

COP 27 Loss and Damage: half way along a long road

“The loss and damage fund is a response to climate injustice and climate debt, owed by the rich countries to the poor,”

Meena Raman, Head of Programmes at Third World Network. 8 Dec 2022

Definitions

- ▶ **Loss** indicates irreversible damage, such as land loss because of sea-level rise or loss of freshwater resources because of desertification.
- ▶ **Damage** involves reparable harm such as shoreline or infrastructure impacts linked to climate change.
- ▶
- ▶ Distinguish between economic losses and non-economic losses.

The story begins..

- ▶ 1991 - Alliance of Small Island States called for mechanism to compensate for sea-level rise. Vanuatu proposed an insurance scheme for loss and damage.
- ▶ 2010 COP 16 - Concept of L&D accepted.
- ▶ 2013 COP 19 Warsaw International Mechanism on Loss and Damage (WIM)
- ▶ 2015 Paris Accord - Article 7 on Adaptation and Article 8 on L&D accepted as pillars in the agreement

Warsaw International Mechanism on Loss and Damage (WIM) 2013

Aims

- ▶ To address L&D associated with impacts of climate change especially a) extreme events (hurricanes, heat waves)
b) slow-onset events (desertification, sea level rise, ocean acidification)
In developing countries esp vulnerable to climate change.

Focus was on knowledge & understanding of risk management strategies, coordination between stakeholders, finance, technology & capacity building

Warsaw International Mechanism on Loss and Damage (WIM) 2013

Actions

- ▶ Assess L&D
- ▶ Options for risk management strategies
- ▶ Data collection
- ▶ Encourage an investment environment
- ▶ Involve vulnerable communities
- ▶ Share data to help manage climate risks

2 years to implement these actions.....

2015 - 2020 slow progress

- ▶ More focus on reducing climate change
- ▶ Then came realisation that impacts of climate change > adaptation & risk management capabilities, especially on SIDS and low income countries
- ▶ Problem-
 - ▶ no process in place to help these SIDS, LICs.
 - ▶ no evaluation of progress
 - ▶ no sense of what support was needed

2017 - IPCC report “too complicated”.

L&D limited to residual risk, adaptation limits, attribution

2019 - IPCC Special Report on Land and Oceans - recognition of what L&D was attributable to climate change.

Accumulation of evidence, scientific information - needed for policy makers

2019 COP 25 Madrid - Review of WIM - stronger commitment for action & support, including additional finance.

BUT - promises from developed states failed to materialise.

2021 COP 26 - recognition that failure of developed countries would no longer be ignored

What is Loss and Damage finance?

- ▶ Major political controversies. Some DCs consider adaptation only.
- ▶ Adaptation finance (Green Climate Fund) takes 1 year from submitting a proposal to getting the money.
e.g. many activities that minimise or avert L&D (ie risk reduction activities) can be financed through adaptation.
- ▶ Problem of lack of definition. Loopholes - e.g. losses after productive cropland has become unproductive.

L&D finance needs to be short notice.

No mechanism for L&D from slow-onset events -
desertification, salinisation, sea level rise

- ▶ **Adaptation** - anticipating the adverse effects of climate change and taking appropriate action to prevent or minimise the damage they can cause, or taking advantage of opportunities that may arise.
- ▶ e.g. large-scale infrastructure changes, such as building defenses to protect against sea-level rise
 - behavioral shifts - reducing their food waste.
 - process of adjusting to the current and future effects of climate change.
- ▶ **Mitigation** - making the impacts of climate change less severe by preventing or reducing the emission of greenhouse gases (GHG)
- ▶ e.g reducing the sources of these gases - sustainable energy, transport
 - enhancing the storage of these gases — increasing the size of forestsmitigation is a human intervention that reduces the sources of GHG emissions and/or enhances the sinks

Glasgow COP 26

- ▶ G77 + China agreed Glasgow Climate Pact

But developed countries resisted. Unresolved but promised to discuss during next 3 years.

Creation of Santiago Network on L&D - technical body without the ability to address the reality of loss and damage on the ground.



Increased public awareness of L&D within civil society, press



2022 - extreme weather events - catastrophic L&D

Acceptance of L&D as a human rights issue - legal international obligations.

ESCR-net: International Network for Economic, Social & Cultural Rights

COP 27

- ▶ Agreement to have a Loss & Damage fund.
- ▶ How? Where from? How will it work?



- ▶ Operationalisation of **Santiago Network** to deliver of WIMs 3rd function

“Identify and catalyse opportunities to mobilize technical assistance to address loss and damage resulting from climate change.”

- ▶ Human Rights approach - focus on women, indigenes, children
- ▶ Recognition of need for finance - details during coming year.

! Bridgetown Initiative

- ▶ Devised by Mia Mottley, PM of Barbados
- ▶ Supported by Macron and IMF
- ▶ Global Climate Mitigation Trust - SDNs Special Drawing Rights
 - ▶ One-off \$650bn from IMF
 - ▶ \$1trill from development banks in low-interest loans for climate spending
 - ▶ [standard borrowing LDCs = 12-14%; G7 = 1-4%]

+ tax on oil companies to finance reconstruction grants for LDCs after disasters - L&D fund

+ after climate disasters, outstanding loan repayments to be temporarily paused.

Rich countries provide < \$100bn/yr in loans & grants.
Need is \$trillions.

Precedent from IMF -
UK after WW1.
Germany after WW2.

- ▶ Key premise: low income countries should not be forced to sacrifice their development goals for climate spending.

Q How to assess impact of climate change?

- ▶ E.g Pakistan floods: \$30bn damage, 9% GDP. Caused by natural climatic variation La Niña. But rain made worse by greenhouse gases.

