

ACT Alliance is a coalition of more than 140 churches and church-related organisations working together in over 125 countries to create positive and sustainable change in the lives of poor and marginalised people regardless of their religion, politics, gender, sexual orientation, race or nationality in keeping with the highest international codes and standards.

Submission on type and nature of actions to address loss and damage for which finance may be required

http://unfccc.int/adaptation/groups_committees/loss_and_damage_executive_committee/items/10540.php

The Suva Expert Dialogue on support for Loss and Damage is an important platform for further clarification on support and for the establishment of concrete steps towards ensuring that Article 8 of the Paris Agreement is fully implemented. The dialogue should be inclusive, participatory and constructive, involving various stakeholders and providing adequate space for the poorest and most vulnerable countries to share experiences and views.

ACT Alliance, as a global faith based network, makes this submission based on its consistent engagement with the UNFCCC and the Paris Agreement, and also based on the experiences from its 146 member organisations and forums working in 125 countries all across the world on issues related to humanitarian response and long term sustainable development.

1. Introduction

The figures are alarming: 26 million people every year are being pushed back into poverty by natural disasters; this is equivalent to the entire population of Mozambique. As such, alongside the more than one billion people who have overcome poverty during the last fifteen years, 390 million additional people would have been able to do so if it had not been for natural disasters. Moreover, if no more climate-related catastrophes and natural disasters were to occur, the Agenda 2030's first development goal (ending extreme poverty by 2030) could be achieved five years earlier.

Vulnerability to extreme weather events is increasing, not decreasing. Alongside violent conflict, climate change now poses the greatest threat to the SDGs. Whereas the average incidence rate and levels of damage caused by non-climate-related natural disasters, such as volcanic eruptions and earthquakes, have hardly changed over the last few years, both the frequency and intensity of climate-weather-related and hydrological disasters have increased significantly since the 1990s, subsequently leading to increased levels of loss and damage.

The World Bank's study Sovereign Climate and Disaster Risk Pooling estimates that extreme events such as hurricanes, heavy rains, floods and droughts, as well as heat waves and the shifting of the seasons are causing economic losses of more than USD 300 billion every year. The losses caused by climate-related and natural disasters, however, amount to as much as

USD 520 billion annually, once indirect damage such as the drop in consumer spending has been taken into account. Moreover, these figures do not include the non-economic consequences of climate-related disasters such as the loss of human life, biodiversity, resource access, security, homeland and identity. However, these issues are just as restricting to development and can become important drivers of violent conflicts and migration when they occur alongside rapidly growing populations, weak statehood and ethnically or religiously fuelled conflicts.

The NatCat-Service run by the reinsurer Munich Re identified a total of 12,494 climate-related natural disasters between 1990 and 2016. The majority occurred in tropical and coastal regions, particularly in South and South-East Asia, North and Central America and the Caribbean. The most deaths occurred in Asia, with the highest economic losses suffered in North and Central America. The long-term global climate index shows that the ten most affected states are developing countries; six from Asia and four from Central America and the Caribbean. Three of these countries (Bangladesh, Haiti and Myanmar) are also among the Least Developed Countries (LDCs) and six are vulnerable countries that are members of the Climate Vulnerable Forum (CVF).

Climate-related damage adds up to a two percent loss in gross domestic product (GDP) over the long-term average, particularly in poverty-stricken and vulnerable high-risk countries (such as in Honduras between 1996 and 2015). In addition, in terms of estimated total loss, in 2015, the Caribbean state of Dominica lost 77 percent of its GDP to climate-related damage. Climate-related damage can therefore have a severe impact on a country's economic development over many years. Furthermore, accumulated risk can lead to a reduction in a country's credit rating. Rating agencies such as Moody's are increasingly taking climate risks into account and expect long-term negative climate trends to lead to falling credit ratings. Moody's is particularly focused on the countries facing the most risk from climate change – Central America and the Caribbean, South Asia and Sub-Saharan Africa. By having their credit rating downgraded, these countries – and their citizens – are therefore being subjected to a more severe punishment than the oil and coal industry (the main contributors to climate change). However, these countries' high dependence on fossil energy is increasingly being regarded as an economic risk. Downgrading vulnerable countries may seem plausible from an economic perspective, but it is a far cry from (climate) justice. As vulnerability towards climate change, and therefore refinancing costs, will increase in the coming years, it is only a matter of time before the countries who, through no fault of their own, are facing loss and damage and high credit costs raise compensation claims against the countries that have caused climate change.

