular, emerging financial instruments.
10. In this regard, a working definition of loss and damage finance that can flexibly but appropriately account for range of modalities and approaches being discussed, is viewed useful, including a non-exclusive and exemplary list of eligible loss and damage activities to be considered for finance.
11. Actions requiring finance, put forward in many submissions, focus on the establishment of a baseline, and understanding the full measure of, and costs, associated with loss and damage. These submissions on this particular issue center around:
 - a) Non-economic and social loss and damage, as well as regarding culture, territory, indigenous knowledge systems, biodiversity and ecosystem services;
 - b) Losses that the poor and informal sector workers bear, with a view to facilitating relief action or investments for early action.

Permanent losses

12. In relation to slow onset events and permanent losses, submissions include actions:
 - a) To identify timeframes for anticipated impacts and political, social, and economic implications of these impacts;
 - b) To identify impacts and associated approaches, for which recovery/rehabilitation is possible and approaches that address recovery/rehabilitation, as well as impacts for which recovery and rehabilitation is not possible and which will result in permanent loss.

Financial instruments

13. A number of submissions underscore the importance of further research on financial instruments for addressing loss and damage, which translates into the following actions:
 - a) To further explore the following research areas:
 - i. Sustainability, affordability and accessibility of financial instruments, particularly for the most vulnerable;

- ii. Premium support for insurance, i.e. opportunities, challenges, and current examples;
 - iii. Opportunities for funding at the national level (e.g. fiscal measures, carbon pricing or fossil fuel subsidy reform) and the international level (e.g. debt relief);
 - iv. Role of the Green Climate Fund (GCF) in supporting activities relating to addressing the risks of loss and damage;
 - v. Innovation and global cooperation through smart combinations of financial instruments and tools;
 - vi. Non-insurance mechanisms, which include informal risk sharing, inter-temporal risk spreading, and collective loss sharing (solidarity);
 - vii. Innovative sources of finance such as a Fossil Fuel Extraction Levy (Climate Damages Tax), levy on carbon pricing, financial transaction tax (FTT), and carbon pricing for international aviation and maritime;
 - b) To develop suitable financial services for the poor, including insurance, that are reliable, flexible, continuous, convenient and available in instalments and in intervals.
14. For countries to have a better understanding of the landscape of financial and technical support currently available to them for addressing loss and damage, and to enable them to better access such support, submissions identified actions:
- a) To assess gaps in capacity (knowledge base and scientific tools) at regional agencies, so as to understand their potential for assisting countries to address impacts of slow onset events;
 - b) To make available:
 - i. More information about the support provided through global, continental and regional initiatives, through a mapping of initiatives and programs by region, including how to access the support provided by each;
 - ii. A regularly-updated inventory of agencies/institutes currently working on slow onset events and of the scope of work that they are currently undertaking;
 - iii. An overview of existing financial support provided to developing countries for responding to and managing current disasters occurring from natural hazards and the share of damage attributed to climate change.

2. Awareness and capacity-building

15. In addition to capacity-building that is specific to different aspects of comprehensive risk management, synthesized in Section III of the document, submissions also provide views on cross-cutting and/or generic capacity-building and awareness raising actions for which finance would be required in order to better address loss and damage.
16. Women, the poor, marginalized and undocumented sectors, and national loss and damage contact points, have been identified in need of special attention in capacity-building actions.
17. Types of capacity-building actions targeting mostly the national level include:
- a) To strengthen national policies and institutions to support decision making on addressing loss and damage, including in relation to risk transfer;
 - b) To enable African countries to develop and implement climate change strategies, policies and plans, and enhance their capacity to access international funding to support the development and implementation of effective planning regimes;

- c) To include economic and non-economic loss and damage in the national curriculum and capacity-building programs for professionals working at relevant levels.

3. Technology

- 18. In addition to specific types of technologies associated with actions related to comprehensive risk management, mentioned in the Section III of the document, some submissions highlight the general importance of supporting innovation, technology development and transfer, with a specific focus on the most vulnerable and poor. Actions in this regard include:
 - a) To undertake an inventory of how technologies shape climate risks in both developing and developed countries;
 - b) To foster relevant technology cooperation and technology transfer, e.g. loss and damage assessment tools, in particular in LDCs context;
 - c) To develop innovations to reduce exposure of vital access related to food, water and energy security.

