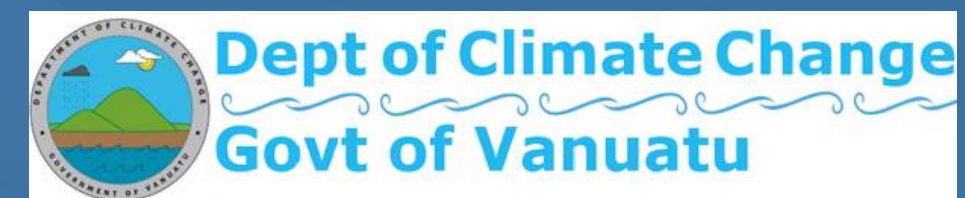


# LOSS AND DAMAGE RESPONSE: KEY CONCEPTUAL AND POLICY ISSUES

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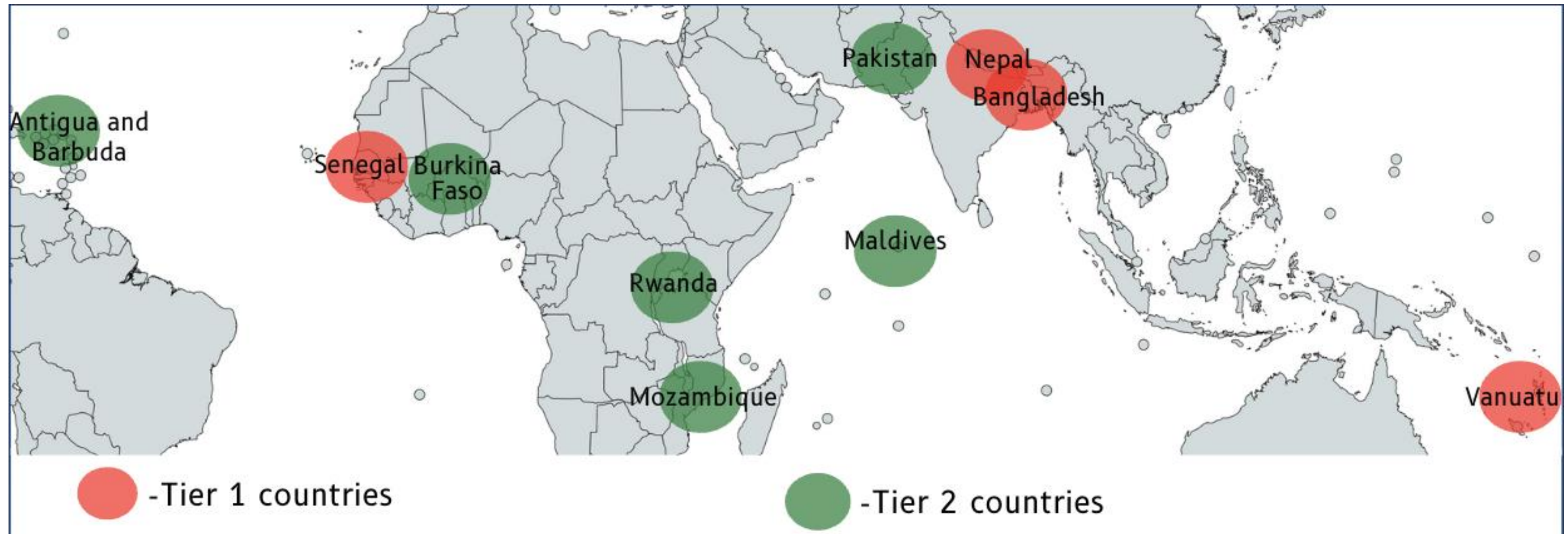


