A Call for Enhanced Implementation of Loss and Damage Action

The Allied for Climate Transformation 2025 (ACT2025) consortium is a consortium of think tanks and experts working to deliver ambitious, balanced, just, and equitable outcomes at the UN climate negotiations, elevate and amplify the needs and priorities of vulnerable developing countries, and chart a path toward greater global solidarity. This paper is part of a series that supports the ACT2025 Alliance Statement—a set of recommendations for COP27 that can help keep us on the path to achieving the goals of the Paris Agreement. For more information and contact details visit www.wri.org/ACT2025.

CONTEXT AND RATIONALE

In 1991, the Alliance of Small Island States (AOSIS) and low-lying coastal countries called for a mechanism that would help compensate countries affected by sea level rise. However, it was not until 2010 that a decision on a loss and damage (L&D) work program was made. This led to the establishment of the Warsaw International Mechanism for Loss and Damage (WIM) in Warsaw, Poland, at COP19, which took place in November 2013. The WIM was established to address L&D associated with the impacts of climate change. The implementation of the WIM functions is guided by the Executive Committee under the guidance of the Conference of Parties. In 2015, at COP21, L&D was included in the Paris Agreement under Article 8, through which “Parties recognize the importance of averting, minimizing and addressing Loss and Damage associated with the adverse effects of climate change, including extreme weather events and slow onset events, and the role of sustainable development in reducing the risk of Loss and Damage.” In 2019, at COP25, developing countries worked together to put forward two demands: (i) to set up a technical advisory body under the United Nations Framework Convention on Climate Change (UNFCCC) to catalyze assistance in the implementation of relevant approaches through relevant organizations, networks, and experts to avert, minimize, and address L&D; and (ii) to provide funding to developing countries suffering from L&D. The first demand was met at COP25 in Madrid, with the agreement to set up a new Santiago Network on Loss and Damage (SNLD). Then, at COP26, developing countries called for full operationalization of SNLD and a Glasgow Finance Facility on Loss and Damage.

1. For the full guide, see: https://unfccc.int/sites/default/files/resource/Online_guide_on_loss_and_damage-May_2018.pdf.
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AILAC</td>
<td>Independent Alliance of Latin America and the Caribbean</td>
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<td>AGN</td>
<td>African Group of Negotiators</td>
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<td>AOSIS</td>
<td>Alliance of Small Island States</td>
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<td>AR</td>
<td>Assessment Report</td>
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<td>ASEG</td>
<td>Action and Support Expert Group</td>
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<td>COP</td>
<td>Conference of Parties</td>
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<td>CMA</td>
<td>Conference of the Parties serving as the meeting of the Parties to the Paris Agreement</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>CTCN</td>
<td>Climate Technology Center and Network</td>
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<td>CVF</td>
<td>Climate Vulnerable Forum</td>
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<td>ExCom</td>
<td>Executive Committee</td>
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<td>FPs</td>
<td>Focal Points</td>
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<td>IPCC</td>
<td>Intergovernmental Panel on Climate Change</td>
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<td>L&amp;D</td>
<td>Loss and damage</td>
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<td>LDC</td>
<td>Least Developed Countries</td>
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<td>MCPP</td>
<td>Mujib Climate Prosperity Plan</td>
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<td>NDE</td>
<td>Nationally Designated Entities</td>
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<td>OBNE</td>
<td>organizations, bodies, networks, and entities</td>
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<td>PPPA</td>
<td>Public-Private Partnership Authority</td>
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<td>SBs</td>
<td>Subsidiary Bodies</td>
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<td>SNLD</td>
<td>Santiago Network on Loss and Damage</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<td>V20</td>
<td>Vulnerable Twenty Group</td>
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<td>WIM</td>
<td>Warsaw International Mechanism on loss and damage</td>
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### Notes
The four different arenas where discussion on L&D plays out (AGN – African Group of Negotiators; AOSIS – Alliance of Small Island States; AILAC – Independent Alliance of Latin America and the Caribbean; LDCs – Least Developed Countries Group; CVF – Climate Vulnerable Forum; V20 – The Vulnerable Twenty Group of Ministers of Finance of the Climate Vulnerable Forum)
Negotiators level

