

BRIEFING NOTE

ExCom #2 - Addressing the Climate Risk Gap

Insights for the 2nd Meeting of the Executive Committee

1 Warsaw Mechanism post Paris

Paris is a remarkable product of environmental diplomacy. It showed the strengths of the UN process in brokering a global compromise which addresses all climate issues - also from the perspective of the small, poor and vulnerable countries. One key piece of the Paris agreement is the issue of loss and damage, which received a considerable strengthening by

- installing loss and damage as a stand-alone concept, which will be addressed by the structures of the new agreement;
- strengthening the Warsaw International Mechanism (WIM) by assigning direct reporting structures to the new decision body of the Paris Agreement¹;
- contextualizing the loss and damage debate (incl. through the WIM) by discussing issues of risk aversion, minimization and addressing of loss and damage. Relevant work includes among others early warning, emergency preparedness, climate risk pooling and irreversible and permanent losses²;
- asking Parties to further the understanding, action and cooperation on loss and damage. Addressing loss and damage should happen on a facilitative and cooperative basis.³

In addition, 1/CP.21 on the decision level anchored the following subjects for the work of the WIM:

- Establish a clearinghouse for risk transfer⁴;
- Establish a Task Force for integrated approaches to avert, minimize and address displacement related to climate change impacts⁵;
- Gives assurance as to the continuation of the WIM post COP 22, and signals that Art. 8 of the Paris agreement does not give grounds for additional legal liability or compensation.⁶

Overall, Paris anchored the WIM as a significant cooperation platform for the coming years.

¹ Art. 8.2. of the Paris Agreement.

² Art. 8.4. of the Paris Agreement.

³ Art. 8.3 of the Paris Agreement.

⁴ Para 48 of 1/CP.21.

⁵ Para 49 of 1/CP.21.

⁶ Para 47 and 51 of 1/CP.21. This is not a legal brief. The implications of Para 51 have been discussed separately by for instance LRI (2015).

2 Closing the climate risk gap - necessary international agenda in the next years

While Paris has been a success in terms of environmental diplomacy and politically acknowledged the risks of climate change especially if global mean temperature exceeds 1.5° C, the current level of domestic targets would result in much higher global warming. This emission gap directly translates into a climate risk gap resulting in loss and damage for people and ecosystems.⁷ This is the backdrop against which the WIM performance needs to be compared. The mechanism has to provide added value vis-a-vis existing UNFCCC processes and other global structures. The mandate of the WIM is very broad, so it needs to develop priorities and focus through its work. Generally, the mechanism at this stage can function in three distinct ways:

- Provide guidance and authority on loss and damage related issues vis-a-vis the UNFCCC architecture, including guidance towards the NAP process on issues relevant for loss and damage, work with the Adaptation Committee or work with the Standing committee on Finance to reflect the role of climate finance through a loss and damage lens.
- Signal consequences of loss and damage and associated issues towards the wider UN and international system and collaborate to advance specific issue relevant to reduce, minimize, and address loss and damage.
- Provide capacity to further the understanding of sub-components of the loss and damage debate for Parties, which include decisions at the COP level as well as the possibility for mobilizing technical back-stopping for countries.

At COP 22 the WIM shall undergo a review and receive further operationalization. As part of that the Ex-Com needs to develop its rolling 5 years work-plan, which will transition the WIM well in the time when the Paris agreement entered into force. However, COP 22 is hardly the end of the story, and not the last decision point in developing an appropriate international institutional response to the challenge of loss and damage. On the contrary, the Paris Agreement asserts that the WIM will be strengthened in the future as decided by the new decision body of the Paris agreement.⁸

Four issues will have to be advanced this year.

- Implementing the work-plan as decided by COP 20 and further refined by ExCom #1;
- Responding to the Paris COP outcome and launch a clearing house for risk transfer and a task force for displacement;
- Defining the modalities for the review at COP 22;
- Developing the 5-year rolling workplan, which will operationalize the next stage of the WIM

While the first two issues are priority for the upcoming ExCom meeting, and the latter issues will probably be handled through discussions at SB 44, it is important that ExCom members for themselves develop a coherent vision to deliver a substantive advance on loss and damage in 2016, and prepare for COP 22, where loss and damage will be one of the major expectations.