# Questions

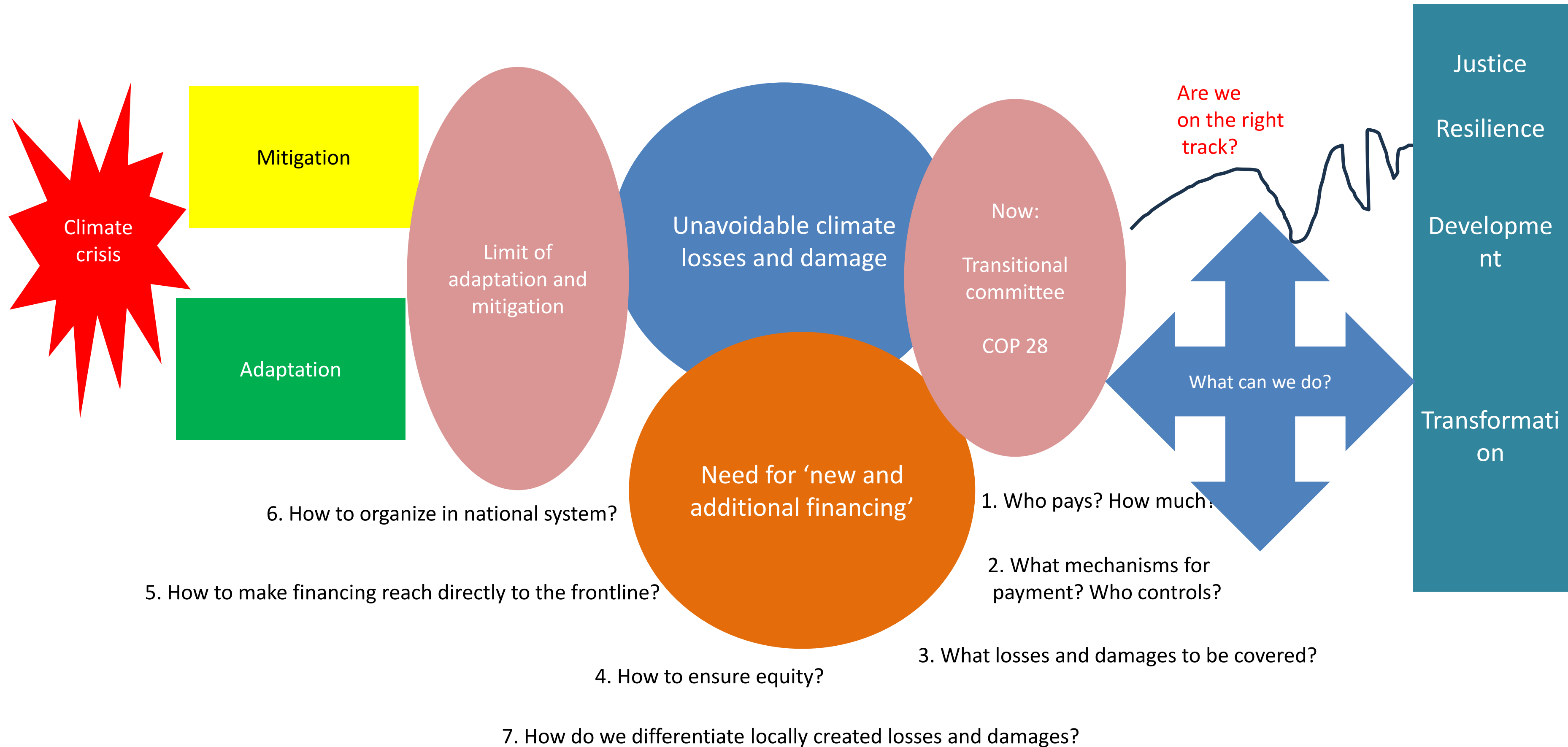
1. What is Loss and Damage and why is it critical for Nepal?
2. How to contextualize global discourse in Nepalese contexts (and use Nepalese lessons to influence global debates)?
3. Current situation: key conceptual and and policy dilemmas in designing and implementing L&D
4. What anticipatory actions Nepal can take? Priorities?