Climate negotiators in the United Nations climate conferences have actively engaged in negotiations to formulate a proposed consensus decision, as pressure is mounting to act on L&D caused by impacts of climate change. Various negotiating groups have been at the forefront, working tirelessly to mobilize action, including the Group of 77 and China, the African Group of Negotiators on Climate Change (AGN), AOSIS, the Independent Alliance of Latin America and the Caribbean (AILAC), and the 46 countries defined as Least Developed Countries (LDCs). Negotiating groups that are predominantly driving the L&D agenda include all the vulnerable countries, along with a set of developed countries and stakeholders such as Belgium, Denmark, Germany, Scotland, and others. These groups have been very active and vocal about pressing the agenda forward. A number of these groups like AOSIS and LDCs represent the most affected by climate change and the smallest contributors to it; yet they are still proactively working at the national level to put the goals of the Paris Agreement into practice.

Public media and civil society

Civil society organizations (CSOs) and civil society members have been pivotal to L&D policy briefing and development at both national and international levels, particularly during COP26. They have been key to advancing the L&D agenda by generating knowledge and developing concrete solutions for how to address and finance L&D. These efforts are continuing beyond COP 26 to ensure that the issue remains front and center in the negotiations, despite some headwinds.

Political level

The difference between the negotiator level and the political level is that negotiators often operate in blocs to coordinate broader common goals and strategy, whereas the political level focuses on how the political heads of governments advance their national priorities in international spaces. Besides, there are important forums that have come into play to mobilize action from a political stance, such as the Climate Vulnerable Forum (CVF).

As the then-chair of the CVF, Honorable Prime Minister Sheikh Hasina of Bangladesh pushed for a political outcome on L&D at COP26. The CVF countries had supported the chair through inter-ministerial leadership and disseminated a strong statement from the CVF towards what was seen as a make-or-break COP26 if L&D was not addressed. Similar campaigns are intended to follow for COP27 with a bigger thrust, now that L&D is a priority area for all 55 vulnerable nations of the CVF.

As a high-level political forum, CVF advocates for the L&D agenda from a political level through:

- **One common voice of the 55 CVF countries for L&D:** Strong statement from the CVF ahead of a make-or-break COP27 and beyond if L&D is not addressed.

- **Supporting the operationalization of the Santiago Network on Loss & Damage:** In terms of its importance for the vulnerable states, operationalization of the SNLD remains pivotal, along with its operational entity, design, and financial mobilization strategies.

- **Strong support for CVF Thematic Ambassadors:** The public sector, media, civil society, youth, and climate networks have been strong allies of the L&D negotiators. CVF thematic ambassadors advocate support through common messages to the public sectors and will help foster their strength and voice, which is critical for this agenda.

- **Dedicated window for L&D funds set up by the CVF-V20 Multi-donor Trust Fund:** One of the most recent and laudable developments under the CVF and V20 Joint Multi-donor Trust Fund has been the new funding window to support communities in CVF countries suffering climate impacts and to support addressing the impacts of climate change after they have occurred. As the world has now entered a new era of L&D where the realities are happening on the ground, the CVF-V20 fund is now the first multilateral fund to explicitly work on climate-related L&D, and will serve as an assistance program to victims of climate change; it welcomes contributions from others in the spirit of solidarity, and without invoking any liability or compensation.

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National mechanisms on loss and damage

The LDC Group called for developing policy guidance for undertaking L&D needs assessments in vulnerable developing countries. COP25 responded to this call and requested the WIM’s Executive Committee to develop technical guidelines for national stakeholders to assess the risks, identify the right approaches and resources to support them, and develop monitoring systems to assess their effectiveness. The latest WIM Executive Committee meeting (WIM ExCom15), under the rolling Plan of Action (POA) of the Action and Support Expert Group (ASEG), had planned to map out national, regional, and global sources of support to stocktake from previous actions and identify the gaps of available resources.

