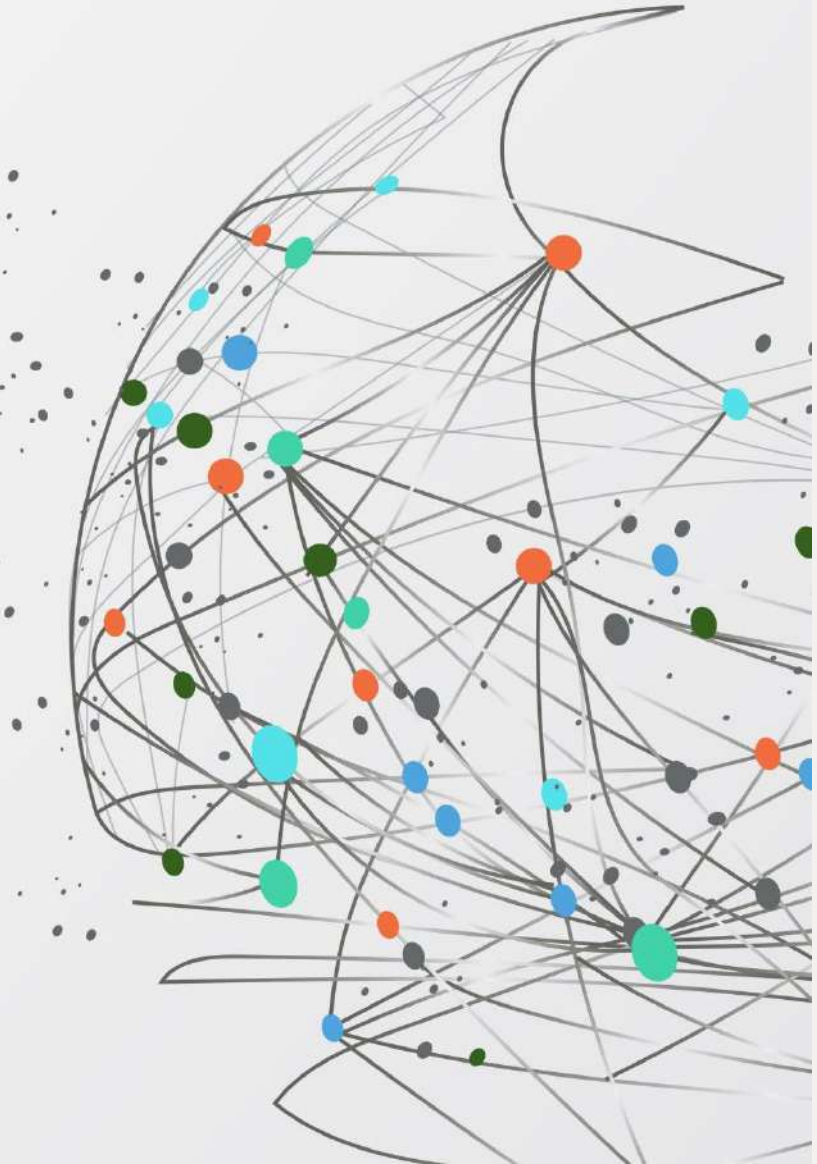

Loss and Damage Funding Arrangements: Scopes and Challenges of aligning to Humanitarian Response

Capacity Building and Strategy Workshop towards COP 28 and Beyond

Date: 11.05.23 Location: BCDM, Savar

Shahnawaz Whara



What is Loss and Damage?

We use the term “loss and damage” as defined by Roberts and Pelling (2018), to cover the many impacts of climate change that cannot – or have not – been avoided through mitigation or adaptation.

OVERVIEW


SLOW ONSET EVENTS
EXTREME EVENTS
DROUGHT
DESERTIFICATION
INCREASING TEMPERATURES
HEATWAVE
GLACIAL RETREAT
LOSS OF BIODIVERSITY
LAND & FOREST DEGRADATION
TROPICAL CYCLONE
STORM SURGE
SALINIZATION
SEA LEVEL RISE
FLOOD
OCEAN ACIDIFICATION
ECONOMIC LOSSES
INCOME
BUSINESS OPERATIONS
AGRICULTURAL PRODUCTION
TOURISM
PHYSICAL ASSETS
INFRASTRUCTURE
PROPERTY
NON-ECONOMIC LOSSES
INDIVIDUALS
LIFE
HEALTH
HUMAN MOBILITY
SOCIETY
TERRITORY
CULTURAL HERITAGE
INDIGENOUS KNOWLEDGE
SOCIETAL/ CULTURAL IDENTITY
ENVIRONMENT
BIODIVERSITY
ECOSYSTEM SERVICES
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MILESTONES ON LOSS AND DAMAGE

