



## Case Study on Non-Economic Loss & Damage to Vanuatu's Coastal Ecosystems and Community Livelihoods from Slow Onset Events to support the design and operationalization of the Loss & Damage Fund

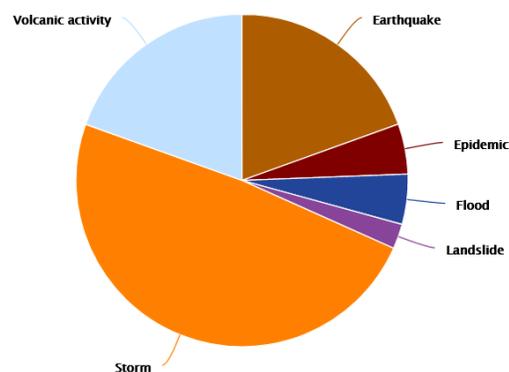
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### A. Vanuatu Loss & Damage Background

The Republic of Vanuatu is an archipelagic nation situated in the Melanesia region of the Pacific Islands, consisting of over 80 individual islands and with a population of over 300,000 individuals as of 2020.<sup>12</sup> Vanuatu is a small island development states (SIDS), a group of 37 countries that face unique social, economic and environmental vulnerabilities.<sup>3</sup> Vanuatu's Exclusive Economic Zone (EEZ) is comprised of 668,220km<sup>2</sup>, with only 1.7% of this area covered by land. Vanuatu has >1200 km<sup>2</sup> of coral reefs which support thousands of coastal species, and hundreds of indigenous communities.<sup>4</sup>

Vanuatu's 3rd National Communications<sup>5</sup> to the UNFCCC makes it clear that "climate change is the most critical existential threat of our time, and its adverse impacts pose significant threats to the sustainable livelihoods and wellbeing of Vanuatu's people." According to the UN University World Risk Index, Vanuatu ranks among the world's most climate vulnerable countries.<sup>6</sup> The small island nation is frequently hit by intensifying climate-induced hazards such as tropical cyclones, flooding, drought and storm surge; and suffers from the effect of slow-onset

Average Annual Natural Hazard Occurrence for 1980-2020



<sup>1</sup> [https://climateknowledgeportal.worldbank.org/sites/default/files/country-profiles/15825-WB\\_Vanuatu%20Country%20Profile-WEB.pdf](https://climateknowledgeportal.worldbank.org/sites/default/files/country-profiles/15825-WB_Vanuatu%20Country%20Profile-WEB.pdf)

<sup>2</sup> <https://reliefweb.int/report/vanuatu/vanuatu-2020-national-population-and-housing-census-basic-tables-report-volume-1>

<sup>3</sup> [https://www.un.org/ohrlls/content/about-small-island-developing-states#:~:text=Small%20Island%20Developing%20States%20\(SIDS,social%2C%20economic%20and%20environmental%20vulnerabilities.](https://www.un.org/ohrlls/content/about-small-island-developing-states#:~:text=Small%20Island%20Developing%20States%20(SIDS,social%2C%20economic%20and%20environmental%20vulnerabilities.)

<sup>4</sup> [https://www.researchgate.net/publication/275350244\\_Vulnerability\\_of\\_fisheries\\_and\\_aquaculture\\_to\\_climate\\_change\\_in\\_Pacific\\_Island\\_countries\\_and\\_territories](https://www.researchgate.net/publication/275350244_Vulnerability_of_fisheries_and_aquaculture_to_climate_change_in_Pacific_Island_countries_and_territories)

<sup>5</sup> <https://unfccc.int/sites/default/files/resource/Vanuatu%20Third%20National%20Communication%20Report.pdf>

<sup>6</sup> <https://www.dw.com/en/exposed-why-vanuatu-is-the-worlds-most-at-risk-country-for-natural-hazards/a-18319825>

events such as ocean acidification, sea surface warming, sea level rise and freshwater salinization.<sup>7</sup>

**Climate change has already caused significant economic and non-economic losses and damages in Vanuatu, including the irretrievable loss of culture, indigenous language and identity, human rights, health and wellbeing, biodiversity, and ecosystems.<sup>8, 9, 10</sup>**

## B. Key Messages to the Transitional Committee

The Vanuatu government, civil society as well as technical research partners would like to present the following five key messages/recommendations to the UNFCCC Loss and Damage Transitional committee, as they **focus on the implementation of para 3 of the COP27 decision to establish a fund for responding to loss and damage whose mandate includes a focus on addressing loss and damage.**

Under a rapidly warming climate, Vanuatu's coral reefs and coastal ecosystems will continue to face significant threats of destruction, further undermining the rights and survival of people who rely on these biodiversity hotspots. Vanuatu's reefs are suffering tremendous and compounding loss and damages every year, most often unacknowledged and under-valued, exacerbated by limited resources and capacity in the absence of dedicated financing to cover the loss and damages.