Through an ongoing intervention with the Public-Private Partnership Authority (PPPA) of the Prime Minister’s Office, Bangladesh is undertaking a multi-actor approach including academia, researchers, and the private sector (particularly insurance companies) to join using the country’s own resources—e.g., the Bangladesh Climate Change Trust (BCCT) – to develop a two-year pilot National Mechanism on Loss and Damage. The Mujib Climate Prosperity Plan (MCPP) will also be launched by the Bangladesh government and will be essential to advancing the L&D issue forward.

Ghana, Maldives, Sri Lanka, and 34 other member countries of the CVF are keen to develop their own climate prosperity plans to make a robust climate strategic plan for the upcoming decade.

RATIONALE FOR LOSS AND DAMAGE

Scientific evidence on loss and damage

The Intergovernmental Panel on Climate Change (IPCC) has grown to become the biggest global collaborative scientific enterprise in the world, with several thousands of scientists from all countries representing many different disciplines and assessing tens of thousands of scientific papers in different languages from around the world.

The IPCC’s Fifth Assessment Report (AR5) primarily associates L&D with extreme weather events and economic impacts, and treats it primarily as a future risk. Present-day losses and damages from slow-onset processes and non-economic losses receive much less attention. Surprisingly, AR5 has more to say about L&D in high-income regions than in those that are most at risk, such as small island states and least developed countries.

In contrast, the IPCC’s latest Sixth Assessment Report (AR6) is the first scientific paper that explicitly highlights the importance of loss and damage in both international climate policy and climate science. The report notes that there is less discussion of the “existential dimension” of loss and damage, highlighting the inevitable harm and unavoidable transformation for some people and systems resulting from climate change. The report also emphasizes that assessment of non-economic losses and damages—including loss of societal beliefs and values, cultural heritage, and biodiversity—is “lacking and needs more attention.” The complexity of defining L&D extends to the term “loss and damage” itself. The Summary for Policymakers of AR6—the most politically relevant section of the report—makes no reference to “loss and damage” but does include 15 references to “losses and damages.” It states with high confidence that: “With increasing global warming, losses and damages will increase and additional human and natural systems will reach adaptation limits.”

One of the most significant findings of the latest IPCC report is the fact that the impacts of human-induced climate change are occurring in all countries, poor as well as rich, and that all countries must now focus on enhanced adaptation in a whole-of-society manner. It also points out that the most negative impacts are already occurring, and will continue to occur, in the poorest countries which have the least capacity to tackle such impacts. There is also a need to focus on the consequences of climate impacts, namely the losses and damages associated with those impacts. However, one reason that the AR6 does not really analyze loss and damage is the lack of solid research on this topic until now.

COP26 outcomes

The AR6 issued a code red of the multiple crises that have unfolded around the world, highlighting the grim truth about climate change. Even if the world were to stop burning fossil fuels tomorrow, and even if countries spent trillions of dollars adapting, the catastrophic consequences of warming would still continue for years. For decades, the world has given little heed to these unavoidable impacts, collectively known as “loss and damage.” But improvements in climate science have made it increasingly possible to pinpoint the role of climate change in causing disasters. At the COP26 summit in Glasgow, representatives from hard-hit areas demanded a Loss & Damage Finance Facility to tackle climate change-induced losses and damages.

