

BRIEFING PAPER

ExCom Meeting #10

Background Brief in preparation for the tenth meeting of the Executive Committee of the Warsaw International Mechanism on Loss and Damage

1 A Growing Climate Crisis

Loss and damage (L&D) due to climate change impacts is already a reality for vulnerable developing countries and communities around the world. We already reached a global average warming of 1 degree Celsius – but are currently heading for more than three degrees of temperature increase. The effects of this warming pose a direct threat to the lives and livelihoods of many people in developing countries, especially those who are already most vulnerable. Evidence suggests that L&D leads to reduced economic development and lowered adaptive capacity. Moreover, climate risks increase the cost of capital for countries resulting in higher indebtedness and lower investment. Countries need adequate strategies to deal with residual damages alongside those to avert and minimize climate change impacts through adaptation and risk reduction measures.

2 Key Tasks for ExCom#10

The 10th meeting of the Executive Committee of the Warsaw Mechanism for Loss and Damage (ExCom) will take place from October 23-25 in Bonn. The meeting agenda¹ encloses inter alia the following topics:

a) Collaboration and interlinkages with other bodies and work programmes under the UNFCCC

The ExCom collaborates with different other technical bodies under the convention, in order to build coherence and provide support. Different ExCom members serve as focal points to these bodies; therefore, the interlinkages can be used as efficiently as possible.

This involves: Adaptation Committee, Consultative Group of Experts on national communications from Parties not included in the Annex I to the convention, Green Climate Fund, IPCC, Least Developed Countries Expert Group, Paris Committee on Capacity Building, Standing Committee on Finance, Technology Executive Committee, Local Communities and Indigenous Peoples Platform.

During ExCom#10 the focal points will report back on the relevant developments in regard to the other bodies.

¹ https://unfccc.int/sites/default/files/resource/Provisional%20agenda%20and%20annotations_Excom%2010_0.pdf, retrieved 22/10/2019

b) Work of the expert groups of the Executive Committee

As designated in the five-year rolling work plan, expert groups on the related workstreams of the five-year-rolling work plan were established and the appointed ExCom members (Champions) tasked to organise the respective activities. Until now, expert groups for Workstreams A-D exist.

Encouragingly, the expert groups started to fulfil their mandate and were able to complete some activities already.

- Technical Expert Group on Slow Onset Events (Workstream A):
 - A call for Papers for a Special Issue of ELSEVIER was send out.
- Technical Expert Group on Non-Economic Loss and Damage (Workstream B):
 - The Expert Group is in the process of establishing and assigning its experts.
- Technical Expert Group on Comprehensive Risk Management (TEG-CRM) (Workstream C):
 - The first meeting of the group took place in August in Bonn. It focussed on discussing the work plan and prioritized activities. At ExCom#10 the work plan should be approved.
- Task Force on Displacement (TFD) (Workstream D):
 - The Terms of Reference (TORs) for a second phase of the group has been approved at ExCom#9. The first meeting of the second phase took place in July 2019 in Geneva and discussed a draft work plan of the TFD. At ExCom#10, the work plan should be approved.
- A particular Technical Expert Group on Workstream E² is still missing. ExCom#11 is supposed to define a way forward, on how to engage in that specific workstream.

c) 2019 Report of the Executive Committee

The October meeting will also discuss the ExCom's communication towards the Subsidiary Bodies and the COP25 in Chile.

d) Emerging needs and cross-cutting issues

- e) **Parallel Working Groups: The indicative schedule of work³ foresees two distinctive parallel working groups focussing on the work of the TEG-CRM and the TFD.**

3 The Bigger Picture

Much has already been achieved in the past. However, some essential steps still need to be taken in the future – especially in order to fulfil Article 8.3 of the Paris Agreement, which states that “Parties should enhance understanding, action and support [...] with respect to loss and damage associated with the adverse effects of climate change”.

In particular, we still face a lack of adequate action and support for developing countries faced with L&D. While in general, the need for fair burden-sharing and technical as well as financial support is accepted, there is limited progress on how to provide adequate funding to deal with L&D in developing countries.

Although the support architecture under UNFCCC has seen major developments in the past decade, so far there is no funding mandate under the UNFCCC for responding to losses and damages related to climate

² “enhance cooperation and facilitation in relation to action and support, including finance, technology and capacity-building, to address loss and damage associated with the adverse effects of climate change” at: <https://unfccc.int/topics/resilience/resources/financial-instruments>, retrieved 22/10/2019

³ https://unfccc.int/sites/default/files/resource/Excom_10_Indicative%20schedule%20of%20work_ver_18_Oct.pdf, retrieved 22/10/2019

change. In particular, rehabilitation and reconstruction activities as well as measures to deal with residual risks have very limited funding opportunities under the UNFCCC's financial mechanism.

In order to discuss and initiate concrete implementation and support strategies, parties and stakeholders need room for exchange and discussion. So far, the only room for discussion on action and support exists during ExCom meetings when strategic Workstream E of the work plan is discussed.

As already mentioned, for ExCom#10, the process to bring forward the work on Workstream E is not included in the agenda. In order to reach progress and tackle this gap, the following avenues are promising:

ExCom Technical Expert Group on Action and Support: To create more room for discussion on L&D Finance, the ExCom should create a "Technical Expert Group on Action and Support". Just like the other expert groups, this group should support carrying out the activities of the eponymous strategic workstream. But it should also help to address the question of how to fully operationalize the third function of the WIM on enhancing action and support, in particular part (iii) on "Facilitating the mobilization and securing of expertise, and enhancement of support, including finance, technology and capacity-building, to strengthen existing approaches and, where necessary, facilitate the development and implementation of additional approaches to address loss and damage associated with climate change impacts, including extreme weather events and slow onset events"

The Standing Committee of Finance (SCF) "Needs determination" has to include L&D: Decision 4/CP.24 requests the UNFCCC Standing Committee on Finance (SCF) "to prepare, every four years, a report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement"⁴. As the issue of Loss & Damage is anchored in the Paris Agreement as a standalone topic (art. 8), consequently this needs determination has to incorporate the determination of financial needs to avert, minimize and address climate-related Loss & Damage.

In order to obtain realistic and well-informed estimates of the financial capacities needed to implement the Paris Agreement, the different technical UNFCCC-bodies should be mandated to give input to the SCF on their fields of expertise. The ExCom – similar to the Adaptation Committee and others – should be tasked to support the SCF's work in this regard. Should it struggle with an insufficient scientific basis, commissioning other institutions to tackle this gap should be considered (e.g. a "Loss and Damage Gap Report").

An L&D Gap Report

There are no official 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 between 0.2 and 2.0 % of GDP. A reliable assessment of both, L&D finance needs and reality is needed. One way to get there would be an L&D Gap Report – similar to the Adaptation 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. The UNEP DTU Partnership and the Global Environment Facility provide support. Since 2010, UNEP DTU has supported more than 80 countries to conduct TNAs. The Technology Executive Committee (TEC) plays an important role in this. It analyses TNAs and, together with key stakeholders and practitioners, develops guidance for preparing TNAs.

⁴ <https://unfccc.int/sites/default/files/resource/10a1.pdf?download>, retrieved 22/10/2019

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