III. Actions to manage risks comprehensively

- 19. This section introduces views on actions, at different governance levels, to manage risks comprehensively, including through specific actions associated with risk assessment, risk prevention, risk reduction, risk transfer and risk retention, and those related to social protection, recovery, transformational approaches and human mobility.
- 20. A number of submissions stress that climate risks can only be managed successfully if countries put in place comprehensive and effective climate mitigation and adaptation plans, which include risk reduction and preparedness plans supported by appropriate risk finance. In this context, the submissions also emphasize that identifying, and subsequently addressing, potential climate-related risks should be an integral part of development planning and priority setting process in all sectors prone to climate change impacts.
- 21. For mainstreaming comprehensive risk management into development planning, the submissions identify actions:
 - a) To integrate adaptation, risk reduction, disaster response and development planning, in a comprehensive approach which takes into account risks that are outside of climate variability;
 - b) To implement integrated climate risk management approaches that incorporate micro-insurance, microcredit, savings, livelihoods diversification and community disaster risk reduction (DRR);
 - c) To identify and implement country driven risk management strategies as per paragraph 6(a) of decision 3/CP.18;
 - d) To design approaches for dealing with permanent loss.
- 22. One submission also emphasized the importance of mainstreaming these actions, where appropriate, in community-development, environmental, regional, infrastructure-development, and disaster-risk-management plans and programs.

23. Some submissions draw attention to the importance of supporting:
- a) The uptake and scaling up of comprehensive risk management approaches in vulnerable countries, including building related capacities within these countries;
 - b) Regional centres to enable them to provide targeted support to countries to implement comprehensive risk management approaches to avert, minimize and address loss and damage.

1. Risk assessment

24. Undertaking comprehensive risk assessment, based on sound climate information services, is identified in a number of submissions as the first step of the comprehensive risk management approach. In this regard submissions identify actions:
- a) To develop risk evaluation including risk criteria setting;
 - b) To include hazard analysis, exposure, frequency in the aggregate and social impacts assessment;
 - c) To set up a registry of at-risk populations, share data and improve communication:
 - i. To assess the data needed to support implementation of risk management options;
 - ii. To assess reconstruction costs after extreme events to help 'build back better';
 - iii. To assess sea level rise induced relocation costs for coastal communities (domestic and cross-border where necessary);
 - d) To undertake climate-related risks assessment with long-term planning horizons;
 - e) To establish loss and damage databases, aggregate and sectoral impact assessments.
25. Submissions also identified specific actions for supporting vulnerable developing countries with comprehensive risk assessment, including loss and damage assessment and mapping. Particular attention was given to actions:
- a) To design a process allowing countries to assess the risks they are facing and develop adequate and affordable strategies and approaches to respond to them;
 - b) To develop a standardized set of risk assessment guidelines to assist particularly vulnerable developing countries in preparing and maintaining inventories of assets at risk of loss or damage due to the adverse effects of climate change and in evaluating the scale of risk to these assets;
 - c) To develop appropriate decision-making tools to analyse available options;
 - d) To address gaps in national capacity to conduct risk assessments and conduct risk auditing;
 - e) To carry out institutional capacity building (in terms of system and human capital) for undertaking comprehensive risk assessment and climate attribution to loss and damage.
26. A few submissions also call for the implementation of specific actions to enhance weather and climate information services, as a prerequisite for effective comprehensive risk assessment and decision-making.
27. For this purpose, actions identified include enhancing the quality and quantity of available data, including through technological development (e.g. modelling, data collection and processing); enhancing the capacity to generate and utilize data through better coordination of relevant national, regional and global centres and authorities for cataloguing (weather and climate) events, including using unique event identifiers for linking events and associated loss and damage, as an input to comprehensive risk management approaches.