Although these messages emerged directly from the experiences of the people and government of Vanuatu, we believe that our recommendations are relevant to other Pacific Island Countries (PICS) and Small Island Developing States (SIDS), who face similar existential climate threats, and have similar loss and damage experiences. Pacific Island leaders have reaffirmed that "climate change remains the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific<sup>11</sup>."

**Message 1: Vanuatu is already facing existential threats from climate change and urgently requires new financing to address loss and damage, including non-economic loss and damage in coastal ecosystems and to the indigenous communities that depend on them.**

Climate change is wreaking havoc in the Pacific, posing direct threats to Vanuatu's life-sustaining coral reefs. The loss and damage to these coral reefs, both temporary and permanent, are already taking place on all islands, mainly due to climate-induced coral bleaching events and severe tropical storms.<sup>12</sup> Coastal loss and damage are also resulting from

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<sup>7</sup> <https://www.rccap.org/uploads/files/2c538622-72fe-4f3d-a927-7b3a7149e73f/Vanuatu%20Country%20Report%20Final.pdf>

<sup>8</sup> <https://www.iied.org/20551iied>

<sup>9</sup> <https://climateknowledgeportal.worldbank.org/country/vanuatu/vulnerability>

<sup>10</sup> <https://www.mdpi.com/2225-1154/11/3/74>

<sup>11</sup> <https://www.forumsec.org/2018/09/05/boe-declaration-on-regional-security/>

<sup>12</sup> <https://library.sprep.org/sites/default/files/coral-reef-bleaching-vanuatu-final.pdf>

slow onset events, such as ocean acidification, which dissolves the calcium carbonate structures of the reef, as well as extreme events like physical destruction from intensifying cyclones.<sup>13</sup> These impacts are leading to the death of corals, the fish, and shellfish that rely on them for their survival. The remaining corals are becoming stressed and less productive, and the overall diversity and complexity of the reef ecosystem is rapidly declining.

### **Obliteration of Vanuatu's coral reefs from climate-influenced landslides, impacts on indigenous women**

Susan Naomi Balmet, 33 years old, female  
Molboi Village Western Santo  
Jarai Alo Kolo Indigenous Tribe

"I am a mother and an executive committee member of the Santo Sunset Environment Network, living in a remote indigenous village on Santo Island in Vanuatu."

"I have spent my whole life with our coral reef, we fish on it, use it for recreation, have sacred totems of marine animals, and it protects my village from big ocean swells. The reef is a part of who I am.

"In mid-2022, during what is normally our dry season, it began to rain. It kept raining and raining for more than 2 weeks, until all the soils were waterlogged and the mountain sides above the village became soft and heavy. Then my village felt the shaking of a large earthquake. Due to the unseasonal and prolonged rainfall the forest could no longer hold the soil in place, and it all came crashing down the mountain, through our food gardens, burying our water source and river, and completely buried our coral reef with more than 5 meters of rocks, mud and debris. "

"Today my reef is dead. It has been wiped out because of climate change. It is lost, along with our identity. This will never come back to the way it was in my lifetime. My kids and grandkids will never see the coral reef that made me who I am. There is no money available to help us remember, document, write the stories of the marine totem, or even set up new lives somewhere else. The rainfall-driven landslide didn't just damage my reef, it buried my village. We no longer have plantations, a water source or a school, or our reef. We now have to leave. Who will pay for this loss and damage to my villages lives and livelihoods?"

"I wish I had known in advance that the death of our reef was coming. We would have spent time taking pictures of it, moving some of the huge giant clams to other, safer areas, and telling our kids the stories of each stone and coral patch before it was taken from us. There are things that can help us grieve what climate change is taking from us, if they are done

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<sup>13</sup> <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0270930>

before it is too late. For those who have not yet experienced something like this, all I can say is please don't wait to take action, and to our government, please give advice about what is coming for us, and for those fossil fuel producers who are responsible, you must pay for the harm you have caused to my home, my family, to our reef, and to my soul as an indigenous Molpoi woman."