Initial scoping

Setting up institutional arrangements & launching technical work

Catalyzing support

2007 — **COP 13**
Consideration of means to address loss & damage introduced

2010 — **COP 16**
SBI Work programme established

2013 — **COP 19**
Warsaw International Mechanism & its Executive Committee established

2014 — **COP 20**
Initial 2-year workplan approved

2015 — **COP 21**
Loss and damage anchored in the Paris Agreement
Task Force on Displacement established

2016 — **COP 22**
Warsaw International Mechanism 1st review conducted

2017 — **COP 23**
Fiji Clearinghouse for Risk Transfer launched

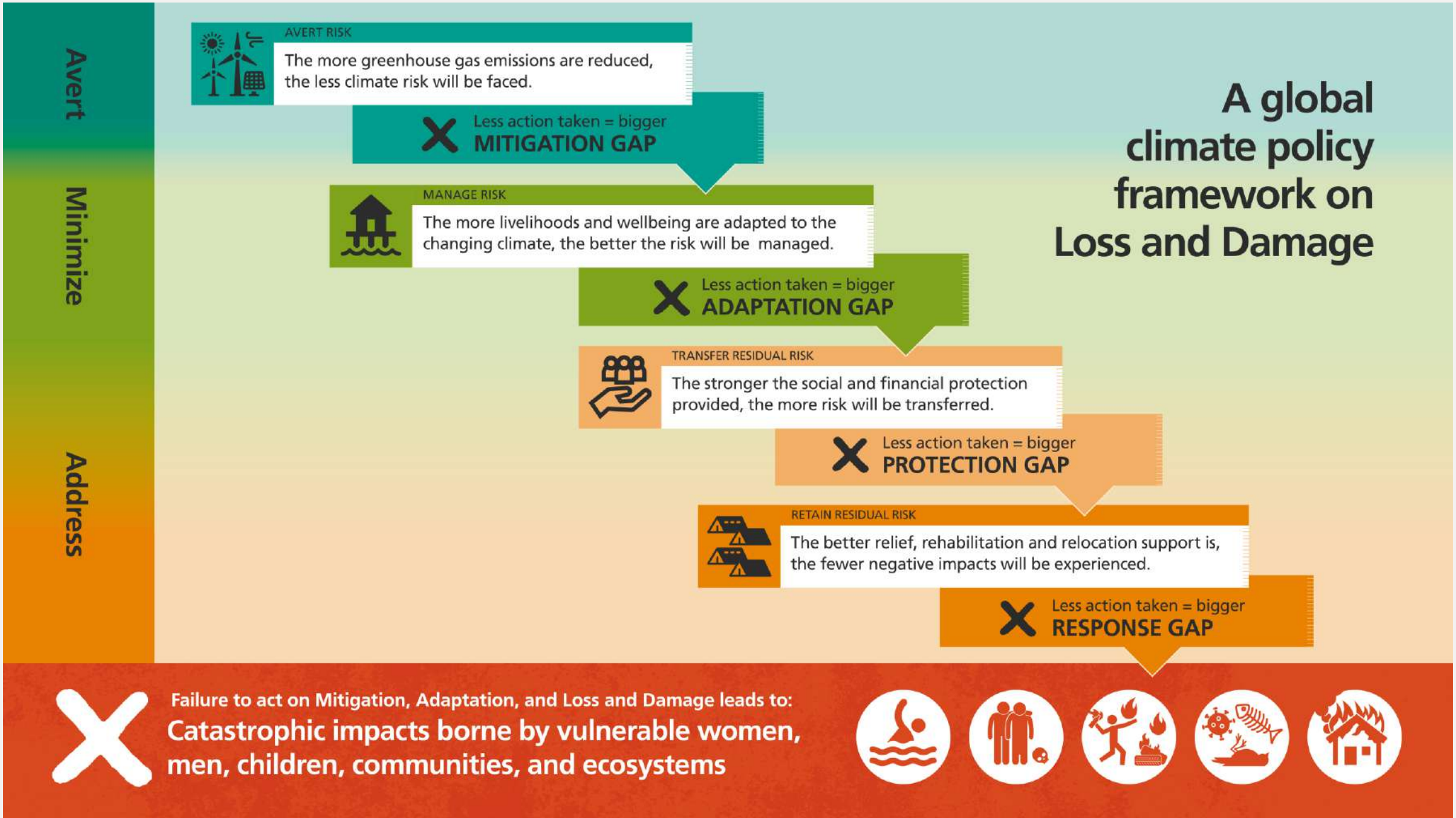
2019 — **COP 25**
Warsaw International Mechanism 2nd review conducted
Santiago Network established