Why some countries are so vulnerable to the impact of global warming and what makes them 'high risk' countries? A combination of geographical risk exposure and vulnerability leads a hurricane in one country, such as the Philippines, to cause unequally higher numbers of fatalities and greater economic losses than a storm of the same magnitude in Taiwan or Japan. Vulnerability results from the combination of several factors, such as the quality of building structures and building codes, the ability to warn the population in advance and the capabilities of disaster relief, economic performance, living conditions (particularly of the

poorest populations) and the factors on which people's livelihoods are based. The higher the level of vulnerability, the more likely an extreme weather event will lead to disaster. Therefore, strengthening resilience is essential if successful sustainable development is not to be jeopardised.

However, measures to adapt to the changing climate are not enough. Increased global temperatures will push urgently needed climate adaptation measures, which are already in need of further strengthening, to their limits. Resolute emission reductions provide the best protection against climate-related damage. However, even steadfast decarbonisation, effective climate adaptation and improved disaster protection will not be enough to prevent more climate-related damage from occurring over the coming decades; damage that will be caused by more frequent and severe weather patterns, and gradual changes such as sea level rise. Providing protection against elementary climate-related damage is an essential means of closing the gaps in protection, improving climate resilience and preventing climate change from jeopardising the achievement of the SDGs.

While the Paris Agreement duly recognises and highlights the importance of averting, minimizing and addressing loss and damage (PA art 8.1) this area of work is not yet adequately supported, through finance, capacity building, technology transfer and other means of support. Since the creation of the Warsaw International Mechanism (WIM) in 2013 and the adoption of its Executive Committee's (ExCom) work plan in 2015, too little work has been achieved concerning the third function of this mechanism: "Enhancing action and support, including finance, technology and capacity-building". The Suva expert dialogue to be held in May during the intersession in Bonn is therefore a key moment for Parties and the WIM ExCom to show their real commitment in implementing the Paris Agreement and to contribute to finding solutions to the millions of human beings currently suffering from a sad record-breaking 2017 of climate extremes.

2. Principles

When finding adequate solutions to respond to the life-threatening impacts of climate change, it is necessary to recall three international collectively agreed legal understandings: the no-harm rule or principle of prevention, the polluter-pays principle and the Paris Agreement art 8.3 stating action and support should be enhanced on a "cooperative and facilitative basis". These principles are guiding discussions and act as benchmarks to all supportive solutions agreed.

Loss and damage support, in particular finance, should respect the same principles as for other areas of support enshrined in the UNFCCC and the Paris Agreement. The following suggested principles must be considered as important foundations for policy and practice:

- a. Accountability** - support for addressing loss and damage needs to be transparent and should be reported under the existing mechanisms of the convention. This support, particularly finance, should be mobilised under the current climate change finance architecture, and must be clearly separate from other financial commitments. Providers

of finance and other forms of support for loss and damage must ensure transparency with regards to sources, quantity and other relevant aspects. This should be done via the biennial reporting under article 9.5 of the Paris Agreement. The use of the support by the recipient countries must also be transparent and meet the highest standards of accountability with simpler reporting methodologies in order to respond to the general recipients' fatigue, especially when facing disasters.

- b. Needs-based** - all support for loss and damage activities in developing countries must be based on actual needs of local populations, which will be determined through needs assessments conducted in cooperation with beneficiaries using participatory approaches. The needs could range from processes to address slow onset events to extreme weather events, or institutional capacity building.
- c. Human rights** - the whole structure of loss and damage support must be based on the human rights framework and the principle of do-no-harm. The rights-based approach helps in identifying those who are most vulnerable, therefore all actions must be targeted toward persons, groups, and people most in need. Furthermore a rights-based approach ensures that those at risk and/or facing loss and damage, in need of protection, are protected on the basis of humanitarian law and human rights law. A human rights-based approach to loss and damage finance should follow the so called PANEL-principles: participation, accountability, non-discrimination, empowerment and linkage to the human rights framework.
- d. Gender responsiveness** - support for loss and damage needs to be gender sensitive to ensure that the support addresses the fact that women are disproportionately affected by the effects of climate change. Due attention should also be paid to ensure support does not further aggravate gender imbalances.
- e. Additionality** - recognising that even though closely related, loss and damage is separate from adaptation and mitigation, and therefore its support should be up and above what is accorded to adaptation and mitigation action.
- f. Accessibility** - loss and damage support should be made accessible for the most marginalized and poverty-stricken communities living under the threat of losing land, culture, income and other types of loss and damage as a consequence of climate change.
- g. Predictability** - support for loss and damage must be built on principles of long-term trust in that support is readily available for slow-onset as well as sudden loss and damage. This requires long-term structure and design of support.
- h. Stakeholder participation** - the participation of key stakeholders including civil society in policy and practice discussions as well as decision making related to support for loss and damage must be secured, particularly as this area of climate action continues to be elaborated. This participation should include but not be limited to opportunities for submissions, participation in the meetings of the WIM, and contribution of ideas into informal and formal sessions of the UNFCCC and its bodies.