Q Where would the money go? Particularly vulnerable countries?
All developing countries?

Loans can be risky - hence high interest rates.

SIDS do not have affordable insurance. Borrow when affected by disasters, at crazy interest rates.

Q

Adaptation due to migration?

“Oasis zones” in Global North.

Who helps to finance substantial migration from climate-induced inhospitable areas? Does that count for financial support?

[Parag Khanna “Move: the forces uprooting us”



Q How do you calculate loss due to climate change

e.g. Jamaica

Coastal mangrove swamps protect coast from severe damage.
Cleared for fuel - increased impact of storms - increased impact of storms inland - more flooding of homes & farmland.

More severe storms make this worse.

Q How does IMF ensure money is spent effectively?

Who administers?

On what criteria?

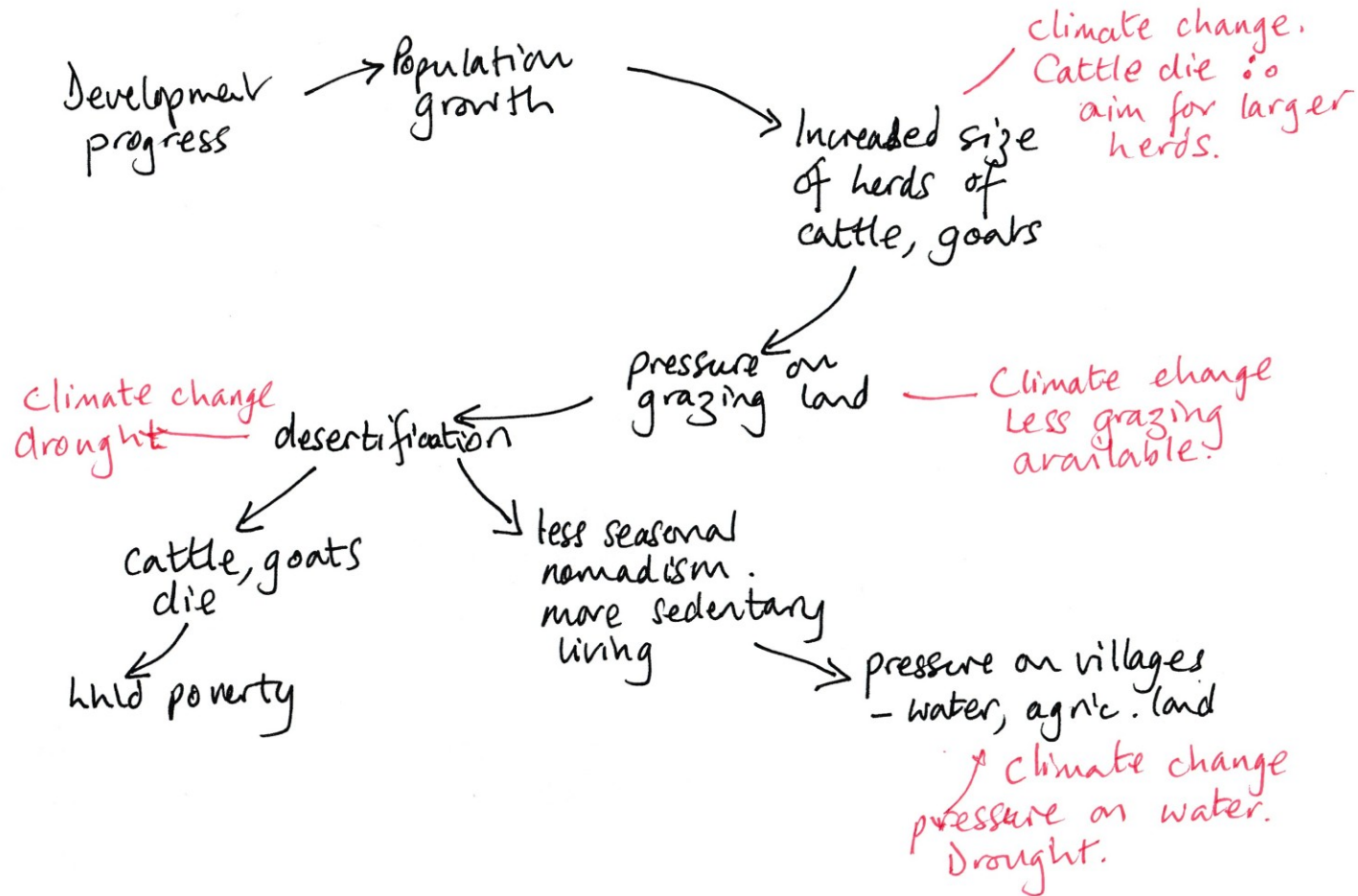
Back to the need for scientific evidence, technical know-how & research. WIM

This takes time.

Extreme events are upon us

Q

Where do you start? Climate change impacts in Sahel



Importance of cross-over funding

Selection of key messages

- ▶ Strong mitigation & adaptation is vital.
- ▶ 8/10 countries have some sort of national adaptation plan, getting better & more inclusive.
- ▶ Adaptation finance flows are 5-10x below what is needed, and gap is widening.
- ▶ Adaptation actions not keeping up with climate change.
- ▶ Adaptation & mitigation together will bring even more co-benefits.
- ▶ Some climate solutions reduce climate risk and contribute to mitigation, especially nature-based solutions such as planting & conserving mangroves, restoring salt marshes & protecting peatlands.
- ▶ Strong political will is essential.



<https://www.unep.org/resources/adaptation-gap-report-2022>

What is the way ahead?