2021 — **COP 26**
Functions of the Santiago Network agreed
Glasgow Dialogue on funding for loss & damage established

2022 — **COP 27**
Institutional arrangement of the Santiago Network to be finalized

2025 — **COP 30**
Warsaw International Mechanism 3rd review planned

Why Loss and Damage Funding?



A glimpse on Losses and Damages

Disasters or weather-related events (whether or not attributed to climate change) **already cause losses of more than USD$300 billion per year**.

It is estimated that **by 2030**, global loss and damage specifically associated with climate change will amount to **between USD$300-700 billion,** potentially increasing to about **USD$1.2 trillion per year by 2060**.

Financial damages **do not account for non-economic loss and damage,** such as the loss of connections to ancestral lands, where traditional ways of life were preserved.

Those impacted by such losses cannot turn the clock back. But their **rights to compensation must be protected** and those who have lost everything to climate change must be given the opportunity to flourish in new communities.

Financing loss and damage

Twenty-eight years after the **Alliance of Small Island States** first proposed a mechanism to address loss and damage, it is time for action. States should agree on a common definition of the concept, including **economic costs** (such as damages to crops, buildings and infrastructure) and **non-economic losses** (such as loss of life, livelihoods, territory, culture, habitats or species). States must establish one or more new financing mechanisms that generate revenue to fund payments for loss and damage suffered by vulnerable developing countries, such as small island developing States, because of climate change.

Financing for loss and damage could be provided through an **air travel levy**, a levy on fuels used by the aviation and shipping industries, or a climate damages levy on the revenues of fossil fuel companies. A basic global air travel levy would raise $40–$100 billion annually (at $10–$25 per person per flight, given that current passenger levels exceed 4 billion per year). Air travel causes significant, largely unregulated emissions, and is used primarily by relatively wealthy people. A progressive air travel levy could impose higher payments on businessand first-class tickets, as well as on longer flights. Nine States, including Cameroon, Chile, France and the Republic of Korea, have already adopted an air-ticket solidarity levy, with the proceeds going towards Unitaid, a global health initiative.

UN Assembly, Seventy-fourth session, 2019

Role of finance in addressing L&D



Loss and damage financing could support a number of initiatives that would go some way towards repairing climate change harms. These include

- Responding to the **immediate needs** of victims in emergency situations, such as providing humanitarian assistance and rehabilitation support;
- Wherever in situ rehabilitation is not feasible, **successfully relocating at-risk populations** while respecting free, prior and informed consent and enabling their rights to flourish in a new location; and
- **Post-disaster transition**, empowering community level financing and co-design in responses to climate change harms, including **setting up social funds** that build up community assets, facilities, infrastructure or services and livelihood programmes to build back better
- Financing may also contribute to developing **state reserve funds**, supporting the development of regional agreements on resource management, e.g. regional river basins or human mobility agreements etc. It may also include financial measures such as psychosocial care, training, compensation etc to **address non-economic losses**.