3. Definition and National Climate Disaster Plan

Finding adequate and sufficient solutions for dealing with climate-induced impacts requires improving collective understanding of what can be defined as loss and damage. The definition of the third pillar of the Paris Agreement is necessary to acknowledge inherent differences and pragmatic overlaps with the two other pillars, namely mitigation and adaptation. In its last report, the IPCC affirms that climate change will increase the intensity and duration of extreme sudden weather events, not necessarily the frequency. This scientific fact will need to be reassessed overtime; nevertheless it is essential to incorporate in the discussion the issue of attribution to climate change for disasters caused by natural hazards. Such clarification will improve coordination with other areas of disaster reduction, management, relief and reconstruction.

Based on the internationally agreed definition of disaster, the basis of loss and damage definition should be as follows: Human, material, economic, non-economic and environmental losses and damages caused by a climate-related or partly related, sudden or slow onset event provoking a serious disruption of the functioning of a society or segment of the population which exceeds the ability of the affected population to cope using only its own resources. A work in progress definition of loss and damage will allow clarity of funding and other means of support for loss and damage actions, while already providing support to those who already suffer.

ACT Alliance recommends that:

- A work in progress definition should be adopted at COP24 and carried by the WIM ExCom and Standing Committee on Finance with adding an exclusion criteria list and a positive list of projects over the next years until the five-year work programme is completed.

In parallel and in order to contribute to better knowledge and understanding of what is and what is not climate change-related loss and damage, as well as to better assess the needs of the most vulnerable who must receive solidarity support by the international community, ACT Alliance recommends that:

- A five-year National Climate Risk Plan should be elaborated and submitted by Parties to the UNFCCC by 2020.
- National focal point on loss and damage created by a decision at COP22 should be in charge of coordinating the national climate risk plan and should be participating in an annual Technical Expert Meeting in order to rapidly increase knowledge and adopt solutions for loss and damage.

4. Finance

There is currently not enough knowledge about the loss and damage-related costs and needs, nor an overview of existing financial support provided to developing countries for responding to and managing current disasters occurring from natural hazards and the share attributed to climate change. However, it is still clear that the need for financial support is existing, and that it will grow in the coming years.

Loss and damage finance should therefore also be treated with the same urgency and according to the same ruleset as the one used in relation to adaptation and mitigation finance.

L&D finance is different according to its purpose: preventing and minimizing risks with disaster risk reduction and adaptation; bringing relief during disasters; investing in better reconstruction.

ACT Alliance recommends that:

- The WIM ExCom adds to its current rolling work plan the task to set up a process to define a financial goal and a roadmap to reach it, as well as to define with the Standing Committee on Finance a proposal for a Global Loss & Damage Fund, to be adopted by 2020 or earlier.
- An expert group should be set up by the WIM ExCom and including the SCF to elaborate various options to raise funds from innovative sources such as share of carbon tax revenues, fossil fuel companies' contributions, etc. One or several options will be adopted by 2020.
- The accounting rules, currently being negotiated in SBSTA, apply for all types of climate finance support, including loss and damage finance.
- The WIM ExCom in cooperation with the SCF will develop a proposal for a Solidarity Relief Fund in order to bring the additional and rapid support to population and to complement the shortfall of risk-insurances.
- The WIM ExCom in cooperation with the SCF will develop a proposal for a Catastrophe Climate Bond at 0% interest rate for vulnerable and poor countries to rebuild more resilient infrastructure and other buildings after an extreme event or as part of a relocation plan.

5. Capacity-building

There is also a need to increase the capacity of populations and public authorities to avert and minimize effects of loss and damage before, during and after a disaster occurs. The institutional capacity of a country or communities must be strengthened with more and better training and practices.

ACT Alliance recommends that:

- Loss and Damage becomes a topic on the agenda of capacity building and is taken as equal element along with mitigation and adaptation by the Paris Committee on capacity-building.
- National and local governments, and other stakeholders working at these levels, take concrete action, such as including economic and non-economic loss and damage in the national curriculum and capacity-building programs for professionals working at relevant levels.
- Mainstreaming loss and damage where appropriate in community-development, environmental, regional, infrastructure-development, and disaster-risk-management plans and programs.

6. Technology

Technologies can play an important role when countries and communities address loss and damage. The response to a natural disaster, which has led to loss and damage, can include many elements, where technical solutions can help people who were affected.

