



CLIMATE ACTION NETWORK
Submission: Review of the
Warsaw International Mechanism
for Loss and Damage

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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 1300 members in over 120 countries.

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View on the Review of the Warsaw International Mechanism (WIM)
for Loss and Damage

Introduction

Climate Action Network (CAN) International thanks for the opportunity to provide its views on the WIM review in this submission. Agreeing on a further submission at SB50 is important in order to allow Parties and observer organisations sharpen and reshape their positions and contributions along the key criteria and aspects agreed as part of the Terms of Reference (ToRs) for the Review. As a lot of important information was already presented in previous submissions by Parties and observer organisations, CAN would like to recall its contributions as important inputs and which should still be taken into account by Parties when conducting the review, including:

- CAN International's briefing paper for the Pre-COP¹;
- CAN International's letter to the Special Envoy for the UN Climate Action Summit;²
- CAN International's submission "Views and inputs on possible elements to be included in the terms of reference for the review of the Warsaw International Mechanism, February 2019"³ and
- CAN Submission on the Scope of the Technical Paper Exploring Sources of Support for Loss and Damage and Modalities for Accessing Support, February 2018⁴

Loss and Damage in today's climate reality

Climate change is already having a devastating impact on vulnerable developing countries and communities around the world. In many instances, these impacts have gone beyond what is possible to adapt to and into the realms of loss and damage due to climate change. Climate change loss and

¹ http://www.climatenetwork.org/sites/default/files/caninternational_pre-copbriefing_2019.pdf

² http://www.climatenetwork.org/sites/default/files/can_letter_loss_and_damage_at_unsg_summit_march2019.pdf

³ <http://www.climatenetwork.org/publication/can-submission-views-and-inputs-possible-elements-be-included-terms-reference-review>

⁴ <http://www.climatenetwork.org/publication/can-submission-scope-technical-paper-exploring-sources-support-loss-and-damage-and>

damage are impacting the poorest countries most significantly, as they lack the economic and financial capacity to rebuild and recover as quickly as developed countries. It creates a daily climate emergency for millions of people who are least responsible for causing the crisis.

General expectations for the review of the WIM

The review of the WIM, which Parties will conduct at COP25, needs to fully operationalise the WIM to support the needs of developing countries along with additional support to avert or minimise loss and damage and address displacement. With financial support, vulnerable countries can properly assess the impacts and identify gaps, enhance their climate change risk management, and recover from loss and damage they experience due to climate impacts.

To this end, Parties need to engage in a full-fledged discussion on the availability of finance to address loss and damage beyond adaptation and similar finance provided, the needs of vulnerable countries and potential sources to plug the gap between the two.

This needs to include whether (i) the mechanism is fit-for-purpose to meet the challenge of loss and damage currently faced by vulnerable developing countries; (ii) if it is capable of meeting future loss and damage needs based on scientific projections on impacts, including displacement, considering the latest UPC; and (iii) how to generate and transfer finance to meet those needs. The review should address any gaps in the implementation of WIM's original mandate, and in the current and future needs of vulnerable developing countries.

The most obvious gap is the lack of finance, which the review must address by establishing a finance arm, with agreement on new sources of finance. CAN urges the Executive Committee (ExCom) of the WIM that at COP25, we must see substantive discussions and robust outcomes, which will deliver scaled-up finance and action on loss and damage at a specified scale and timeline. The special event mandated in the ToRs of the review should focus on key questions and needs of vulnerable countries; and make the process inclusive and open to civil society representatives.

1. Backward-looking review (Barriers and gaps, challenges and opportunities, and lessons learned)

a. What did the ExCom WIM do well so far?

Through the work of the ExCom, on various aspects of loss and damage has been enhanced, including progress on coordinating with various UN bodies to share knowledge and discuss ways to avert, minimise and address loss and damage. The ExCom also undertook some useful activities to present such knowledge, and raise the profile of loss and damage work among Parties and bodies, both within and outside the convention. However, overall there is a big gap between actions needed and what the ExCom has achieved so far against its functions and mandate.

b. What are the gaps?

While there has been visible progress in the area of knowledge generation and coordination, there has been insufficient efforts to fulfill Article 8.3 of the Paris Agreement where Parties “*Parties should enhance understanding, action, and support (...) with respect to loss and damage associated with the adverse effects of climate change*”. There is limited progress on how to provide adequate funding to deal with loss and damage in developing countries. Even after six years of the existence of WIM, there is no funding mandate under the UNFCCC for responding to losses and damages related to climate change. In particular, relief, rehabilitation, and reconstruction activities, as well as measures to proactively deal with residual risks, have no funding opportunities under the UNFCCC’s financial mechanism. And while the WIM succeeded in enhancing knowledge on loss and damage, the third element of its mandate (action and support) has been sidelined.

c. With regard to the key criteria outlined in the ToRs of the WIM review, CAN would like to share the following observations:

- **Complementarity:** A substantial element in the WIM’s complementarity should be the focus on “addressing” loss and damage, as per its original mandate. In CAN’s view, the Paris Agreement has not changed this much-needed focus, as Art. 8.1, which highlights the need to “avert, minimise and address” loss and damage, does not create a specific new mandate for the WIM and the ExCom in particular, as its scope is much broader than the WIM.
- **Comprehensiveness:** Although the three functions under the WIM’s mandate are generally comprehensive, CAN is of the view that the third function on enhancing action and support has received too little attention and should be the priority in 2020 and beyond to put robust system in place to raise and channelise funding to developing countries to address loss and damage.
- **Responsiveness:** The WIM has been set up to serve the needs of the developing country, Parties, particularly vulnerable to the adverse impacts of climate change. Thus, the needs of those countries must be at the core of WIM’s discussions. However, the WIM has so far failed to adequately respond to those needs, partially because developed country members in the ExCom have been extremely resistant to have substantive discussions on assessing and meeting developing countries’ needs to address loss and damage. Thus, “responsiveness” to those needs has been a key weakness in the WIM’s implementation so far. This also becomes apparent in vulnerable developing country groups’ positions on the WIM review, as outlined for example in the submissions by LDCs, AOSIS, or the African Group.
- **Resourcing:** Beyond the clear lack of dedicated resources raised for targeted actions in developing countries to address loss and damage, outlined before, the work of the ExCom itself has been hampered by scarce resources, which allowed to have only 2 meetings per year, with the delayed implementation of expert groups, etc.

2. Forward-looking review (What is needed to address gaps in the future?)

a. Set up the finance arm under WIM to deliver new and additional finance for an enhanced loss and damage support architecture

The review must result in setting up a finance arm to implement WIM's mandate on action and support. There are a number of core areas that the ExCom and the WIM need to address and dive into, which, however, did not happen so far, despite CAN's 2018 and other submissions raising those needs. Thus, to operationalise the finance arm, the COP should decide that the ExCom in 2020 prioritises work in the following areas, and delivers following clear recommendations for concrete actions by COP26 i:

- The role of existing institutions and whether there is a need for new ones to address the multiple needs of loss and damage finance,
- New and innovative sources of finance that can generate truly additional resources (such as levies on air and maritime transport, financial transaction tax, and a climate damages tax on fossil fuel exploration) at a scale of USD 50bn by 2022,
- Immediate debt relief, in the form of an interest-free moratorium on debt payments, to developing countries who face climate emergency. It would provide quick access to resources earmarked for debt service in the national budgets, which can be put to work for emergency relief and reconstruction,
- And how funding can reach the most vulnerable in an efficient and effective manner.

b. An ExCom Expert Group on Action and Support

To enable setting up the finance arm, Parties need to set up an expert group for exchange and discussion, as done for other workstreams. So far, the only room for discussions on action and support exists during ExCom meetings when Strategic Workstream E of the Workplan is discussed" So far, the ExCom established three technical expert groups (Comprehensive risk management, Slow onset events, Non-economic losses), and pursued work under the COP-mandated Task Force on Displacement. They play a "major role in carrying out the activities of the workplan"⁵. To create more room for discussion on loss and damage Finance, the ExCom must set up a Task Force on Action and Support, and in 2020 its work should have utmost priority as part of the ExCom's work plan. This should be based on a clear mandate by the COP with regard to the operationalise the finance arm and to deliver clear recommendations for action to COP26. The Task Force should include qualified representatives from civil society, selected through a coordinated process organised by civil society.

c. Loss and Damage as a permanent agenda item

So far, loss and damage under UNFCCC is only discussed on a technical level. Once a year, the WIM ExCom presents its annual report to the COP for consideration by Parties. The ExCom guides the implementation of the WIM functions and is a technical, not a political body. However, some of the technical discussions will not advance without political decisions –

⁵ <https://unfccc.int/wim-excom>.

therefore, room should be created which allows discussions about loss and damage on the political level. Listing loss and damage as a permanent agenda item for Subsidiary Bodies (SBs) so that it is considered at each of its sessions would create such room for discussion. Parties could discuss their challenges and needs in addressing loss and damage and how to mainstream the topic into other processes, e.g. financial support, capacity building, and technology transfer. The SBs assist the governing bodies through the provision of information and advice on scientific and technological matters and in the assessment and review of the implementation of the Convention. While the technical discussions on relevant items are being taken up under the constituted bodies, the SBs have the “responsibility of maintaining the political momentum, ensuring transparency on decision-making on these matters”⁶ - thereby they prepare the basis for decisions to be made at the political level. A permanent agenda item for loss and damage under the SBs would ensure to having a regular agenda item on Loss and Damage under the SBs and the COP would allow for political consideration of the issue.

d. A loss and damage Gap Report

There are no official UN estimates of loss and damage finance needs and the existing estimates vary significantly. According to the IPCC AR5 report estimates of global annual economic losses for additional temperature increases of ~2°C are incomplete, but lie in the range of between 0.2 and 2.0% of GDP. The assessments between loss and damage finance needs vary significantly and are based on different methods. What is missing, however, is an accurate assessment of the current status quo of loss and damage finance. A reliable assessment of both, loss and damage finance needs and reality is needed. One way to get there would be a loss and damage Gap Report - similar to the Adaptation Gap or the Emissions Gap Reports. Both reports assess the gap between adaptation needs/ambition and reality and were requested by parties. The adaptation gap report focuses on gaps in developing countries in three important areas of finance, technology, and knowledge.

The method of the Gap Report for assessing finance needs could follow the successfully tested structure of the Technology Needs Assessment. To determine their climate technology priorities, countries undertake technology needs assessments (TNAs). All developing countries may receive support to conduct a TNA. Support is provided by the UNEP DTU Partnership and the Global Environment Facility. Since 2010, UNEP DTU has supported more than 80 countries to conduct TNAs. An important role is played by the Technology Executive Committee (TEC). It analyses TNAs and, together with key stakeholders and practitioners, developed guidance for preparing TNAs.

⁶<https://unfccc.int/process-and-meetings/bodies/the-big-picture/what-are-governing-process-management-subsiary-constituted-and-concluded-bodies>