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## An introduction to loss and damage

### Key points:

- Loss and damage refers to those inevitable impacts of climate change that have not been avoided through mitigation and adaptation, or that cannot be avoided because it is impossible to do so
- Despite being responsible for emitting the majority of greenhouse gas emissions since the Industrial Revolution, rich nations have fiercely hindered negotiations on loss and damage financing and are reluctant to make any commitments
- A dedicated loss and damage financing facility is high on the agenda for the Global South at COP 27 and would help ensure that funds are collected and distributed equitably and to the most vulnerable communities
- Attribution science is important for linking human-caused emissions to increases in the likelihood or magnitude of climate disasters and has a key role to play in assigning culpability for climate impacts
- Climate justice movements argue that loss and damage is a restorative justice issue. It is imperative, they say, that the Global North accepts responsibility for loss and damage and actively works to redress and repair the social injustices and direct impacts of climate change.

### What is loss and damage?

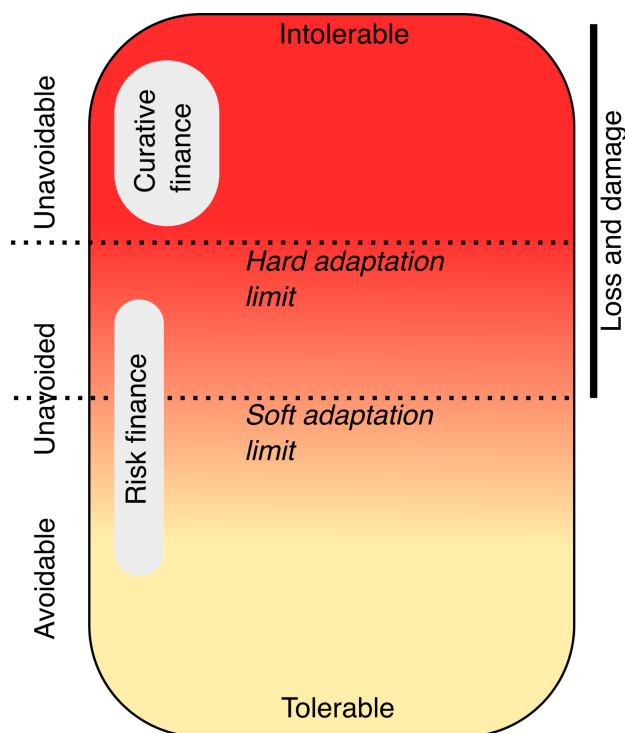
Loss and damage refers to those inevitable impacts of climate change experienced by the Global South that have not been avoided through mitigation and adaptation due to socio-political or economic constraints, or that cannot be avoided because it is impossible to do so. It may encompass a wide range of circumstances, including:

- Extreme weather or rapid-onset events or rapid-onset events, such as storms, cyclones, heatwaves and floods
- Slow-onset events, such as drought, desertification, increasing temperature, land degradation and sea level rise
- Non-economic impacts, such as the loss of cultural [heritage](#), animals, plants and tradition
- Economic impacts, such as loss of lives, livelihoods, homes, agriculture and territory.

Some of these risks can be addressed through adaptation measures. If the measure is not yet available but could become available in the future, the risk is considered to be a 'soft adaptation limit'. An example of this might be the development and implementation of an early warning system for floods in a region that is becoming increasingly flood prone. However, some risks have a 'hard adaptation limit', meaning that the available technologies and actions for averting this risk are not feasible. An example of this might be when an island becomes uninhabitable because of sea-level rise.

It is helpful to think about climate risks as being situated along a continuum (see Fig. 1, adapted from [here](#)) of avoided risks (risks that have or will be avoided through mitigation), unavoided risks (risks that cannot presently be avoided or reduced due to socio-economic constraints) and unavoidable risks (hard adaptation limits). Loss and damage is centered around unavoided and, particularly, unavoidable risks.

**Fig. 1: Climate risks along a continuum of avoided, unavoided or unavoidable risks**



While the debate around what loss and damage is, and who should compensate for it, has gained a lot of coverage recently, it has actually been a point of discussion for several decades. The first mention of loss and damage in international fora was in 1991 when the Alliance of Small Island States (AOSIS) proposed an international insurance pool that would compensate low-lying islands for loss and damage associated with sea-level rise. The first time loss and damage was mentioned in UNFCCC documents was in the 2007 Bali Action Plan. This initiated formal UNFCCC activities in the 2010 Cancun Adaptation Framework for advancing technical work on loss and damage.