Vanuatu's women and girls rely significantly on the coral, sea grass, and mangrove ecosystems for their livelihoods, spiritual, customary, and social protection purposes.<sup>14</sup> Due to traditional gender roles dictated division of labour, while both men and women engage in daily farming activities for income source, women are primarily responsible for selling produce in village and urban markets. They are widely regarded as the "mamas of the market" and make up the majority of market vendors in Vanuatu underscoring their high reliance on these ecosystems to support their subsistence and livelihoods.<sup>15</sup> For instance, in 2011, heavy rains ruined Vanuatu's mango crop, reducing the income of Vanuatu women who sold fruits at the local markets.<sup>16</sup> Their vulnerability is further exacerbated by existing gender inequalities and social norms that marginalize women's voices and leadership. This, in turn, undermines their ability to fully participate and benefit from loss and damage response efforts, violating their human rights.<sup>17</sup>

As these ecosystems are vulnerable to the impacts of climate change, women and girls are disproportionately affected by climate-related disasters. The loss of coral, sea grass and mangrove ecosystems (and associated loss of family income) is having a disproportionately negative impact on ni-Vanuatu girls coming from poor families as school fees are commonly paid only for eldest sons where household finances are limited. School fees are often the biggest barrier identified that is stopping girls from accessing and completing secondary education.

#### **Gendered effects and funding gaps for coral reef loss and damage**

Wanita Kalpoi, 40 years old, female  
Pango Village, Efate Island

"Climate Change is causing sea level rise and high temperature that damages and destroys our beloved coral reef. I have a great passion for fishing. Everyday I catch fish for my children and my family. Like most women in my village, I also love to collect seashells to eat but also for making handicrafts like necklaces and bracelets to sell and earn a small income for our household."

"Sea level rise is degrading the reef flats where I collect shells. The sea is moving inland, making it harder to get to the places we collect shells. The worst is when flooding from the land brings mud onto the reef, completely killing some species of seashells."

"I need to feed and clothe my family, and with the declining health of the reef, I have to

<sup>14</sup> [https://researchonline.jcu.edu.au/15072/2/02\\_Chapters\\_1-6.pdf](https://researchonline.jcu.edu.au/15072/2/02_Chapters_1-6.pdf)

<sup>15</sup> <https://actionaid.org.au/wp-content/uploads/2019/11/Monash-GRACC-Report-Vanuatu.pdf>

<sup>16</sup> <https://unfccc.int/climate-action/momentum-for-change/activity-database/momentum-for-change-vanuatu-women-lead-on-climate-adaptation-innovation-in-solar-fruit-drying#:~:text=Climate%20change%20and%20climate%20variability,these%20fruits%20at%20local%20markets.>

<sup>17</sup> Ibid (actionaid)

spend many extra hours fishing and collecting shells. I am already experiencing the loss from sea level rise, which makes me afraid for the future of my children and my grandchildren.”

“My grandparents and my parents taught me fishing, the methods, the right weather, the spots where fishes are abundant and the names of the reefs, fishes, seashells, and seaweed/seagrass. But I wonder if climate damage to the reef continues, will my children and grandchildren still be able to identify a particular fish, a special reef, and the seasons to fish?”

“I would like to see more funding for rehabilitating reefs that have been damaged, and for documenting and implementing our old traditional tabu areas that stop people in the community from fishing during climate sensitive periods and then reopen the areas when threats subside. Now I am telling stories to my children and grandchildren with this traditional knowledge, but it isn’t enough.”

“The Vanuatu Government is funding some of this work, but we need to see the big countries who are causing the climate pollution pay to help our future generations. They are responsible and I do not want to see my grandchildren and all the future generations for Pango village to miss out to enjoy the reefs as I did.”