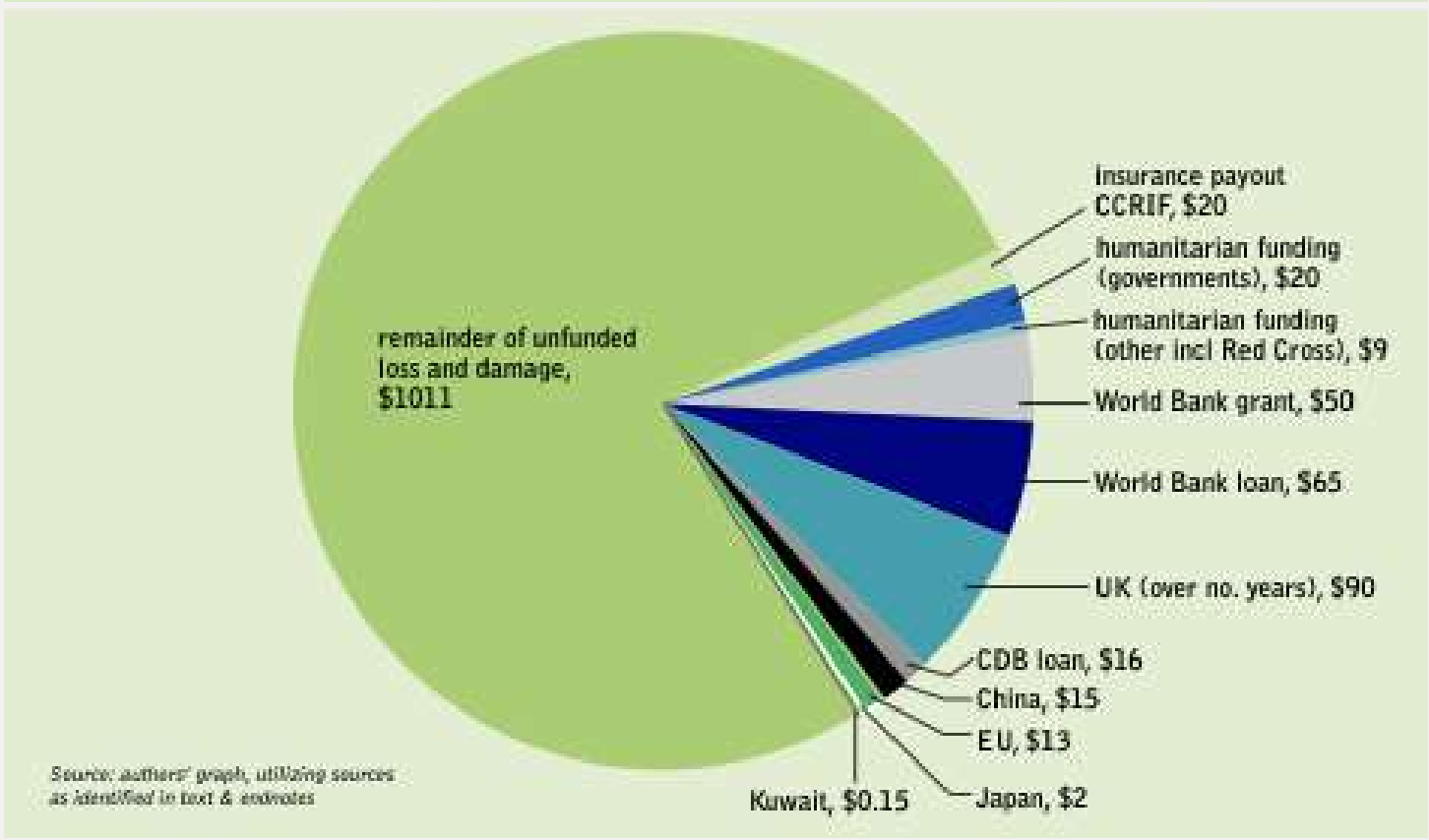
L&D finance needs: eg Dominica Hurricane Maria (2017)

Hurricane Maria caused loss and damage of $1.37bn ~226% of GDP

Dominica received a CCRIF insurance payout of $19m; humanitarian funding of $30m; grants of approx $170m; World Bank loan $50m.