2. Risk prevention

28. Many submissions draw attention to the importance of preventing the risks that may result in loss and damage by implementing actions that would enhance climate resilience, in particular in the context of food and water security and securing of livelihood assets.
29. Related actions vary from watershed management, soil and water conservation, crop diversification, slope afforestation, land rehabilitation and sustainable agricultural practices to protective infrastructure.
30. Specific actions requiring finance as identified in the submissions include: ecosystem-based adaptation measures, including fostering of ecosystems-based preparedness measures among communities and countries; enhancement of coastal ecosystems, such as wetlands or mangroves, as an effective measure against sea level rise; development of land-use planning informed by climate-related risk assessments; the development of climate-resilient infrastructures and upgrading of basic infrastructure such as housing, drinking water, sewers, and sanitation in rural and urban areas, including upgrading informal settlements.
31. Promoting community-based work as well as strengthening social and cultural capital are also viewed as actions requiring further finance. Specific actions include: protecting cultural heritage and traditional knowledge, especially those most essential to the cultural identity and vitality of particular groups; and building social capital and cohesion in all communities not only among the most vulnerable and the geographically-isolated areas but also among highly dense settlements where social capital can be fragile.
32. In addition, submissions point to actions to enhance financial instruments for adaptation and resilience-building, such as grants, trust funds, loans or lines of credit, in order to manage the risks so that changes occur at a rate that societies can adapt to (e.g. gradual coastal erosion from creeping sea level rise), and to develop multi-year resilience programming, preparedness and early response, through predictable and large-scale funding.

3. Risk reduction

33. “Reducing risks” is mentioned as a category of actions requiring finance in 11 of the 18 submissions. Specific actions range from those related to climate impacts monitoring and early warning systems to climate-proofing of infrastructure. Such risk reduction actions, according to these submissions, are generally geared towards addressing the risks associated with specific extreme events (e.g floods, droughts), or addressing risks to particularly vulnerable zones, such as coastal zones.
34. One submission mentioned the importance of further exploring the role of the private sector to identify ways to encourage it to efficiently and effectively support the efforts of countries facing loss and damage, such as through improved incentives for private capital to support climate-smart infrastructure.

Reducing risks associated with floods

- a) To conduct rapid assessment of drought and flood risks, resulting in flood delineation and zoning maps;

- b) To establish flood early warning systems and develop and implement flood mitigation measures;
- c) To develop watershed management plans;
- d) To monitor systems of river and water levels of river for a greater precision in forecasting drought and floods and to improve related system for information dissemination;
- e) To promote the improvement of the river water level control systems through technical capacity building of personnel linked to the collection and processing of hydrological data;
- f) To improve:
 - I. Hydrologic infrastructure;
 - II. Systematic control of river water quality;
 - III. Inter-sector coordination for the use and dissemination of warnings, and the deployment of emergency assistance for communities;
- g) To carry out:
 - i. remodeling and maintenance of drainage systems;
 - ii. studies for proper town planning, and improving the existing storm drainage system of urban areas.

Reducing risks associated with droughts

- a) To implement and enhance social safety nets;
- b) To increase food security through diversification of livelihoods, improved agronomic practices (e.g. fast maturing and drought-resistant crop varieties), such as downscaling climate forecasts to guide choice of crops planted and the timing of agricultural activities;
- c) To use early warning systems as risk reduction strategy for local communities;
- d) To build sand dams, shallow boreholes and drip irrigation systems to improve access to water for different uses;
- e) To enhance access to credit/finance, including improving access to insurance by poor families in vulnerable communities to cover for loss and damage in their livelihoods.

Reducing risks posed to coastal zones

- a) To protect coastal communities and cultural sites and infrastructure against the consequences of climate change induced sea-level rise and groundwater salinization;
- b) To undertake:
 - i. Ex-situ conservation of endangered species;
 - ii. Beach nourishment;
 - iii. Resettling of people;
 - iv. Construction of protection dykes, seawalls and revetments;
- c) To enhance climate-resilient infrastructure and technology (based on ecological zoning and local sectoral plans and projects aimed at tackling short, medium- and long term actions to control erosion) to limit damage to infrastructure;
- d) To strengthen:
 - o Early warning systems and improved forecasting;
 - o The capacities of local communities, the private sector and other stakeholders on the effects of coastal erosion and its social and economic impacts;
- e) To rehabilitate damaged unique ecosystems such as mangrove areas.