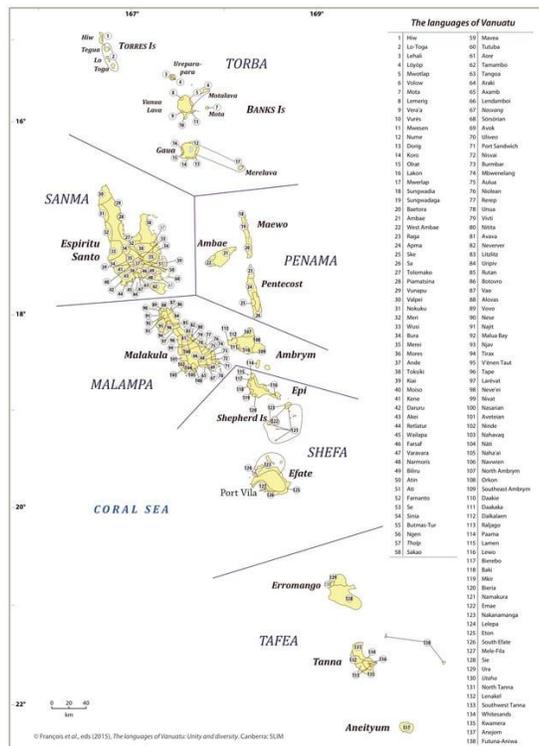
## Loss of indigenous languages due to climate-induced displacement

An example of NELD includes the loss of language. Vanuatu has well over 100 indigenous languages<sup>18</sup>, making it one of the world's most linguistically diverse countries. Indigenous communities scattered throughout the nation have unique, and place-based cultures and languages that have thrived over time.

However, due to the impacts of climate change, many areas in Vanuatu, both coastal and mountainous are becoming uninhabitable, forcing indigenous communities to move from ancestral lands permanently or temporarily.

One consequence is that different linguistic groups are being brought closer together in fewer habitable areas, which is resulting in a decline in the use of indigenous languages as indigenous communities adjust to their new surroundings.<sup>19</sup> Words associated with particular geographical assets and place-based ecosystems are also being lost. As indigenous languages gradually disappear, so too is the cultural identity and sense of cultural self of the communities.

At present there is scant funding available to document and preserve languages, and the few efforts are unable to keep pace with the rapid loss.



<sup>18</sup> <https://openresearch-repository.anu.edu.au/handle/1885/14819>

<sup>19</sup> <https://minorityrights.org/programmes/library/trends/trends2019/vanuatu/>

**Message 2:** The current funding gaps for addressing loss and damage are massive and inadequately reported. Neither humanitarian nor insurance mechanisms are able or suited to meet the needs of Vanuatu's most vulnerable.

Although Vanuatu recently graduated from the status of a Least Developed Country, it still faces significant gaps in financial and human resources for climate resilient development, and more importantly to keep itself safe from the threats of climate change.<sup>20</sup>

Vanuatu (and other Pacific SIDS) have made heroic efforts within their capacity to protect local, indigenous, and traditional knowledge and enhance adaptation and resilience to climate change. The Government of Vanuatu has, in its 2023 Budget<sup>21</sup>, for example, allocated 15% to addressing climate change impacts and building resilience, on par with investments in essential services like health and education. Sadly, these health and education budgets are annually constrained due to the ongoing need to respond to, repair or otherwise address the climate loss and damage to schools and health centres.

Putting the gaps in stark relief, in 2015, Vanuatu was devastated by Category 5 Cyclone Pam, one of the worst Pacific disasters ever recorded, and which cost the nation equivalent to more than 64% of its GDP. In 2020, Category 5 Cyclone Harold caused more than USD 500 million worth of loss and damage to the nation. The humanitarian and recovery financing received covered only a tiny fraction of the required amount.<sup>22</sup>

This is true for the region as a whole, as Pacific SIDS receive only around 1% of global climate finance flows, highlighting the challenging situation faced by developing island nations in accessing adequate financial resources to address climate change.<sup>23</sup>

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<sup>20</sup> <https://www.nab.vu/document/third-national-communication-tnc>

<sup>21</sup> [https://doft.gov.vu/images/2023/Budget\\_Policy\\_Statement\\_2023\\_English.pdf](https://doft.gov.vu/images/2023/Budget_Policy_Statement_2023_English.pdf)

<sup>22</sup> <https://fts.unocha.org/countries/241/flows/2015>

<sup>23</sup> <https://sdg.iisd.org/commentary/guest-articles/assessing-remittances-potential-to-build-climate-resilience-in-the-pacific/>

### **Microinsurance for Vanuatu farmers and fishermen: key challenges and new pilots**

Insurance is certainly not a silver bullet, or even a major answer to the problems faced in Vanuatu. Currently, there is no insurance mechanism to finance slow onset losses and damages partly because these events do not have a clearly defined “trigger” that signals the need for mobilization. Insurance is not a viable option for most families in Vanuatu, as premiums are beyond the country’s GNI per capita of \$3,240 (2021).<sup>24</sup> There is also a distrust of the insurance industry, seen with trepidation by many as a loan or an expense with no outcome. As a result, despite the high exposure to climate hazards, only a small percentage (5%) of people in Vanuatu have some kind of insurance coverage.<sup>25</sup>

