



Deja Vu or Something New? The Importance of Mobilizing Action and Support for Addressing Loss and Damage.

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Background

Every day, communities from both developed and developing countries suffer loss and damage as a result of climate change with effects ranging across the globe. The term "loss and damage" refers to the effects of climate change that cannot be avoided through mitigation, adaptation, and other measures such as disaster risk management². Loss and Damage has been described as the policy agenda under the United Nations Framework Convention on Climate Change (UNFCCC) focused on addressing loss and damage³. Loss and damage arises from both **extreme weather events** such as floods, hurricanes, heatwaves, and droughts and **slow-onset climatic processes** such as sea-level rise, rising temperatures, ocean acidification, salinization, loss of biodiversity, and desertification. These impacts can be both **economic**: goods and services commonly traded in markets; and **non-economic** such as the loss of cultural heritage, identity, loss of biodiversity, and the loss of lives.

Despite having contributed the least to climate change, vulnerable developing countries bear the brunt of its severe consequences. While climate change's effects are becoming more visible and pronounced in both developed and developing countries, poor and marginalized communities in low-income countries are unquestionably the most vulnerable. The recently released contributions of Working Group II to the Intergovernmental Panel on Climate Change (IPCC), Sixth Assessment Report (AR6)⁴ made it clear that climate change-induced loss and damage is already occurring and will continue to rise rapidly. The lack of action to avoid and reduce climate change through ambitious mitigation and adaptation has caused loss and damage, and has thus created the need for Loss and Damage Finance (L&DF).

At the 26th session of the Conference of Parties (COP 26) in Glasgow, Scotland, the G77 and China, the group of 134 developing countries which negotiate together, submitted a proposal for a Loss and Damage Finance Facility (L&DFF) as part of its appeal to the international community to act urgently to mobilize L&DFs. However, this request was not included in the final decision of the Glasgow Climate Pact due to the strong push back from developed countries. At the conclusion of the COP, a compromise was struck and Parties agreed to establish the Glasgow Dialogue, which will serve as a forum for both Parties, as well as relevant organizations and stakeholders, to discuss funding arrangements to avert, minimize, and

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² [What Is Loss And Damage.](#)

³ [Glossary — Global Warming of 1.5 °C](#)

⁴ [Climate Change 2022](#)



address loss and damage⁵. This is a sub-optimal outcome and developing countries have articulated their expectation that the Glasgow Dialogue yield the establishment of a L&DF as a concrete outcome.

Learning from experience from the Suva Expert Dialogue which was established in 2018 at COP 23 with the aim of “exploring a wide range of information, inputs and views on ways of facilitating the mobilization and securing of expertise and enhancement of support, including finance, technology and capacity-building, for averting, minimizing and addressing loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events”. In the end the Suva Expert Dialogue had no concrete outcome - this raises the concerns that the Glasgow Dialogue will meet with a similar fate and be little more than a talk shop. Is this deja vu or something new?

This brief aims to highlight the lessons learned from the discussions on Loss and Damage finance and to stress how critical it is for developed countries to provide such finance to vulnerable developing countries.

What impact has a lack of Loss and Damage finance had?

For decades vulnerable developing countries have been articulating their need for and demanding finance for addressing loss and damage. The economic loss and damage that has been inflicted on vulnerable countries continues to rise, forcing them to rely on their own resources to cover the cost of addressing loss and damage. The lack of the Loss and Damage finance (L&DF) has impeded efforts on achieving the Sustainable Development Goals (SDGs) while increasing vulnerability to future climate change impacts and other shocks, such as global pandemics.

According to research, the economic costs of loss and damage in non-Annex I countries (Parties are mostly developing countries⁶) alone calculated for every decade from 2020 ranged from 116 to 435 billion USD in 2020 and are expected to rise to 290 to 580 billion USD by 2030, 551 to 1,016 billion USD in 2040, and 1,132 to 1,741 billion USD in 2050⁷. The following are some examples of the costs of loss and damage in developing countries:

1. *Bangladesh*: According to the International Institute for Environment and Development (IIED) report "Bearing the Climate Burden: How Households in Bangladesh Spend Too Much," rural Bangladesh households spend a staggering nearly 2 billion USD per year on repairing the damage caused by climate change and on prevention measures⁸.