## Historical responsibility and polluters must pay

Loss and damage is a contentious and highly politicised topic. This is because while rich nations are [responsible for most of the greenhouse gases](#) in our atmosphere emitted since the Industrial Revolution, the warming caused by these emissions is disproportionately impacting less developed countries that have contributed the least to global warming. For example, Africa is responsible for just 3% of all carbon dioxide emissions over the last few centuries but is [the most vulnerable continent](#) to the impacts of climate change. By 2030, vulnerable nations may face [USD 290-580 billion in annual loss and damage](#), and this figure could increase to USD 1-1.8 trillion by 2150. By 2050, up to 216 million people may be [forced to leave their homes](#) due to climate impacts. UN Secretary General Antonio

Guterres describes climate justice as “[a case study in moral and economic justice](#)” and believes “[polluters must pay](#)” because “vulnerable countries need meaningful action”.

Communities across the Global South make up the vast majority of the 3.6 billion people considered ‘[extremely vulnerable](#)’ to climate impacts by the UN. Climate justice movements argue that the major emitters in the Global North bear the primary responsibility and a financial obligation for addressing loss and damage, thereby owing huge ecological debt to the vulnerable nations of the south. Emissions from the richest countries caused an estimated [USD 2.3 trillion](#) in damages between 1961 and 2000, and it is estimated that the total amount of climate debt could be as high as [USD 34 trillion](#). This debt reflects the financial burden that the industrialised economies of the Global North have imposed on the Global South to mitigate and adapt to climate impacts.

This financial burden extends to the devastation caused by colonial extraction. For the first time since its inception, [the IPCC mentioned the word ‘colonialism’](#) in its sixth assessment report in 2022. Extractive industries established by colonial powers helped pave the way for the establishment of the modern world order characterised by global social and economic inequality. These global power imbalances create vulnerability to loss and damage, and so loss and damage is [deeply linked to colonial histories](#).

Much of the climate justice debate has focused on who is responsible for the impact of climate change and how the burdens of climate change can be distributed fairly and equitably. In every climate disaster, the poorest are the most vulnerable and hardest hit. However, Global North countries have [fiercely hindered progress](#) on loss and damage financing negotiations and are reluctant to commit to loss and damage funding due to concerns around legal liability, fearing that they may become locked into open-ended litigation and compensation for climate-induced disasters. Getting polluters to compensate for loss and damage would be a significant step towards redressing global climate injustice.

Attribution has greatly shaped the discussion around loss and damage, and advances in attribution science can show how human-caused emissions have increased the likelihood or magnitude of both [rapid](#) and [slow-onset](#) events. Attribution science has [an important role](#) to play in helping to understand loss and damages, in highlighting the different drivers of climate change and in helping to bring more court cases against polluters.

A [study published in July this year](#) attributed greenhouse gas emissions from high-emitting countries to substantial economic losses in low-income, tropical parts of the world and economic gains in high-income, midlatitude regions. This is the first study to directly quantify the culpability of nations for historical temperature-driven income changes in other nations. Studies like these can provide critical insight into climate liability and national accountability for climate policy.

An example of where attribution science has been used to bring a case against a polluter is a study showing that the melting of the Palcaraju glacier in the Peruvian Andes – which presents a flooding hazard to the city below it – [is entirely attributable to rising temperatures](#). In this case, a Peruvian farmer is holding the German utility company RWE accountable for the role of its emissions in the melting of the glacier, proposing that the company should contribute to the construction of flood defenses. Its contribution would be based on RWE’s share of global emissions, which has been estimated at 0.47%. If successful, this could be a game-changer for getting polluters to pay for climate damages.

However, developing nations argue that polluters should also be held responsible for losses and damages that cannot be quantified or recovered at any cost – framed as symbolic reparations. There is no amount of money that can bring back lost territory due to sea-level rise or the cultural heritage, animals and plants, human lives and ancestral lands

that could be lost due to climate change. For these impacts, reparations may take the form of official apologies and recognition, the building of museums and memorials, truth and reconciliation conferences and other means of helping to maintain a sense of cultural identity where this has been lost due to climate change.