The UN Capital Development Fund (UNCDF) launched in 2022 a micro-insurance product in Vanuatu<sup>26</sup> designed to protect climate vulnerable populations such as the poor, women and girls, Ni-Vanuatu families, and people with disabilities, against the adverse financial impacts of extreme weather hazards. The product works by providing a quick injection of relief funds within 10-14 days following a natural disaster, and is aimed at Vanuatu’s smallholder farmers, fishers, MSMEs, women-headed households, and people with disabilities.

What is clear is that these storms, and the slow onset events that preceded and succeeded them caused extensive yet uncalculated damage to key environmental assets, including coral reefs, mangroves, and tropical forests. The Government of Vanuatu conducts Post-Disaster Needs Assessment (PDNA) to calculate the overwhelming economic value of the disaster, including the losses from coral reef ecosystem services.<sup>27</sup>

To better assess the true costs of non-economic loss and damage, the Department of Environment trialled in 2020 a more comprehensive and holistic analyses of biodiversity and ecosystem services impacts, which showed true costs of more than USD 1 billion.<sup>28</sup> This example demonstrates that what is being reported as economic impacts, and what humanitarian actors are mobilizing to address to, is only a fraction of the real loss and damage picture.

While most climate mitigation and adaptation actions have focused on economic assets and impacts, the new Loss and Damage (L&D) finance and policy action must recognize the overlooked and underestimated non-tangible aspects of NELD, such as the loss of culture, traditional knowledge, biodiversity, and mental and emotional well-being.

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<sup>24</sup> <https://www.macrotrends.net/countries/VUT/vanuatu/gni-per-capita>

<sup>25</sup> <https://link.springer.com/article/10.1007/s11027-022-10002-z>

<sup>26</sup> <https://www.uncdf.org/article/7992/uncdf-launches-first-parametric-micro-insurance-product-for-climate-vulnerable-communities-in-vanuatu>

<sup>27</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_397678.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_397678.pdf)

<sup>28</sup> <https://www.iied.org/20551iied>

**Message 3:** The injustice of climate loss and damage must be addressed by the Loss & Damage Fund as it plays a global catalytic and coordinating role for new, additional, adequate, predictable, precautionary, and accessible finance to address loss and damage.

The indigenous island people of Vanuatu are facing the burden of climate change, yet have limited resources and access to finances to address it. In the context of increasing impacts, where international financing remains inadequate and national budgets are insufficient, island farmers and fishers are compelled to bear the costs of addressing loss and damage. This situation is deeply unjust and unfair,<sup>29</sup> considering that Vanuatu is responsible for only 0.0016% of global emissions,<sup>30</sup> while wealthy nations are accountable for over 92% of historical emissions<sup>31</sup> and just 100 corporate actors are responsible for 70% of emissions.<sup>32</sup>

In March 2023, Vanuatu, along with six Pacific Island governments released the Port Vila Call for a Just Transition to a Fossil Fuel Free Pacific<sup>33</sup>, which explicitly links the loss and damage experienced by Pacific small island states to continued fossil fuel production. The death of coral reefs in Vanuatu, and the undeserved loss and damage suffered by island women and girls, is caused by fossil fuels. State and corporate actors which run and enable the fossil fuel industry must, unequivocally, fund activities to address the impacts they continue to expand.

In a period of less than four days in March in 2023, Vanuatu was impacted by two cyclones. Devastating Category 5 cyclones also hit Vanuatu in 2015 and 2020. There is no debate that Vanuatu needs financing support now, and a guarantee of receiving support in future, proportionate to the projected estimates of loss and damage.

Vanuatu hopes that all UN member States will respond to the Order the International Court of Justice on 20 April 2023<sup>34</sup> to prepare written submissions on the topic of state obligations on climate change as adopted by the UN General Assembly. These submissions will help the Court in its effort to provide a robust Advisory Opinion which may include information on financing loss and damage.