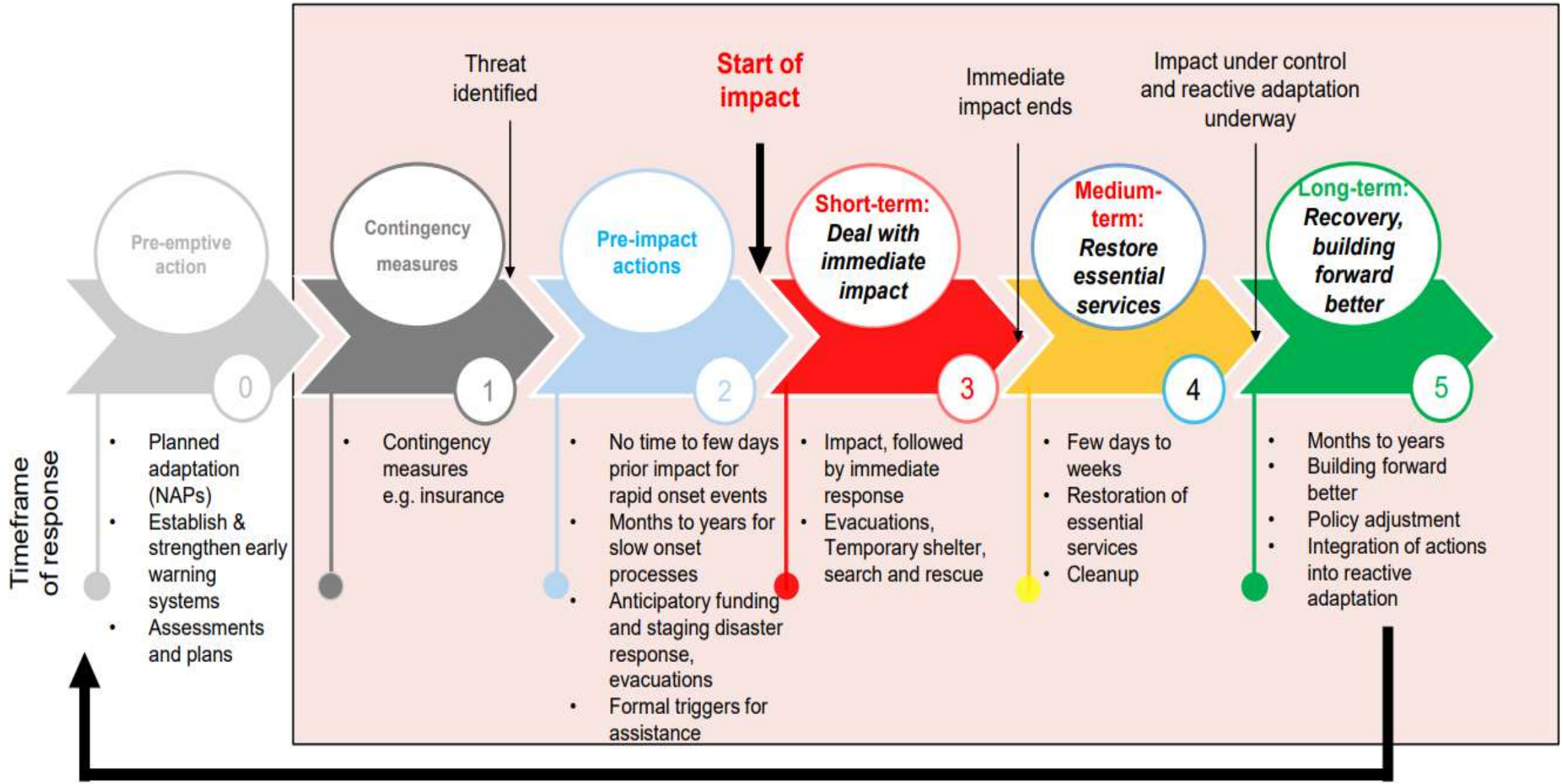
Leaving over $1bn to the people & government of Dominica.

Figure 3: Dominica loss and damage from Hurricane Maria (in US$ millions)



Richards and Schalatek (2018). Not a Silver Bullet: Why the focus on insurance to address loss and damage is a distraction from real solutions. Heinrich Boell Stiftung North America

Overall framing of spectrum of actions in responding to climate impacts (for time-bound impacts)



Scopes and Challenges to aligning with Humanitarian Assistance:



- Current humanitarian funding is **not sufficient** to cover current needs, far less to address the increased needs that can be expected as a result of loss and damage associated with the adverse effects of climate change.
- Humanitarian action is based on **discretionary funding**.
- There is no **global body to prioritise humanitarian needs** on the basis of clear and objective criteria. The loss and damage fund should be designed around a clear set of criteria to allow the prioritisation of scarce resources.
- The **fragile and conflict-affected states** where much humanitarian action takes place are particularly at risk of incurring loss and damage from the adverse effects of climate change.
- **Getting funding to those in need swiftly is critical**, to reduce suffering and long-term impacts, but is not straightforward.
- Humanitarian experience underlines the importance of **making funding accessible to civil society organisations** in the affected state.
- Humanitarian experience demonstrates that **tightly restricting funding to certain types of action or to specific time frames can be counter-productive**.
- Loss and damage funding, like humanitarian funding**, does not exist in a vacuum**.


THANK YOU!