# Background: Strengthening Loss and Damage Response Capacity in the Global South (STRENGTH)

- Tier 1 (T1) Countries: Nepal, Bangladesh, Senegal, Vanuatu
- Tier 2 (T2) Countries: Maldives, Pakistan, Rwanda, Mozambique, Antigua and Barbuda, Burkina Faso



# What is Loss and Damage?: A Bird's eye view

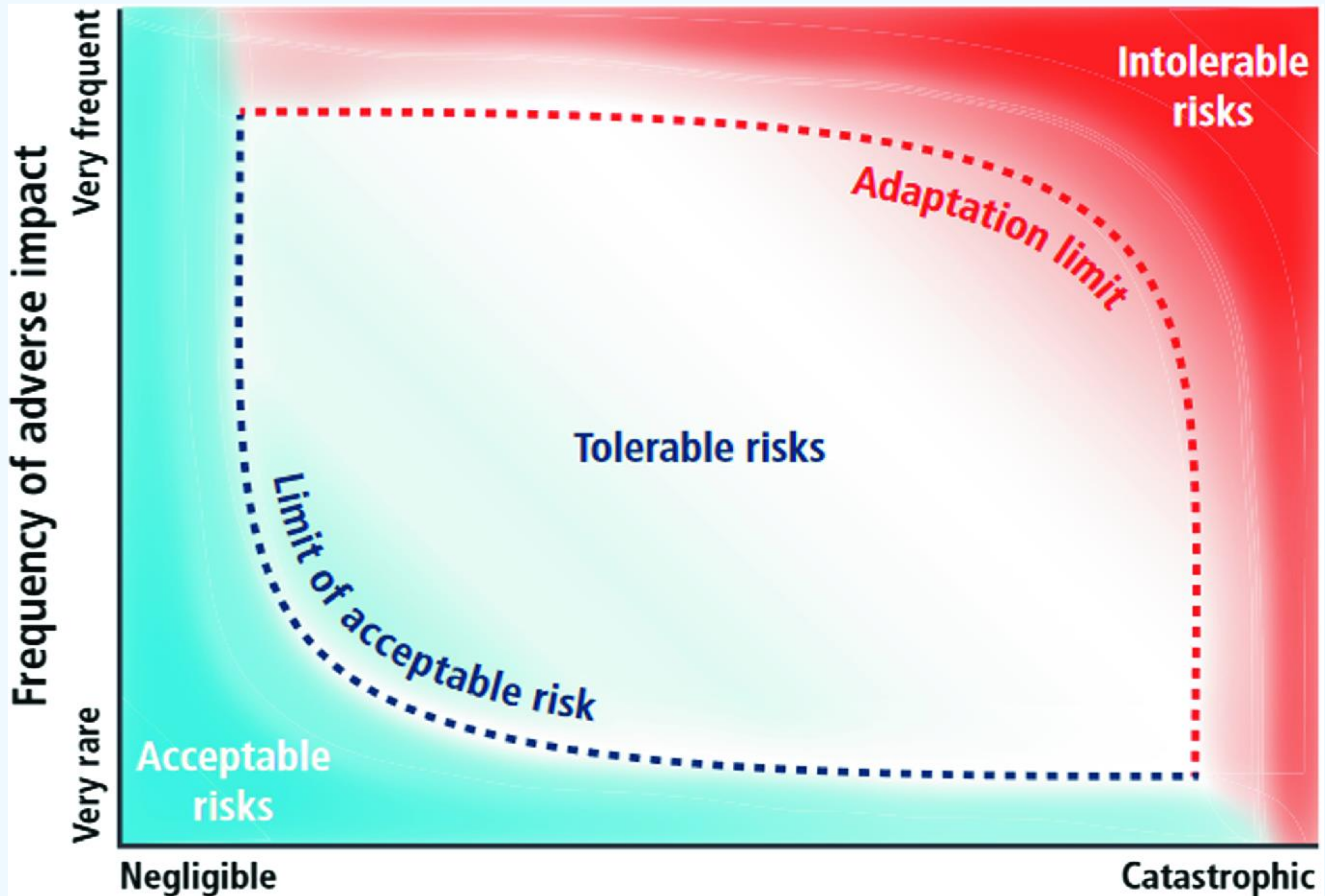




## Confident science backing Loss and Damage: IPCC WG II Findings (SPM 2022)

- “**Adaptation does not prevent all losses and damages**, even with effective adaptation and before reaching soft and hard limits. With increasing global warming, losses and damages increase and become increasingly difficult to avoid, while strongly concentrated among the poorest vulnerable populations. (*high confidence*) “
- “**Soft limits to some human adaptation have been reached**, but can be overcome by addressing a range of constraints, primarily financial, governance, institutional and policy constraints (*high confidence*). Hard limits to adaptation have been reached in some ecosystems (*high confidence*).
- **With increasing global warming, losses and damages will increase** and additional human and natural systems will reach adaptation limits (*high confidence*). “
- “**Many natural systems are near the hard limits** of their natural adaptation capacity and additional systems will reach limits with increasing global warming (*high confidence*). “
- “**Losses and damages are unequally distributed** across systems, regions and sectors and are not comprehensively addressed by current financial, governance and institutional arrangements, particularly in vulnerable developing countries. “

