

# An introduction to Loss and Damage in the climate negotiations

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The average estimated cost per household is \$52,113, but each household received an average amount of \$380, with a few exceptions receiving as low as \$76 and, in some instances, \$3,800 for the reconstruction of houses. This leaves a substantial residual gap of \$51,733 per household.

# What is loss and damage?

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- Loss and damage (L&D) refers to **impacts of climate change** that cannot (or have not) been avoided through mitigation or adaptation.
- This includes losses and damages from both **slow onset events** (sea level rise, desertification) and **sudden onset events** (floods, cyclones)
- Recent IPCC report finds that L&D would increase with increasing global warming, that L&D is that limiting warming to 1.5°C would limit but not eliminate L&D, and that even effective adaptation **cannot eliminate all L&D**
- Poor and vulnerable communities, who are least responsible for climate change, are **already facing** the brunt of its impacts and losing their homes, lives and livelihoods
- **Financing for L&D** is essential to enable vulnerable countries and communities to deal with the climate impacts they are already facing, to protect development gains in poorer regions of the world and to rebuild and recover
- By 2030, the economic costs in developing countries are expected to reach **US\$290–580 billion per year** (Markandya and González-Eguino 2019)

# L&D in climate negotiations: key milestones

1991

Vanuatu (on behalf of AOSIS) proposes an insurance mechanism to be included in the UNFCCC, with a specific request for “industrialised” nations to pay for the “loss and damage” that would harm vulnerable small island nations as a result of rising sea levels. This ultimately does not make it into the convention.

2013

Warsaw International Mechanism on Loss and Damage (WIM) established, with functions to boost loss-and-damage understanding, strengthen collaborations and enhance “action and support”. However, the decision only “requests” that developed countries provide financial assistance.

2015

Article 8 of the Paris Agreement dedicated to L&D, introducing language of “averting, minimizing and addressing”. Article states that it “does not provide a basis for liability or compensation.”

2019

No progress on L&D finance despite G77 demands. Decision establishing the Santiago Network to provide technical support directly to developing countries.

2021

G77 proposal for L&D fund doesn’t make it into final decision. Instead, Glasgow Dialogue established to discuss funding arrangements for L&D. Scotland becomes first country to explicitly pledge bilateral finance for addressing L&D (2 million pounds).

2022

L&D finance on the official agenda for the first time. Agreement to establish a L&D fund. Continued bilateral pledges of support for L&D.

# COP27: a breakthrough decision after decades of advocacy

2. *Decide* to establish new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage, including with a focus on addressing loss and damage by providing and assisting in mobilizing new and additional resources, and that these new arrangements complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement;
3. *Also decide*, in the context of establishing the new funding arrangements referred to in paragraph 2 above, to establish a fund for responding to loss and damage whose mandate includes a focus on addressing loss and damage;



# Transitional committee set up to discuss operationalization

## Key points of contention:

- Where should the fund be hosted
- Who will pay into the fund, and who will be eligible to receive funding
- Scope of the fund: extent to which it will be narrowed down
- Governance: how civil society and affected communities will be involved in decision-making over use of funds
- Accessibility requirements: how to move away from GCF / AF model + relevance of trigger-based systems
- Instrument of funding: only grants based?
- Mechanisms for reaching most vulnerable communities on the ground: EDA vs national govt
- Relationship between the fund and the funding arrangements, and how the fund will relate to broader mosaic of solutions



# Loss and damage negotiations at COP28

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1. The Loss and Damage Fund
2. Global stocktake
3. New Collective Quantified Goal (NCQG)
4. Santiago network and the Warsaw International Mechanism

In 2023 we've seen climate destruction in real time, yet rich countries are poised to do little at Cop28

*Saleemul Huq and Farhana Sultana*

## Countries deadlocked on 'loss and damage' fund as UN climate summit nears

By Valerie Volcovici

October 23, 2023 5:42 PM EDT · Updated 7 days ago



## Western nations are on the cusp of usurping Loss and Damage Fund. This could derail COP28

## Tensions soar over new fund for climate 'loss and damage' ahead of COP28

By Megan Rowling

October 23, 2023 8:04 AM EDT · Updated 11 days ago



# What COP28 should consider

1. Adopt alternative eligibility requirements
2. Adopt a flexible, grants-based approach
3. Ensure that finance reaches the local level
4. Adopt participatory and representative decision-making processes
5. Adopt comprehensive, full-spectrum approaches





# Thank you!

## Read our reports:

- <https://www.sei.org/publications/operationalizing-loss-and-damage-fund/>
- <https://www.sei.org/publications/operationalizing-loss-and-damage-fund-for-beneficiaries/>
- <https://www.sei.org/publications/operationalizing-the-loss-and-damage-fund/>

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