In 2018, Vanuatu launched the Climate Damages Tax campaign<sup>35</sup> alongside UK, Caribbean civil society climate finance experts. The polluter pays principle is clear under international law: those responsible for the damage must address it. The Climate Damages Tax (CDT) proposed by Vanuatu would place a tax on the fossil fuel industry for each tonne of coal, oil or gas they

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<sup>29</sup> <https://www.oxfam.org/en/research/footing-bill-fair-finance-loss-and-damage-era-escalating-climate-impacts>

<sup>30</sup> <https://unfccc.int/sites/default/files/resource/First%20Biennial%20Update%20Report%20-%20Vanuatu.pdf>

<sup>31</sup> [https://doi.org/10.1016/S2542-5196\(20\)30196-0](https://doi.org/10.1016/S2542-5196(20)30196-0)

<sup>32</sup> <https://www.cdp.net/en/articles/media/new-report-shows-just-100-companies-are-source-of-over-70-of-emissions>

<sup>33</sup> <https://drive.google.com/file/d/1ovMJEf1mee7VmVsBmF5pHZobcChha6X5/view>

<sup>34</sup> <https://www.icj-cij.org/sites/default/files/case-related/187/187-20230420-ORD-01-00-EN.pdf>

<sup>35</sup> <https://www.stampoutpoverty.org/climate-damages-tax-campaign-launched/>

extract. Starting at a low rate and increasing every year, the CDT would raise billions per year as a source for the Loss & Damage Fund.

What is most important during this critical year of establishing the Fund, the transitional committee should be concerned less about sources, and more about modalities. With innovative financial proposals on the table for debt swaps, green bonds, MDB reform, SDR allocations, ESG corporate finance, bunkers taxes, financial transaction taxes, air levies and redirection of fossil fuel subsidies, there will certainly be finance available beyond the core of public investments. All of these could, and should, be enabled to capitalize and replenish the Loss & Damage Fund.

Even risk pooling and other insurance solutions could be made acceptable by, for example, fully subsidizing premiums (in accordance with the principles of climate justice and equity) and made free or substantially more affordable for remote Ni-Vanuatu families and businesses.

In addition to the urgency to ensure significant investments into the L&D Fund, it is crucial also to develop mechanisms to ensure equitable access to it. The current global financial flow of only 1% to the Pacific region highlights a significant lack of access to funds to the most vulnerable region, indicating a clear need for greater equity in the distribution of the Fund.

In terms of the beneficiaries of the fund, operational modalities must recognize the disproportionate loss and damage experienced by marginalized social and cultural groups.<sup>36</sup> Remote ni-Vanuatu peoples must not be left behind, and be fully enabled to access Loss & Damage Fund resources. In Vanuatu, there is a need to consider financial mechanisms that are specifically tailored to groups such as children, the elderly, people with disabilities, LGBTQI+ and other marginalized groups. There is strong evidence that women-led initiatives are highly successful in Vanuatu and the Pacific Islands.<sup>37, 38</sup>

Decentralizing governance, access and disbursement of the Loss & Damage Fund would ensure more just outcomes. It is clear that the Fund alone will not be sufficient to respond to all loss and damage finance needs. However as an operating entity under the UNFCCC Financial Mechanism and also serving in the same function for the Paris Agreement it has the mandate, authority and legitimacy to fulfill a coordinating function to ensure complementarity and coherence in funding arrangements to address loss and damage. The core Fund would help to coordinate and catalyse additional loss and damage investments and financing arrangements both inside and outside the UNFCCC.

In general, there is an urgency to recognize the greater accountability and responsibility to be held by global polluters that contribute the most to the climate crisis, and the L&D Fund and

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36 <https://www.worldbank.org/en/topic/social-dimensions-of-climate-change>

37 <https://www.spotlightinitiative.org/news/vanuatu-women-lead-climate-change-resilience-efforts>

38 <https://unfccc.int/climate-action/momentum-for-change/activity-database/momentum-for-change-vanuatu-women-lead-on-climate-adaptation-innovation-in-solar-fruit-drying>

broader funding arrangements should adopt a justice approach and ensuring that the needs of highly vulnerable countries like Vanuatu are fairly and adequately addressed.

The operationalization of the Loss and Damage (L&D) Fund at COP28 would represent a major breakthrough towards climate justice for vulnerable developing countries,<sup>39</sup> which must be based on multidimensional aspects of climate loss and damage risks, which includes NELD.