⁵ [Deferred not defeated: the outcome on Loss and Damage finance at COP26 and next steps | Heinrich Böll Stiftung | Washington, DC Office - USA, Canada, Global Dialogue.](#)

⁶ <https://unfccc.int/parties-observers>

⁷ R. Mechler et al (eds), 2019. *Loss and Damage from Climate Change: Concepts, Methods and Policy Options*

⁸ [Bearing the climate burden – Bangladesh families are paying too much | International Institute for Environment and Development.](#)



2. *Southern Africa*: In March 2019, Cyclone Idai hit southern Africa, damaging 100,000 homes displacing 146,000 people and destroying 1 million acres of crops and resulted in damage to infrastructure of 1 billion USD⁹.
3. In *Vanuatu*, the government estimates that the damage from a single storm, Cyclone Harold, exceeded 440 million USD yet through existing dedicated multilateral climate funds the country has been allocated so far only to a small portion of the funding needed, including 49 million USD from the Green Climate Fund for two climate finance projects.¹⁰

This has a wide range of consequences for people's livelihoods, access to energy and education and impedes sustainable development and resilient building efforts, making households and communities even more vulnerable to future events.

What relevant policy processes are there to carry out advocacy on Loss and Damage?

1. Warsaw International Mechanism for Loss and Damage

At COP 19 (in November 2013) in Warsaw, Poland, Parties established the Warsaw International Mechanism for Loss and Damage (WIM) to address loss and damage associated with impacts of climate change, including that from both extreme weather events and slow onset climatic processes, in developing countries that are particularly vulnerable to the adverse effects of climate change¹¹. One of its three roles is to “enhance action and support, including finance (...)” pursuant to decision 3/CP.18, paragraph 6¹². Unfortunately, very little progress has been made to enhance action and support on the ground in vulnerable developing countries. In the two reviews of the WIM, which took place in 2016 at COP 22 and in 2019 at COP 25, developing countries repeatedly called for a stronger focus on enhancing action and support. The response to this demand has been slow and inadequate. As of yet, very little finance to address the loss and damage that climate vulnerable communities are experiencing has been mobilized under the UNFCCC.

2. Santiago Network for Loss and Damage

One of the outcomes of the COP 25 in 2019 was the establishment of the Santiago Network for averting, minimizing and addressing loss and damage (SNLD) to catalyze technical assistance for the implementation of approaches at all levels in vulnerable developing countries¹³. The functions of the SNLD were agreed upon at COP 26 in Glasgow, and Parties determined that there would be a call for the submissions regarding its structure and modalities. Many Parties, groups and observer organizations

⁹[The climate crisis, migration, and refugees.](#)

¹⁰ <https://www.greenclimate.fund/countries/vanuatu>. According to www.climatefundsupdate.org, through the dedicated multilateral climate funds tracked by the website, as of May 2022 111 million USD in funding has been approved so far through several climate funds, of which only 36 million USD have been disbursed so far. This includes a recent approval by the GCF at its May 2022 Board meeting.

¹¹See: [UNFCCC - Warsaw International Mechanism for Loss and Damage.](#)

¹² [Decision 3/CP.18.](#)

¹³ Paragraph 43 of 2/CMA.2



articulated their views on the structure and modalities of the SNLD which were also discussed in the recent SNLD technical workshop¹⁴.

In the recent submissions made by different relevant actors for the SNLD, Senegal on behalf of the 46 Least Developed Countries group, stated that "dedicated funding for countries to address loss and damage is required". The LDCs maintain their position that such funding should be made available through a dedicated L&DFF. It is critical that the Finance Facility provide new and additional financial support on top of adaptation and mitigation finance. The finance must be provided in the form of grants that are readily available when needed, including fast-tracked fund disbursement for addressing loss and damage with extreme weather events"¹⁵.