4. Risk transfer

35. Risk transfer is mentioned in 16 submissions as a major category of actions for which finance would be required. Identified actions are largely related to further development of new risk transfer tools and instruments to tailor them to specific contexts (e.g. region, sector, etc.) and climate risks, and to scaling up their use at the national level. Submissions identified specific actions:
- a) To expand services for existing risk transfer mechanisms to include full range of climate change impacts;
 - b) To develop weather derivatives and/or upscale:
 - i. Catastrophe risk insurance at national (sovereign risk financing) or regional level (regional risk pooling mechanisms);
 - ii. Catastrophe reserve funds;
 - iii. Catastrophe/climate/resilience bonds;
 - iv. Insurance-linked securities;
 - v. Forecast-based risk transfer mechanisms;
 - vi. Group insurance, micro, meso insurance, parametric/index-based insurance, reinsurance;
 - vii. Risk swaps;
 - viii. Options and loss warranties.
36. Challenges around access to insurance for developing countries are highlighted in some submissions. In this regard, premium support for insurance for sudden onset climate events (e.g. storms, floods, droughts) is called for. Development of insurance products for low-income women and other low-income individuals is viewed to improve access to insurance by the most vulnerable segments of the countries' populations.

5. Social protection

37. Thirteen submissions identified actions related to strengthening social protection and safety nets, and associated actions to adapt them to better respond to the needs of the most vulnerable in the event of disasters.
38. Such actions include the provision of universal social protection to cover the needs of the most vulnerable, including displaced populations:
- a) To develop national-level social and gender protection measures / livelihood safety net programs for the most vulnerable, such as food, health, shelter, and basic income;
 - b) To enhance primary, secondary and tertiary health care services especially in areas with highly vulnerable populations;
 - c) To address multi-dimensional inequalities and the need for social protection that enhance capacities and reduce dependencies and vulnerabilities.
39. Additional key consideration in relation to these actions identified include: pro-poor concept; importance of developing schemes in a way that can be scaled up to respond to disasters; utilization cash transfers or food and cash-for-work programmes; and integration of forecast-based risk transfer mechanisms and integrated climate risk management approaches.

40. In addition, 13 submissions identify supporting rehabilitation and recovery as important aspect of addressing loss and damage, in particular “build back better” and ensuring the continuity and progression of sustainable development. Undertaking of community-led, multi-stakeholder ecosystems restoration, and restoring shelter and livelihood assets are also viewed as essential actions in this regard.

6. Risk retention

41. Eleven submissions mention risk retention as a category of action for which finance is required, with a focus on developing contingency finance instruments and post-disaster assistance. Submissions identify actions:
- a) To develop national /local level emergency finance reserves or contingency/disaster relief/restoration funds for preferential interest rate financing;
 - b) To put in place contingent credit, catastrophe deferred drawdown options, (productive) social protection schemes, and emergency services and assistance loans.
42. Some submissions view that actions to further develop contingency finance for low income individuals should: build on savings, self-insurance, joint liability (in small groups) to create credit mechanisms for the poor, compensation and micro insurance products at the community level, traditional credit and saving instruments that women depend on, and the capacity of the poor to design and operate contingency funds in informal settlements.
43. In order to better provide post-disaster response, actions requiring finance include:
- a) To develop locally-led response preparedness measures;
 - b) To carry out search and rescue missions;
 - c) To provide food relief;
 - d) To undertake rapid repair and maintenance;
 - e) To plan for and ensure the continuity of essential service delivery, business and markets;
 - f) To design compensation mechanisms to meet the needs of the local context;
 - g) To train city governments to identify and demarcate hotspots for early and rapid action and relief.