Addressing slow-onset events and incoming extreme events will require climate forecast applications and climate services so that governments can appropriately reduce exposure of citizens and their assets from climate hazards. Greater investments by governments and other stakeholders in climate services and climate forecast applications are needed.

Investments are also needed to finance innovations to reduce exposure of vital access related to food, water and energy security. For instance, vital crops and seeds need to be protected from climate hazards. Innovations will be needed to reduce the evaporation of water, especially freshwater source, from areas severely affected by climate change. Energy transition to renewables will allow the development of cleaner redundant systems especially when confronted by climate hazards.

ACT Alliance recommends that:

- The Climate Technology Centre & Network includes loss and damage in its mandate.
- Loss and Damage is considered when countries develop their Technology Needs Assessment and Technology Action Plan.

7. Social safety net and inequalities

While many see the need to reduce exposure to climate events, very little attention has been given to the reduction of vulnerabilities. At the heart of vulnerability is the inequality. Governments must bring about policy reform, accompanied by a financial architecture for implementation, which facilitates equity through redistributive justice which inspires gender empowerment in households, communities, platforms of decision-making and enables the enhancement of physical, environmental, social, economic capital among the most vulnerable.

Lack of or weak social safety nets in developing countries are a key contributor to vulnerability. Social safety nets can support the resilience of communities and therefore should be supported and further strengthened through finance. Financing and support for Loss and damage finance should include support for national level social protection and safety nets, particularly related to be to securing basic needs such as food, health, shelter, and basic income etc.)

ACT Alliance recommends that:

- Social protection and social safety nets are included as specific needs and areas for loss and damage support in developing countries' national climate risk plan.

8. Non-economic loss and damage

Climate change leads to manifold problems and provokes economic loss and damage. This however, is not the full picture. There is another dimension to loss and damage, going beyond the damage that can be measured and financially compensated for, but which needs support: Loss of biodiversity and ecosystem services, loss of land, territories and artefacts, loss of life, health, knowledge, social cohesion, identity and sovereignty, leading ultimately to migration or displacement, affecting climate justice and threatening the ability to make progress towards achieving the SDGs for the most vulnerable.

Non-economic loss and damage (NELD) is complex to identify and understand. It can be at least as severe as economic losses. Many cases of NELD are composed of closely intertwined types of non-economic losses, as for example loss of land and loss of social cohesion, or loss of biodiversity and loss of traditional knowledge. Economic and non-economic losses are closely interrelated, for example, climate-induced loss of life, leading to the impoverishment of the family, and then resulting again in non-economic damage, with children being deprived of an education, etc. The incommensurability and context-dependency of NELD are obvious additional challenges.

The agenda of the WIM work plan on NELD, as elaborated by its expert group, sets the right focus but only partly covers the concerns of affected populations. In the short time period allotted, it won't be possible for the WIM expert group to exhaustively investigate NELD and sufficiently advise the WIM on how to adequately minimize and address it. The WIM work plan is only a first step which needs to be immediately followed by many more steps to acknowledge, map, register, and manage the risk of non-economic losses and damage in a way that provides justice to the affected.

ACT Alliance recommends that:

- The WIM encourages and commissions further research and stakeholder consultations, including with those affected, to elaborate and agree on appropriate ways to proceed. Research should: deepen understanding of the loss of biodiversity and ecosystem services and ways to conserve them; conduct anthropological research on NELD regarding culture, territory, and indigenous knowledge and how to maintain them; be

expanded to other climate-vulnerable areas, for instance the Andean and Amazon regions; better include indigenous people and the next generation; document adaptation and mitigation practices that have been implemented by the affected populations to minimize NELD; deepen understanding of NELD related to social cohesion, identity, and mental health and find ways to prevent people falling back into the vicious circle of poverty and vulnerability.

- The WIM, national and local governments, and other stakeholders acknowledge and recognize non-economic losses that occurred. This is an important step for the victims on the pathway to justice and reconciliation.
- Setting up registries of loss and damage with comparable data and under the coordination of the WIM, including non-economic loss and damage, beginning with areas that are particularly vulnerable to the adverse impacts of climate change.
- The WIM Task-force on Displacement and the WIM Expert Group on NELD should closely work together and seek cooperation with other relevant stakeholders inside and outside the UNFCCC.
- The Taskforce on Displacement to elaborate a proposal for a comprehensive, rights-based protection for those forced to leave their livelihoods as a consequence to adverse impacts of climate change (and environment).
- The UNFCCC, UNDP, UNESCO and UNEP create and jointly operate a research, documentation and advisory centre for documenting NELD, and organise an international conference on NELD in 2020, in order to find political and human solutions.