Loss &  
Damage:  
Beyond  
adaptation



(Source: Dow et al. 2013b after Klinke and Renn 2002; Renn and Klinke 2013)

# What is Loss and Damage? Global Policy Context

## Article 8, Paris Agreement

“...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.”

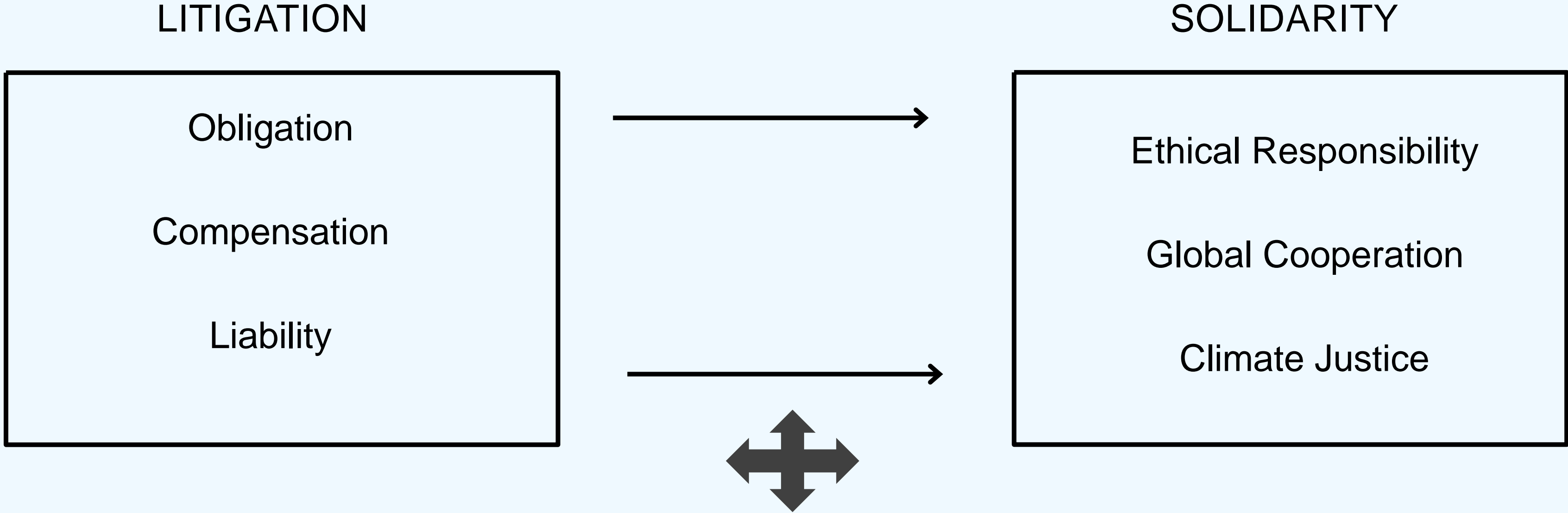
## Areas of cooperation:

- Early warning systems
- Emergency preparedness
- Slow onset events
- Events that may involve irreversible and permanent loss and damage
- Comprehensive risk assessment and management
- Risk insurance facilities, climate risk pooling and other insurance solutions
- Non-economic losses
- Resilience of communities, livelihoods and ecosystems

- “*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*”  
- COP.27, CMA.4

# Sources of Financing: Who pays? Shifting perspectives

- No agreed financial, governance and institutional arrangements to address losses and damages yet



Shift to longer term, country led financing system?