7. Transformational approaches

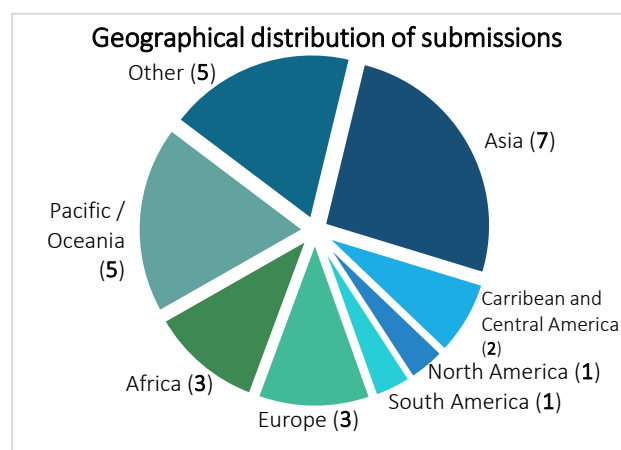
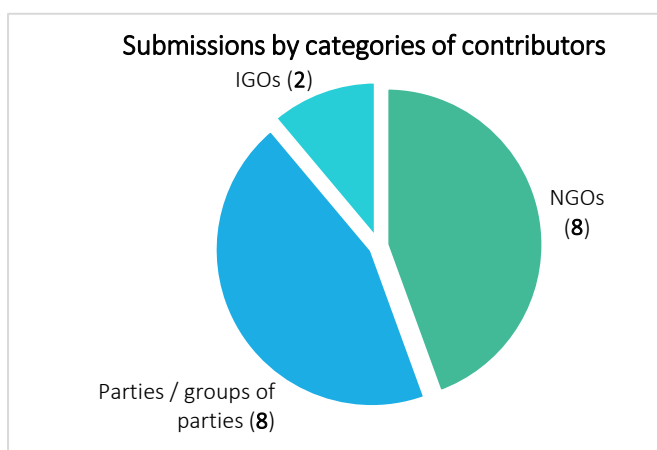
44. Transformational approaches are discussed in five submissions that call for actions to carry out transformational/alternative restoration of ecosystems, settlements, livelihoods (e.g. from fishing to agriculture systems, or production to service industry), markets that address both mitigation and adaptation needs and honors just transformation processes, with consideration for regional and transboundary cooperation and collaboration.