Developing countries and civil society groups also called for the SNLD to be “fully operationalized” at COP26, which meant allocating staff and funding so the network could start connecting with national governments, conducting assessments, and implementing changes needed to keep people safe. This was going to be seen as a step forward because it had the potential to address the WIM’s long-overlooked “action and support” element. At present, the SNLD exists as a website set up by the UNFCCC, with links to organizations such as development banks that could support loss and damage. As the conference progressed it became clear that the SNLD would not, in fact, be operationalized in Glasgow, even though technical work deciding on its functions concluded early in the second week. The WIM text that emerged from the summit indicated that the network would identify and connect interested countries with technical assistance, to help them assess current and future loss and damage. The final decision text stated that “further operationalization” would follow at subsequent meetings. The COP26 decision text also “urges” developed countries to provide funds for the “operationalization of the Santiago network and for the provision of technical assistance.” The German government has already come forward with an offer of €10 million (US$11.5 million) to support the network. As COP26 drew to a close, developing country parties welcomed the progress made on defining the functions for the SNLD.

Vulnerable countries wanted COP26 to be the moment where loss and damage finance was finally beginning to be addressed, and there were calls for a standing agenda item that could continue to address this. The issue received an unexpected boost in the first week from Scottish first minister Nicola Sturgeon. Her pledge of £1 million (approximately US$1,258,900), later doubled to £2 million (approximately US$2,517,800), to address loss and damage was welcomed because, while a drop in the bucket, it was the first money ever committed specifically towards this cause. Following the pledge from the Scottish government, five leading philanthropies announced an intended initial contribution of US$3 million to a L&D finance facility to support vulnerable countries hit by loss and damage resulting from climate change. Among the philanthropies are the Children’s Investment Fund Foundation, the European Climate Foundation, the William and Flora Hewlett Foundation, the Open Society Foundation, and the Global Green Grants Fund. The government of Wallonia also followed the lead of the Scottish government, pledging €1 million (approximately US$1,070,360) for L&D.

By the end of the summit, the only L&D financial demand that made it into the final text was for richer nations to support the SNLD. In response to the call for L&D finance, a new paragraph was added mentioning that the “Glasgow Dialogue” would be established to “discuss the arrangements” for funding.

For the most part, the negotiations on how to deal with addressing L&D must be considered a major failure. At the closing of COP26, Developing countries expressed “extreme disappointment” that no clear plan for future L&D financing was agreed. From the perspective of developing countries, which are hard hit by climate change, the pledges and actions are inadequate.

Three Areas for Urgent Action

Countries need to establish an L&D finance facility at COP27 and secure adequate, accessible, and fit-for-purpose financing by COP28

Vulnerable countries are already experiencing climate impacts to which they cannot adapt and which they have not caused. Meanwhile, developed countries are able to deploy commensurate means to tackle similar losses and damages domestically. Failing to support vulnerable nations so that they can do similarly amounts to climate injustice.

Discussions on climate finance need to consider L&D in a way that is more specific, pragmatic, and, most importantly, additional to mitigation and adaptation funding. These discussions will need to include designing innovative sources and

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channels of finance to deploy resources in order to more swiftly address L&D. Advanced economies will also need to support climate-vulnerable countries’ efforts as they establish their own mechanisms and processes to fund action to address climate-induced L&D.

The IPCC report laid bare that even the most effective adaptation measures cannot prevent all losses and damages, which are a present-day reality for vulnerable people in certain regions. It will be critical that the Glasgow Dialogue make demonstrable progress and lead to tangible results based on the needs of vulnerable countries, rather than becoming a talk shop. At COP27, countries will have another chance to finally establish a facility to address this critical need and ensure a process to secure adequate, accessible, additional, and fit-for-purpose financing—at the latest by COP28 in 2023. This dialogue cannot be delayed. It needs to be urgently initiated and culminate in a decision at COP27 in November 2022 to create a financing facility that provides adequate, new, and additional support for the most vulnerable people and countries in addressing loss and damage—otherwise the dialogue will fail.

We seek finality on the matter of loss and damage and call on COP27 to establish an international L&D financing facility in solidarity with victims least responsible for and least equipped to withstand the increasingly extreme shocks driven by climate change.