# Delivery Mechanisms: Will the funds reach the most vulnerable?

Several issues with the current climate finance delivery mechanisms:

- **Inaccessible**: for recipient countries and communities due to stringent proposal and accreditation requirements, as well as lengthy delays in the delivery process.
- Primarily in the form of **loans and projects**, often increases the debt burdens of recipient countries.
- There are many **conditionalities** attached to climate finance, and it is not consistently distributed and utilized based on the specific needs of the recipients.
- Recipient countries face **burdensome accountability requirements**, which often prioritize the interests and priorities of the finance providers rather than being accountable to the affected communities.

**Will L&D financing be more responsive and recipient led than current climate financing mechanisms?**

# How could the financing assist in tackling climate losses and damages in equitable way?

- **Equitable and targeted support** should prioritize the most vulnerable individuals and communities, involving them in the design stage to improve targeting strategies and ensure inclusive and locally relevant criteria for accessing funds.
- **Grant-based and programmatic finance**, prioritizing grants over loans, allows for flexibility, capacity building, and comprehensive recovery efforts, while sustained funding over several years enables scalability and long-term impact.
- **Improving accessibility** involves simplifying procedures and reducing costs for small actors to apply for funding, with a focus on building the capacity of national and sub-national entities, and moving away from burdensome accreditation requirements.
- **Transparency and accountability** should extend to tracking financial flow to recipient communities and involve them in designing locally appropriate indicators, ensuring that funds are utilized according to their needs and not solely to meet funder requirements.

# What should the national L&D funding architecture look like?

- **Nationally owned, led, driven**: National-level structures possess adequate agency and autonomy regarding the utilization of L&D fund.
- **Voice** of the most vulnerable in the design and delivery
- Leveraging **existing systems** such as government bodies can help streamline the process.
- **Locally led and multiscalar**: Decision-making devolved to the local level, empowering grassroots structures in determining how funds are allocated
- Enhancing **direct and unconditional access** for grassroots structures to ensure their meaningful participation in addressing loss and damage.

# What is happening at the Transitional Committee (TC)?

- **24 members** - 14 representing developing countries, 10 representing developed countries
- Established to **make recommendations on the operationalisation of the new fund** and funding arrangements



## TIMELINE





# Nepal situation

## Climate losses and damages

The most devastating climate-induced disasters in Nepal are floods, landslides, epidemics, and fires.

Climate-induced disasters cause **around 65 per cent of all disaster-related annual deaths.**

The average annual economic loss from climate-induced disasters is about 0.08 per cent of the GDP (2018/19 figures at the current price).

In 2017 when Tarai floods occurred, the economic loss and damage from the single disaster event was around 2.08 per cent of the GDP (2017/18 figures at the current price).

The direct economic cost of current climate variability in agriculture is equivalent to 1.5 to 2 percent of the country's GDP.

Source: GON 2020, GON Loss and Damage Framework



**Government of Nepal  
Ministry of Forests and Environment**

**National Framework on  
Climate Change Induced Loss and  
Damage (L&D)**

**October 2021**



# Nepal's L& D Priorities

- Contextualise global discourses
- Take stock of losses and damages
- Develop systems for delivery - pilot work
- Policy and institutional development – critical analysis, participatory process, and action research