**Message 4.** Systems of financing response to climate loss and damage already exist at subnational, national and regional levels. The Loss & Damage Fund should consider operational modalities that make use of and enhance these existing structures, and targeted financing mechanisms to address the disproportionate climate burdens on women and girls.

There are already systems and processes in place to receive funds, program and deliver implementation, and report on outcomes. The Fund must support and link into these local systems of financial disbursement.

Vanuatu is actively working to establish a National Loss & Damage Fund to support and enable rapid, equitable and contextualized disbursements to affected individuals and groups. The national Loss & Damage Fund will be based on the existing National Green Energy Fund established in 2018 as a financing mechanism to support Vanuatu's NDC decarbonization targets through investment in technology and infrastructure. The Fund boosts energy access, and enables local businesses and industries to invest in clean, climate - resilient energy that meets their economic needs, creating transformative opportunities for rural communities. The fact that Vanuatu is already successfully dispersing funds through this modality to grassroots beneficiaries speaks to our capacity to manage future loss and damage flows through the UNFCCC Loss & Damage Fund.

It is feasible for the existing energy fund to be enhanced to include a Loss & Damage Funding structure to address economic and non-economic loss and damage from individuals, schools, community associations, local businesses and others. A range of different partners would be able to directly invest in the National Loss & Damage Fund, and it could also receive funds from the UNFCCC Loss & Damage Fund as well as from innovative sources.

To effectively address loss and damage at the level relevant to island beneficiaries, the Loss & Damage Fund may consider providing anticipatory budgetary support directly to Governments to implement loss and damage plans. For instance, Vanuatu revised and enhanced its Nationally Determined Contribution in 2022<sup>40</sup>, and included 12 Loss & Damage targets, each with a cost. Rather than establishing new and parallel "project structures", budget support would enable the Government to prioritize national needs and strengthen existing systems in programmatic

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<sup>39</sup> <https://reliefweb.int/report/world/vulnerable-countries-need-action-loss-and-damage-today-and-not-cops-come>

<sup>40</sup> <https://unfccc.int/documents/578782>

ways. Major donors, such as the European Union, are already employing the Budget Support system for transformative outcomes in Vanuatu<sup>41</sup>.

Government knows what to do and has systems in place to channel incoming funding to address non-economic loss and damage to coral reefs and coastal ecosystems. Government would, for example

- a. Diversity livelihood options for food security, including backyard tilapia to replace lost coral reef fish <sup>42</sup>
- b. Undertake ecosystem rehabilitation, including by expanding existing efforts to replant coral reefs when damaged by storms or from slow onset bleaching<sup>43</sup>
- c. Prepare education programs which document Loss of indigenous and traditional fishing practices<sup>44</sup>

In Vanuatu, and throughout much of the Pacific, coastal marine ecosystems are managed locally, through customary means<sup>45</sup>, meaning that efforts to address loss and damage must be localized to the island and community scale.

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<sup>41</sup> [https://www.eeas.europa.eu/eeas/european-union-provides-support-productive-sector-vanuatu\\_ro?s=139](https://www.eeas.europa.eu/eeas/european-union-provides-support-productive-sector-vanuatu_ro?s=139)

<sup>42</sup> [https://spccfpstore1.blob.core.windows.net/digitallibrary-docs/files/e4/e42160f04f444298eef1c967a4e4056b.pdf?sv=2015-12-11&sr=b&sig=Ro22oxhO81jtqbG3mYLD0ZbZugq3dQ3YEUc6o7Frq%2FU%3D&se=2023-06-17T11%3A30%3A28Z&sp=r&rsc=public%2C%20max-age%3D864000%2C%20max-stale%3D86400&rsct=application%2Fpdf&rscd=inline%3B%20filename%3D%22Anon\\_13\\_Priority\\_climate\\_Vanuatu.pdf%22](https://spccfpstore1.blob.core.windows.net/digitallibrary-docs/files/e4/e42160f04f444298eef1c967a4e4056b.pdf?sv=2015-12-11&sr=b&sig=Ro22oxhO81jtqbG3mYLD0ZbZugq3dQ3YEUc6o7Frq%2FU%3D&se=2023-06-17T11%3A30%3A28Z&sp=r&rsc=public%2C%20max-age%3D864000%2C%20max-stale%3D86400&rsct=application%2Fpdf&rscd=inline%3B%20filename%3D%22Anon_13_Priority_climate_Vanuatu.pdf%22)

<sup>43</sup> <https://panorama.solutions/es/building-block/climate-resilient-coral-gardening>