## Major milestones for loss and damage in policy negotiations

- Establishment of the Warsaw International Mechanism for Loss and Damage (WIM) at COP 19 in 2013
  - The WIM aims to ‘address the impacts of loss and damage associated with the impacts of climate change, including extreme events and slow-onset events, in developing countries that are particularly vulnerable to the effects of climate change’
  - The WIM Executive Committee (ExCom) was also formed at COP 19 to guide the implementation and functions of WIM through negotiated workplans, with three objectives - knowledge generation, coordination and support to address loss and damage. The first two-year workplan was approved at COP 20 in 2014
- At COP 21 in 2015, the Paris Agreement was adopted. Article 8 established that parties of the agreement “recognise the importance of averting, minimising and addressing the loss and damage associated with the adverse effects of climate change”. This was the first time that loss and damage was formally acknowledged as an issue separate from adaptation.
- The first review of WIM took place at COP 22 in 2016, where the framework for the five-year rolling workplan of ExCom was approved
- At COP 24 in 2018, the recommendations made by ExCom on integrated approaches to avert, minimise and address displacement related to climate change were accepted
- The second review of WIM took place at COP 25 in 2019, which led to the establishment of the Santiago Network, which aims to [catalyse the technical assistance of relevant organisations, bodies, networks and experts](#)
- At COP 26 in 2021, the functions of the Santiago Network were agreed upon. The Group of 77 + China (a negotiating bloc for developing countries) proposed that a dedicated loss and damage financing facility (LDFF) be established, but this was rejected at the talks.
  - The Glasgow Dialogue was then established as an alternative to the LDFF for facilitating discussion among Parties, relevant organisations and stakeholders regarding funding activities to avert, minimise and address loss and damage
  - The dialogue will take place during annual subsidiary meetings until 2024
- In June 2022, the 1st Glasgow Dialogue took place at Bonn, where the proposal for loss and damage to be an agenda item for COP 27 was rejected, largely because the EU and US feared that they would become liable for billions of dollars in damages
- Loss and damage was then accepted as a draft agenda item for COP 27 after the G77 + China wrote to the UNFCCC Secretariat in June this year. “Matters relating to funding arrangements responding to loss and damage associated with the adverse effects of climate change, including a focus on addressing loss and damage” is now [an official agenda item](#) for COP 27 and for the CMA (which mandates the work under the Paris Agreement)
- In September, more than 400 organisations signed a letter initiated by the Climate Action Network (CAN) to make the financing of loss and damage an agenda item for

COP 27. The G77 + China will continue their call for a dedicated LDFF at COP this year.

A timeline of milestones can be found [here](#).

## What can we expect at COP 27?

A [submission](#) by the G77 and China on 13 June 2022 to the UNFCCC Secretariat to make “matters relating to funding arrangements for addressing loss and damage” a provisional agenda item for COP27 and CMA4 this year was accepted. The Presidency of COP 26 and the incoming Presidency of COP 27 convened informal [multilateral consultations on loss and damage](#) with Group Chairs and Heads of Delegations in July 2022. In these discussions it was acknowledged that:

- Operationalising the Santiago Network at COP 27 is necessary to fulfil its purpose of providing relevant technical assistance to developing countries, and that it would be important to establish predictable and adequate funding for the network
- A greater need for funding arrangements for loss and damage is also necessary, as disappointment was expressed by Parties who felt that a way forward for the funding of the issues raised in the first Glasgow Dialogue had not been presented
- From a loss and damage perspective, a successful COP 27 would “mean a concrete outcome on the Glasgow Dialogue, which would mean the establishment of funding arrangements or a funding facility under the COP and the CMA to address loss and damage with transparent, predictable resources, which would be separate from adaptation finance, and an agreement for it to become a standing COP and CMA agenda item”.

The Climate Vulnerable Forum (CVF) – a partnership of developing countries that are highly vulnerable to climate change – has also played a key role in increasing the focus on loss and damage, including calling for COP 27 to [mandate the IPCC](#) to write a special report on the subject. At the closing of the Glasgow Dialogue on Loss and Damage, the CVF stated that “Loss and damage is an emergency agenda, indeed it should be considered as a third pillar under the convention in addition to mitigation and adaptation, its funding shall be considered high in our agenda”.

## Criticisms of the UNFCCC policy and process

While Article 8 on loss and damage was fundamental in anchoring both in the Paris Agreement, it is compromised by the inclusion of a provision by developed countries stating that it does not “involve or provide a basis for any liability or compensation” ([paragraph 51 of Decision 1/CP.21](#)). This suggests support for loss and damage will be on a cooperative basis. Unfortunately, there has been little cooperation between developed countries. The current mechanisms available under the UNFCCC are focused on averting loss and damage through mitigation and adaptation, and there are [no means available](#) to help people recover from the impacts of climate change that go beyond their ability to adapt.

Major [criticisms](#) of the Warsaw International Mechanism for Loss and Damage executive committee established in 2013 workplans are that it is characterised by broad goals that

are ambiguous regarding start lines and deadlines. They are also lacking in strong commitments. Many [believe](#) the WIM has focused too much on improving understanding and strengthening the coordination of loss and damage rather than facilitating action and addressing loss and damage events that have occurred.