L&D and related finance need to be added as official agenda items

With the impact of the climate crisis already affecting millions, the issue of loss and damage is here to stay and must become a permanent point of discussion in the formal negotiation process. Establishing L&D as permanent standalone agenda item is crucial since the negotiations are what determine the decisions decided by countries at the yearly COPs. Currently, loss and damage is only considered once a year when the Executive Committee of the WIM (ExCom) presents its annual report. A permanent agenda item would provide the space for loss and damage to be discussed beyond the WIM report. Moreover, it would have the political value of signaling the importance of loss and damage as an issue within formal negotiations. Developing countries have been calling for a permanent agenda item on loss and damage since COP23, but no advances have yet been registered on this issue. The essential step now is to make an official request to the UNFCCC Secretariat to add L&D as an official and permanent agenda item, under the auspices of the SBs, which will not only give it the importance and urgency that is due but will create opportunities for regular, solution-driven, facilitated, technical dialogues on matters related to loss and damage.

Countries must agree to robust institutional arrangements and adequate financing for the SNLD

The implementation of Article 8 under the Paris Agreement — which recognizes the importance of addressing climate-induced impacts and calls for enhancing action and support — requires appropriate technical assistance to support the most vulnerable. The SNLD was established at COP25 in Madrid to catalyze such technical assistance, and a web-based portal was designed to facilitate it. However, because the COP25 resolution in 2019 did not give the necessary policy direction on the SNLD’s functions and institutional structures, COP26 in 2021 agreed to the six main functions of the SNLD and further agreed to continue working to design effective institutional structures, operational modalities, and financial arrangements for the SNLD, with a decision to be made at COP27 in 2022.

With the functions decided, countries and other relevant stakeholders were invited to submit their views by March 2022 on the SNLD’s operational modalities, its structure, the role of the ExCom and its subsidiary bodies, the role of loss and damage contact points, and other relevant stakeholders at the subnational, national, and regional levels, as well as possible elements for the terms of reference of a potential convening or coordinating body that could provide secretarial services to the SNLD.

Ultimately, the decision on the institutional structures must include a proper structure of the SLND with a functioning advisory board, a coordinating entity, member organizations/bodies/networks/entities (OBNEs), and nationally designated entities (NDEs) or focal points (FPs) on loss and damage at the national level. A technical, non-political advisory body (not the ExCom, but with ExCom representation) must guide the SNLD. The SNLD secretariat should oversee and facilitate the delivery and implementation of SNLD initiatives, as requested through countries’ L&D NDEs or FPs or through its member OBNEs. The SLND’s secretariat should seek to mobilize specialists from around the world to develop solutions.

suited to local requirements once the SLND receives requests from countries. Responses to requests from countries should be made as soon as possible and in a suitable context. The SNLD secretariat must respond quickly to requests and create a clear and coordinated response that addresses needs, especially at the grassroots level.

Operationalization of the SNLD is expected at COP27 and must ensure that the SNLD becomes a more active mechanism that fulfills the spirit of its mandate. Based on prior UNFCCC experiences and lessons learned from the Climate Technology Center and Network and WIM, as well as the numerous submissions and recommendations received during the SNLD workshop that took place in May 2022 at Copenhagen, full operationalization of the SNLD should be achievable – and must be achieved – within this year.

CALL TO ACTION ON LOSS AND DAMAGE

Climate-vulnerable nations have been hit by disastrous impacts related to climate change, causing significant damages to vulnerable populations that affect not only their economies but also the environment. Hence, it is important to ensure that significantly enhanced efforts are undertaken to address loss and damage.

It is also important to keep in mind that inaction will further erode trust. If COP27 cannot deliver support for the people at the sharp end of climate change, it undermines the very premise of the Convention. Dealing with L&D is more than just about money; it is about trust between developing countries and the developed world, which goes to the heart of international cooperation on climate action. This raises the stakes considerably, making L&D a truly make or break issue.

At the upcoming COP in November 2022, countries – especially developed countries – need to respond to these calls and prioritize L&D from the perspectives of the economic, social, and environmental impacts of disasters, underscoring the goals of equity and justice.

For more information, visit wri.org/ACT2025.