<sup>44</sup> [https://spccfpstore1.blob.core.windows.net/digitallibrary-docs/files/69/6986e54ccd3d9cb4c8b24ad2ba8d6c51.pdf?sv=2015-12-11&sr=b&sig=IT1blrCvmFh021VZR66vhBASOnuyivu2MqLVebHpOS0%3D&se=2023-05-12T04%3A39%3A41Z&sp=r&rsc=public%2C%20max-age%3D864000%2C%20max-stale%3D86400&rsct=application%2Fpdf&rscd=inline%3B%20filename%3D%22WIF24\\_31\\_Obed.pdf%22](https://spccfpstore1.blob.core.windows.net/digitallibrary-docs/files/69/6986e54ccd3d9cb4c8b24ad2ba8d6c51.pdf?sv=2015-12-11&sr=b&sig=IT1blrCvmFh021VZR66vhBASOnuyivu2MqLVebHpOS0%3D&se=2023-05-12T04%3A39%3A41Z&sp=r&rsc=public%2C%20max-age%3D864000%2C%20max-stale%3D86400&rsct=application%2Fpdf&rscd=inline%3B%20filename%3D%22WIF24_31_Obed.pdf%22)

<sup>45</sup> [https://spccfpstore1.blob.core.windows.net/digitallibrary-docs/files/14/14b9b5e2c3c4c58448c02ed0b52af204.pdf?sv=2015-12-11&sr=b&sig=OP9VPysctF79a7wogMVZWuXdyLw79DFfVz5%2BXEPqrs%3D&se=2023-07-03T14%3A34%3A43Z&sp=r&rsc=public%2C%20max-age%3D864000%2C%20max-stale%3D86400&rsct=application%2Fpdf&rscd=inline%3B%20filename%3D%22Trad37\\_22\\_Tavue.pdf%22](https://spccfpstore1.blob.core.windows.net/digitallibrary-docs/files/14/14b9b5e2c3c4c58448c02ed0b52af204.pdf?sv=2015-12-11&sr=b&sig=OP9VPysctF79a7wogMVZWuXdyLw79DFfVz5%2BXEPqrs%3D&se=2023-07-03T14%3A34%3A43Z&sp=r&rsc=public%2C%20max-age%3D864000%2C%20max-stale%3D86400&rsct=application%2Fpdf&rscd=inline%3B%20filename%3D%22Trad37_22_Tavue.pdf%22)

### Vanuatu's Blockchain-powered Cash Transfer Programme

To disperse finance directly to households and individuals, Vanuatu has piloted an innovative financial equity transfer system with the engagement of local private sector and civil society actors. The system allows for a better distribution of goods and services to those most vulnerable<sup>46</sup>, where they can pay via a “tap and pay” card empowering them to choose what best suits their recovery needs and from local vendors who they know and trust. Vendors are provided with smartphones and trained on how to use them to accept card-based payments, and importantly, all transactions, including what is being purchased and where, is fully traceable, monitored by all donors and implementers.



The approach has been utilized in the remote area supported by the Santo Sunset Environment Network<sup>47</sup>, an indigenous-led network, convenes community disaster and climate change committees across 42 indigenous villages in remote Santo Island to mobilize action across large scales that simplify government entry and support. The network actively works to assure women's leadership and gender inclusivity in their efforts to address climate change.

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<sup>46</sup> <https://www.vbrc.vu/unblocked-cash>

<sup>47</sup> [www.SantoSunset.org](http://www.SantoSunset.org)

**Message 5.** Vanuatu finds itself in a seemingly inescapable cycle of increasing climate loss and damage, exacerbated by compounding, cascading and intensifying climate and non-climate events, requiring urgent and tailored loss and damage funding.

Vanuatu has worked alongside the Australian Government to develop a supplementary annex to this case study entitled “A triple disaster event series in Vanuatu: Cascading and compounding impacts of climate change.” This annex highlights the converging and intensifying nature of rapid and slow onset events, and the way that cascading multi-hazard scenarios (such as the two severe cyclones and an earthquake experienced in March 2023) must be considered in the operational design of the Loss & Damage Fund.

Identifying a climate rationale for access to the Loss & Damage Fund (like that of the GCF) will be increasingly difficult and unrealistic as the threats intertwine and amplify, requiring more flexibility for governments to co-plan for and co-address loss and damage from multiple events and sources over time.



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