## Loss and damage: The case of Pakistan

Record torrential downpours in Pakistan earlier this year affected 33 million people, with more than 1,730 losing their lives. The economic losses are [estimated at USD 30-35 billion](#). Guterres [exclaimed on a recent visit](#) to Pakistan that: “Loss and damage from the climate crisis... is happening now, all around us... I urge governments to address this issue at COP 27 with the seriousness it deserves”.

It is [thought](#) that the rainfall in Pakistan was at least 50% more intense because of global warming. The representative of Pakistan to the UN and chairman of the G77, Munir Akram, [emphasised](#) that while Pakistan is one of the lowest emitters of carbon, it is the fifth-largest victim of climate change. He said that at COP 27, developing countries “will be pressing for the rights of developing countries to equitable treatment, or in terms of support for adaptation as well as compensation for loss and damage”. Pakistan Climate Change Minister Sherry Rehman has also been very vocal on the subject, [stating](#) that: “There is so much loss and damage with so little reparations to countries that contributed so little to the world’s carbon footprint that obviously the bargain made between the Global North and global south is not working. We need to be pressing very hard for a reset of the targets”.

On a similar note, a [recent report](#) suggests with high certainty that the Horn of Africa will be entering its fifth consecutive year of drought. One [article](#) suggests that this report has sparked renewed interest in calls for loss and damage compensation for Africa.

## Activist and civil society engagement on loss and damage

The outcry in favour of recognising loss and damage, and funding restitution for it, has been growing considerably. Increasingly, climate movements and developing nations have framed the funding of loss and damage as a means of reparation. In general, [reparations](#) are founded on equity and justice ideals and endeavour to rectify significant damage caused to vulnerable communities, including the use of financial and non-financial resources.

Climate justice movements argue that loss and damage must reside in a matter of [restorative justice](#). This implies acceptance of responsibility by the Global North, followed by measures that seek to address and repair social injustices and the widespread direct impacts of climate change. In addition to financial reparations, demands in the form of technology transfer, the elimination of restrictive immigration policies, and guarantees of non-repetition have been raised by the People's Agreement of Cochabamba at the [World People's Conference on Climate Change](#) to collectively form a programme for restorative justice. However, these demands have yielded little results, which is why activists and developing nations hope to emerge from COP27 with a concrete package of measures and a sustainable system of long-term loss financing and damage restitution.

Several climate strikes organised by movements like Fridays For Future (FFF) have taken to the [streets worldwide](#) in the months prior to COP 27 demanding effective and sweeping climate justice and reparations. Activist groups led by the most impacted frontline communities have also long been working on the matter.

International NGOs active in the UNFCCC, such as Greenpeace, Earthjustice and the Climate Justice Program, have promoted the use of litigation for addressing loss and damage, and Germanwatch has specifically advocated for litigation around loss and damage.

## A dedicated financing facility for loss and damage

The financing of loss and damage was a key sticking point in negotiations at COP 26 last year. The establishment of a dedicated loss and damage financing facility is supported by many climate-vulnerable and developing countries. But many [developed countries](#) feel the financing of loss and damage could be drawn from existing financial institutions. However, these institutions do not provide support for non-economic loss and damage or slow-onset events such as the loss of crop production due to sea level rise, desertification or salinisation. Moreover, loss and damage funding needs to be available at short notice, such as in the event of damage from an extreme weather event, and this is not supported by currently-available adaptation funds. Regarding other financing options, humanitarian aid is unreliable, short-lived and does not deal with slow-onset events, and development finance often prioritises donor preferences.

The V20 Multi-Donor Fund, the Global Environment Facility (GEF) and the Climate Vulnerable Forum (CVF) have worked on a [pilot loss and damage fund](#), with the aim of demonstrating that loss and damage financing is possible at scale. The facility is expected to be launched at COP 27.

[A new report](#) by the Stockholm Environment Institute (SEI) on operationalising finance for loss and damage found that climate finance is largely inaccessible for recipient countries due to stringent proposal requirements and long lags in delivery. In addition, loan-based finance often increases the debt burden of countries and doesn't reach the most vulnerable communities. The institute recommends that a global loss and damage financing facility should:

- Prioritise the delivery of funding directly to communities and marginalised groups
- Prioritise small grants and unconditional cash transfers to reach vulnerable communities, and avoid loans that increase debt burdens
- Ensure that recipients are included at all stages of decision-making
- Create accountability mechanisms that empower recipient communities
- Agree on a phased approach at COP 27 of establishing a dedicated loss and damage facility in the medium term and mobilising finance through existing mechanisms in the future.