Human mobility

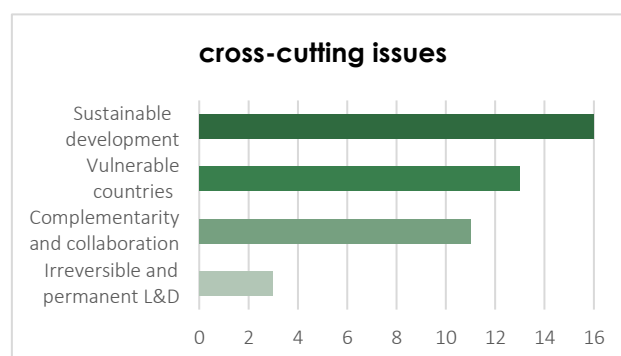
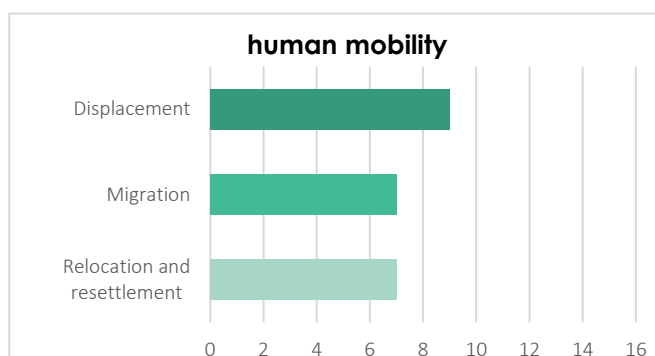
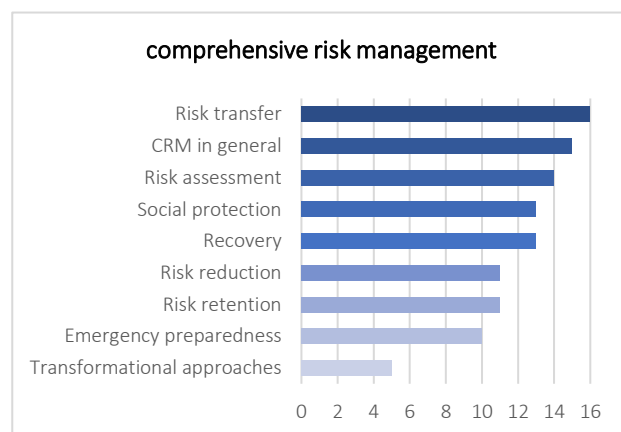
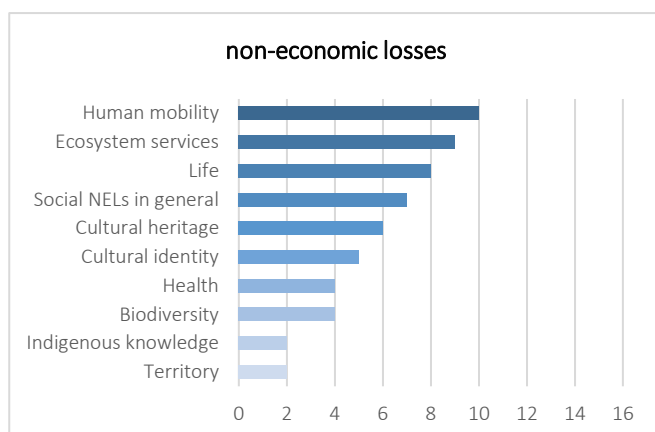
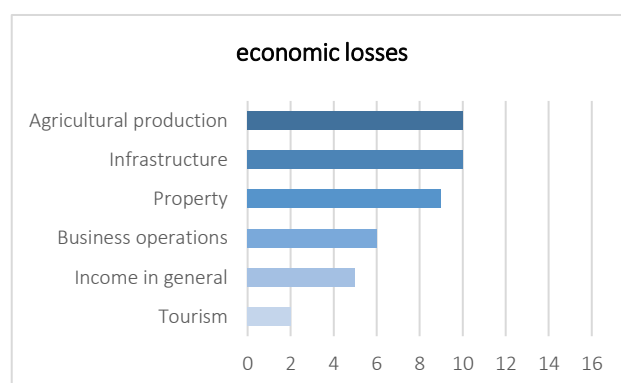
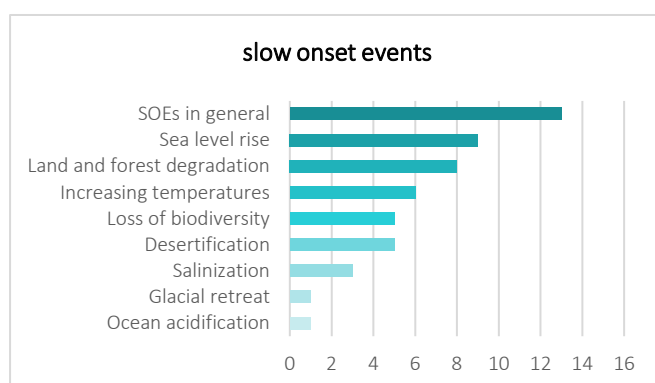
45. In relation to human mobility, submissions mostly focus on actions related to migration and displacement, such as:
- a) To support both areas of origin and destination of migrants to allow potential migrants to stay in their homes where possible through the provision of adequate livelihood opportunities, and where needed, to ensure that migrants have adequate housing and livelihood opportunities in their permanent or temporary homes;

- b) To protect the basic human rights of those caught in climate-induced migration and support rights-claiming initiatives;
 - c) To put in place effective legal, financial, and institutional measures in SIDS and other particularly vulnerable countries in order to protect people displaced by the impacts of climate change.
46. With regard to relocation, identified actions which finance may be required include, adequate preparation of relocation in a rights-respecting manner to lead to the most positive outcomes possible for those involved, and developing approaches to address permanent and irrecoverable losses.

Annex I - Information about the submissions



Number of submissions that identify actions for which finance may be required in association with:



Annex II – Names of Parties, groups of Parties and organizations that contributed submissions

Parties and groups of Parties

[African Group of Negotiators](#)

[Alliance of Small Island States](#)

[European Union](#)

[Least Developed Countries Group](#)

[Pakistan](#)

[Philippines](#)

[State of Palestine](#)

[Vanuatu](#)

Organizations

[Asia Climate Change Consortium - ACCC](#)

[ACT Alliance - Action by Churches Together](#)

[Caritas Aotearoa New Zealand](#)

[Climate Action Network - CAN](#)

[Loss and Damage Network](#)

[Mahila Housing SEWA Trust](#)

[Munich Climate Insurance Initiative - MCII](#)

[RMIT University and Griffith University](#)

[World Meteorological Organization - WMO](#)

[World Food Programme - WFP](#)