

Warsaw International Mechanism for Loss and Damage (the WIM): Call to ensure Transparency, Accountability and Integrity

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Loss and Damage resulting from extreme weather events and slow onset of events related to adverse effects of climate change are applicable for developing and developed countries. Such loss and damage, however, happen more frequently in climate vulnerable countries like Bangladesh. According to credible international research¹ Bangladesh suffered an economic loss of about \$2826.68 million in 2018 due to extreme events which can not be avoided nor addressed through existing adaptation and mitigation measures. A recent study by TIB has identified the average loss per household of BDT 17,863 (\$210) due to flood that affected some regions of the country earlier this year. To address such loss and damage, the Warsaw International Mechanism for Loss and Damage (WIM) was established in 2013. The WIM is also reaffirmed in the Paris Agreement under Article 8 as the main mechanism to avert, minimize and address loss and damage associated with slow onset events of climate change. Broadly, the mechanism focuses on addressing & funding economic & non-economic loss and damage, displacement, and comprehensive disaster management consistent with the principles of transparency framework (The Paris Agreement, Article 13). However, we are concerned on the following:

No practical progress in establishing the mechanism to fund loss and damage: In spite of decades of pressure from vulnerable countries starting from COP 13 in 2007, no practical progress has been made towards providing fund for loss and damage except setting up of the WIM. The WIM's Executive Committee (WIM excom), liable for implementing the functions of the WIM, has only issued its first Two-Year Work Plan (2014) and Five-Year Rolling Work Plan (2017) offering mostly insurance schemes and climate themed-bonds subsidized with voluntary contributions of vulnerable communities without proposing a dedicated fund.

Concern over promoting private sectors and insurance companies: Proposed financing tools are inclined to promote private companies and pose major risks of imposing extra financial burden to the people who are already affected. Besides, the mechanisms do not comply with the principle of grant-based financing to offset adaptation needs of vulnerable countries. They are neither compatible nor equitably applicable for vulnerable communities. It also lacks proper consultation with affected communities. Implementing such instruments will be contradictory to the obligation of the Paris Agreement, especially the principles of country ownership and consideration of local level needs.

Lack of integration with GCF and concrete outline to compensate real loss and damage: The proposed work plan gives less emphasis on loss of assets while little consideration is also given to identify and compensate the loss and damage. It also lacks a clear outline for dedicated and adequate finance to address the real loss and damage experienced by vulnerable communities and countries. Besides, despite emphasizing on collaboration and cooperation, there is no mention of GCF in the

¹Germanwatch (2019), Global Climate Risk Index 2019, Who Suffers Most from Extreme Weather Events? Weather-related Loss Events in 2017 and 1998 to 2017, (https://germanwatch.org/sites/germanwatch.org/files/Global%20Climate%20Risk%20Index%202019_2.pdf)

WIM work plan, an already established global mechanism of funding for climate change, to identify innovative financial tools for adaptation and mitigation and to implement the WIM immediately.

No concrete guideline to report loss and damage: For implementing the Paris Agreement, a set of “modalities, procedures and guidelines” has been agreed by the Parties in COP 24 to provide information on action and support with regard to loss and damage. It also includes a voluntary provision to report information related to loss and damage. However, guidance is not yet available with specific information and evidence of loss and damage a country needs to report. Lack of such guideline will hinder transparent reporting of loss and damage, for example, the losses due to Floods and Cyclone-Bulbul of 2019 in Bangladesh. It will also hinder the implementation of Sendai Framework for Disaster Risk Reduction.

Little consideration on new scientific predictions of slow-onset events: Based on credible scientific reports², it is unlikely that existing adaptation and mitigation measures will be sufficient to prevent climate change impact and confine global warming to 1.5°C increase. Even, the impact will exceed adaptation thresholds of individuals, communities and countries. However, none of the proposed WIM mechanisms are formulated adequately addressing the economic and non-economic losses and damages considering new scientific predictions.

Little consideration of non-economic losses & damages for disaster management: Under the proposed mechanism, if harms are inflicted on parts of a society or its ecosystems that have no price, or if they occur gradually, they would not be covered by these mechanisms. Besides, non-economic losses and damages such as profound psychological, environmental, social and cultural impacts of losses and damages from a variety of climatic stressors have not received sufficient mention in policy frameworks and procedures of WIM. Existing disaster preparedness procedures also do not take into account future climate projections which mostly focuses on reducing death toll and risk management, and post disaster response and rehabilitation.

Recommendations: Considering the above critical issues, TIB is proposing the following recommendations to be raised with priority in the COP 25 in Madrid, Spain.

Transparency

- Developed nations must compensate for the residual loss and damage for slow onset events ensuring sufficient resource based on vulnerability, resource constraints and country needs;
- Immediately establish a fund for compensation based financing in WIM rather than insurance and bonds to implement the Paris Agreement;
- Establish a transparent system to identify and fund non-economic losses and damages; and
- Establish a transparent mechanism along with a guideline to quantify and report losses and damages considering geographical, social and economic context.

Accountability

- Ensure effective accountability mechanism of involvement including consultation with vulnerable people and CSOs to identify local needs and applicable modalities of funding to ensure country ownership; and
- Create specific funds to address loss and damage of affected countries and communities, and set up a monitoring and evaluation system to oversee the allocation, disbursement of finance and implementation of the WIM.

²Scott A. Kulp & Benjamin H. Strauss (2019), New elevation data triple estimates of global vulnerability to sea-level rise and coastal flooding (<https://www.nature.com/articles/s41467-019-12808-z>)

Integrity

- Develop the capacity of climate projections of the vulnerable countries so that losses and damages are better forecasted and minimized in the future and the cost incurred from extreme events are also covered under compensation;
- Provide more emphasis on pre disaster preparedness considering new scientific predictions;
- Establish concrete policies to address residual loss and damage due to flood, salinity intrusion, cyclones etc. taking account of the psychological, social and economic loss and damage;
- Provide sufficient finance to building technical capacity of relevant staff of affected countries to assess non-economic loss and damages and handle large scale funding;
- Adopt concrete policies to compensate climate induced migration, displacement, inundation, flood, cyclone, salinity intrusion, drought etc.; and
- Create legislative framework at national level consistent with national policies to address slow onset events such as sea level rise and non-economic losses and damages.

Coordination

- Ensure effective coordination and collaboration with GCF for funding and implementing projects; and
- Increase cooperation with regional and international actors to create pressure on developed nations for WIM funding and enhanced knowledge sharing for implementing WIM activities.

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