⁷ Compare Hirsch et al. 2015.

⁸ Which will constitute after 55% and 55 countries ratify the Agreement.

3 Selected Input for ExCom Meeting #2

Task force for Human Mobility

Paris mandates the WIM to launch a task-force with the aim to "develop recommendations for integrated approaches to avert, minimize and address displacement related to the adverse impacts of climate change". Such recommendations would have different audiences. Migration and human mobility is already part of the Cancun Adaptation Framework, however, no substantive take-up by the AC or LEG happened afterwards. The task-force could cover this void and develop recommendations towards the NAPs process that aim to avoid displacement, develop strategies towards dealing with forced migration while facilitating migration as a means to adaptation.

At the same time the issue of human mobility also includes an international element. Climate change already multiplies stress factors resulting in transboundary human outflow, which is projected to grow over time. The Nansen Initiative has conducted regional and global consultation resulting in a protection agenda for cross-boundary displaced people.⁹ This work should not be duplicated. The results described in the agenda can provide guidance for next steps to strengthen human security in that field.

There are examples for task forces under the UNFCCC, namely several task forces under the TEC.¹⁰ Also the AC launched a task force to advance National Adaptation Plans for non-LDC countries.¹¹ The approaches by the UNFCCC bodies have been different. While the TEC had a lenient approaches, essentially relying on members and experts present at the TEC meeting to compose the different task groups. The Adaptation Committee on the other hand developed a full set of terms of references prior to constituting the task force. In addition the AC draw from experts selected at a joint LEG/AC event on NAPs.

Since displacement is an issue important to many countries, there should be a structured approach to establishing the task force. This should include setting up Terms of References, which should include the mandate of the COP including further details that help understand and address displacement.

Risk Transfer Clearing House

The second issue that was added to the work of the ExCom is devising and establishing a Risk Transfer Clearing House. In doing so, the Clearing House should follow a "form follows functions" approach. In order to facilitate this, the ExCom should do an activity to track needs regarding functions and particularly information that should be gathered in the Clearing House, internationally as well as from relevant stakeholders. Thus, a call for submission towards relevant stakeholder could be an appropriate step. The Clearing House could also constitute an important component to a further operationalized WIM and its efforts to address loss and damage using insurance and risk transfer.

⁹ Nansen Initiative (2015).

¹⁰ Task forces of the TEC. See: http://unfccc.int/ttclear/templates/render_cms_page?s=TEC_intersesswrk.

¹¹ UNFCCC (2013).

Standing Committee on Finance: Biennial Assessment and the Forum

The Standing Committee on Finance (SCF) has a major focus on risk financing. This represents the first step to constructively debate financing for loss and damage.

Loss and damage finance needs: The Forum of the SCF should endeavour to define current and future loss and damage finance needs. There is a substantive amount of analysis in this direction.¹² It is important that underlying assumptions of such modelling is made explicit, and that it is connected to work on non-economic loss and damage to not be overly depended on the limitation of Integrated Assessment Models. The Forum should not only reflect on quantitative dimensions but also look into challenges of development, humanitarian and climate finance as a result of climate related impacts. Parts of the challenges have been raised by for instance the High-Level Panel Report on Humanitarian Financing that prepares for the World Humanitarian Summit in May 2016 in Istanbul.¹³ The event could be connected to Work Area 5, and lead to an overview of methods useful to evaluate challenges and requirements for preparedness in view of loss and damage (Activity 5c).

Tools for risk financing: The majority of the Forum should focus on concrete tools to address challenges identified in the first part of the event. This includes for example risk pooling and other ex-ante financing models to tackle shortcoming of existing development and humanitarian financing.

Potential events: The World Humanitarian Summit could indeed be an opportunity to connect to existing debates and be politically impactful. This has to be balanced against potential draw-backs such as decreased profile of the Forum, and also little time for preparing the actual event.

References

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¹² UNEP (2015).

¹³ High-Level Panel on Humanitarian Financing Report to the Secretary-General (2015).

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