3. *A New Collective Quantified Climate Finance Goal*

Pursuant to decision 9/CMA.3 of the COP 26 in Glasgow, Scotland; Parties agreed to establish the new collective quantified climate finance goal (NCQG) by 2024 and decided to conduct four technical expert dialogues per year from 2022 to 2024¹⁶. These discussions begin in a context in which developed countries have thus far failed to fulfill their long-standing commitment to provide 100 billion USD for climate finance to developing countries by 2020 (with the goal likely only reached by 2023) and it is so far uncertain if between 2020 and 2025 cumulatively 500 billion USD (or 100 billion USD per year on average) can be reached as mandated in the Paris Agreement, before the NCQG takes effect post-2025. Discussions on a new climate finance goal began at COP 26 in the context of enhancing the support developing countries require to implement the Paris Agreement. The first technical expert dialogue on the new collective quantified goal for climate finance was held in a hybrid format in Cape Town, South Africa, from March 24 to 25, 2022. One of the lessons learned during the discussions is that developing countries continue to face barriers to accessing climate finance¹⁷.

The second technical expert dialogue under the Ad hoc Work Programme on the New Collective Quantified Goal on Climate Finance will take place in Bonn from 13 to 14 June 2022. It is essential that these discussions include financing for loss and damage as the third financial pillar in addition to mitigation and adaptation finance and also set out a process for setting distinct sub-goals for each financing pillar under the new collective quantified goal, which needs to be significantly increased over pre-2025 levels. The quality of finance is also essential and higher quantities of finance should be provided in the form of grants, particularly for those countries most vulnerable to the impacts of climate change.

¹⁴ [Hybrid Technical workshop on the institutional arrangements of the Santiago Network of the Warsaw International Mechanism for Loss and Damage | UNFCCC](#)

¹⁵ [Submission of the SeDecision 3/CP.18 Approaches to address loss and damage associated with climate change impacts in developing countries that are prenegal on behalf of the Least Developed Countries on the Santiago Network for averting, minimizing and addressing Loss and Damage - 2022](#)

¹⁶ [ADVANCE VERSION - FCCC/PA/CMA/2021/10/Add.3](#)

¹⁷ [First technical expert dialogue under the ad hoc work programme on the new collective quantified goal on climate finance - May, 2022](#)



Recommendations

The narrative that adaptation finance can also cover Loss and Damage is false and distorting, especially in light of the fact that adaptation remains significantly underfinanced and that too much of adaptation finance is still provided in the form of loans. The experience and lessons learned over the last few decades explain why a lack of climate action has resulted in the need for L&DF.

Glasgow Dialogue on Loss and Damage - There is an urgent need for the Glasgow Dialogue to produce concrete results, and for the L&DFF to be established at COP 27, the facility's function is to effectively meet the needs of vulnerable developing countries in addressing the Loss and Damage as proposed by the G77 plus China at the COP 26.

New Collective Quantified Climate Finance Goal - Loss and Damage must be included in the technical experts' meetings on the new finance goal. The needs and priorities of vulnerable developing countries must be the centre of these discussions. The narrative is that activities to address loss and damage can be funded via existing adaptation finance streams/funding mechanisms and the objective of the discussions should be meeting the full spectrum of the needs of vulnerable developing countries.

Santiago Network for Loss and Damage - Pursuant to decision 19/CMA.3 of COP 26, established the functions of the SNLD. The function 9(f): facilitating, through catalyzing technical assistance of organizations, bodies, networks and experts, access to action and support (finance, technology and capacity building), under and outside the Convention and the Paris Agreement, relevant to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change, including urgent and timely responses to the impacts of climate change. Many developing country Parties have highlighted the need for the finance for the SNLD to operate and catalyze technical support for vulnerable developing countries.

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