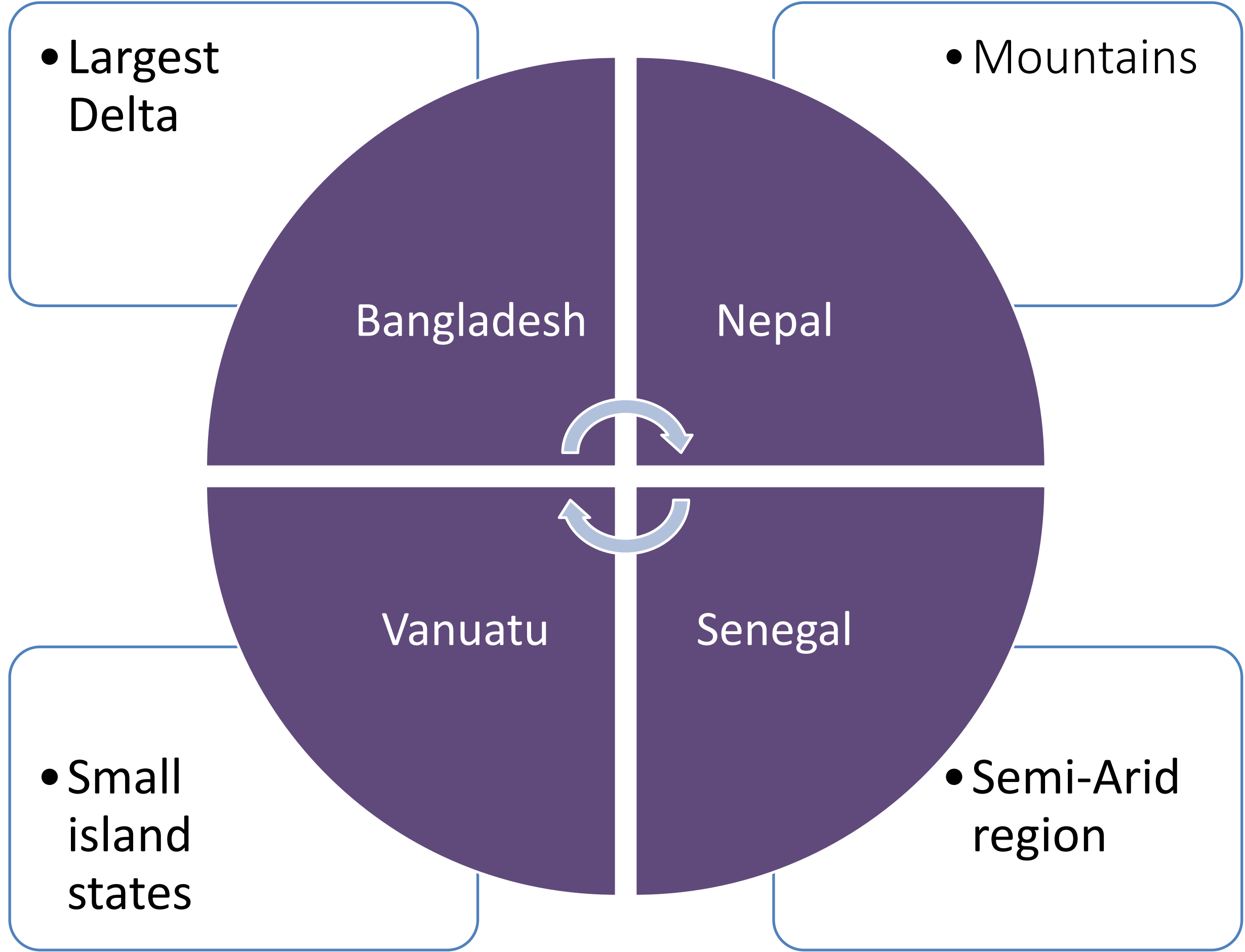




**Thank you for listening!**

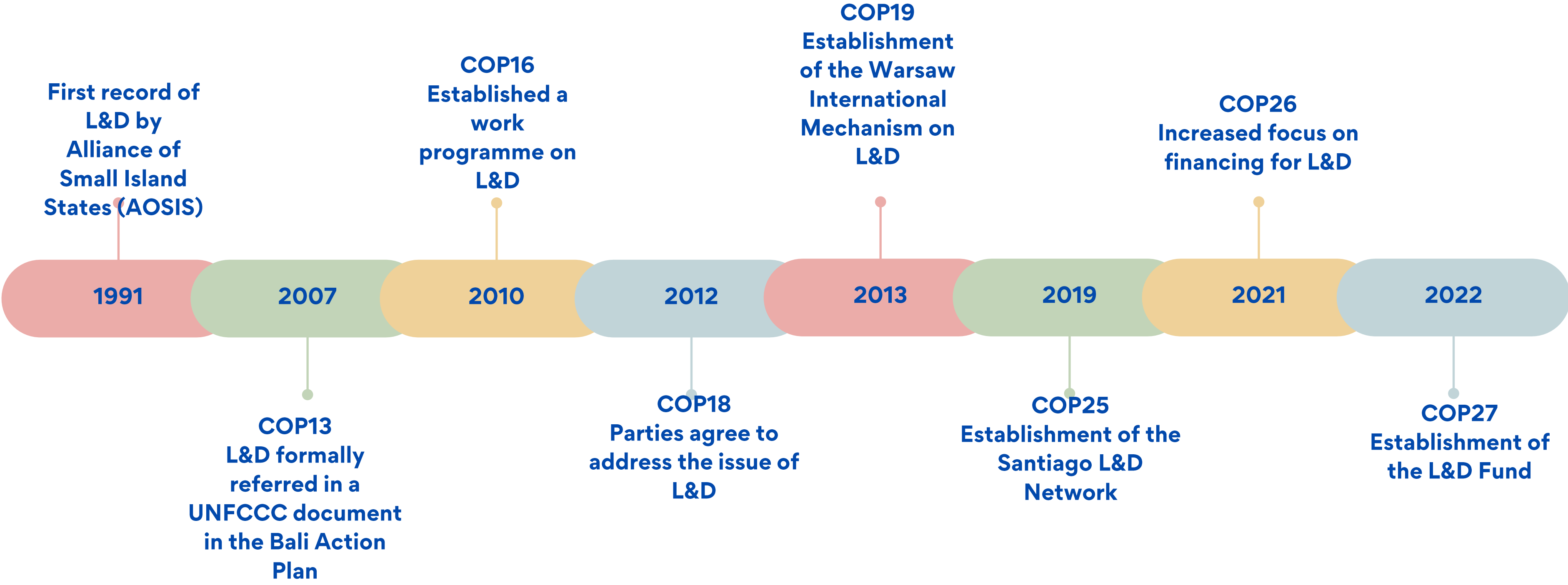
# Four **STRENGTH** case studies...

Our small effort to bridge local contextual knowledge with global science and policy debates.





# Loss and Damage (L&D) Timeline



## ADAPTATION LIMITS

- Vulnerable communities are at a constant risk of losing their lives and livelihoods
- As climate-induced events intensify, those vulnerable have reached their limits in adapting to climate change
- Loss and damage goes beyond adaptation and mitigation

## CLIMATE JUSTICE

- The L&D fund should be based on the principles of climate justice
- It is imperative to recognise the disproportionate impact of climate change,
- Inclusion of vulnerable communities in the decision-making process is necessary

## DELIVERY MECHANISM

- The fund should be easily accessible, to those who are vulnerable
- There should be different funding windows for different types of climate-induced events
- Speed of fund delivery plays an important role specially in regard to sudden or extreme events

## GOVERNANCE

- Model of governance that will be used for the fund should include more participatory engagement
- Inclusion of voices, especially those on the frontline is crucial
- Existing national and local systems could play an important role in ensuring the efficiency of the fund

# **STRENGTH Goal:**

To expand / deepen L&D  
**Policy** space for climate  
**justice** with **financing**  
focus to help vulnerable  
communities and  
countries to avert,  
minimize and, address  
loss and damages from  
climate change.



# Principles of Climate Justice

- Climate justice is the fair and equitable treatment of all individuals and communities, recognizing the historical responsibility and differing capacities of countries in addressing climate change (UNFCCC 1992).

Three justice principles related to L&D responses:

- **Procedural justice** - the meaningful inclusion and participation of those most affected by climate change at all levels of decision-making
- **Distributive justice** - the distribution of finance and resources so that it targets and reaches those most marginalized and vulnerable the
- **Restorative justice** - restoration of dignity, agency and capabilities to those who have lost it



## Funding Windows for effective and timely fund delivery

A rapid or disaster response window designed to release funding in the immediate aftermath of climate disasters.

A slow-onset window dedicated to funding long-term loss and damage planning, policy frameworks and supporting transformative programs

A micro/small-grant window aimed at facilitating direct access to funding for subnational and local actors, particularly affected communities and civil society organizations

Additional principles of equity that remain at the heart of finance to address loss and damage include:

- **Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC)** - financial contributions for addressing loss and damage should consider the varying historical responsibility and capacity to act among nations.
- **Historical responsibility:** countries with a greater historical contribution to greenhouse gas emissions bear a greater responsibility for addressing the impacts of climate change.
- **Polluter pays principle:** those responsible for environmental damage should bear the costs associated with remediation and compensation, including financial contributions for addressing loss and damage.