

SUSTAINABILITY

CLIMATE AND GENDER JUSTICE

**WHAT'S NEEDED TO FINANCE
LOSS AND DAMAGE?**

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1 INTRODUCTION

Loss and damage (L&D) is the poster child for climate injustice. The inevitable outcome of rampant neoliberal capitalism built on a system of making profits by exploiting the natural world and increasing inequality. L&D is the 'externality' of fossil fuels and other polluting industries visited upon the people and communities who have done the least to cause climate change.

Those with the least power and the least resources are the worst impacted. This, of course, means that communities made vulnerable due to gender, sexuality, race, class, age, legal status and other intersections, are in the worst position to deal with the impact, and the little they have is further eroded by loss and damage, more firmly entrenching their inequality. Those dealing with L&D are desperately in need of international

solidarity. Meanwhile rich countries have denied the very existence of loss and damage, arguing that having your community destroyed in a climate fueled storm, your farmland turned into desert or your home inundated with sea level rise can somehow be covered by 'adaptation', and they have resisted all calls for compensation.

Loss and damage has been a long running and deeply unfair battle, with island countries and least developed countries calling for climate justice on one side, and the most powerful, polluting countries denying their responsibility for paying for the climate damage on the other. A feature of the climate negotiations since the beginning, a half decade of intense negotiations may be on the final stretch to address some of this injustice.

2 WHAT IS LOSS AND DAMAGE?

Loss and damage is when climate change impact goes beyond the limits of adaptation. If your island home disappears under rising seas you cannot adapt. If desert has encroached upon your ancestral land making it impossible to grow crops, you can't adapt to that either. If an extreme storm destroys your house and your community, we have moved beyond adaptation and into loss and damage.

Loss and damage is now considered the 'third pillar' of climate change, the first being mitigation and the second adaptation. The Climate Action Network suggests three criteria, or guiding questions, to help determine whether an impact is loss and damage:

1. Was the impact likely caused, or made worse or more pronounced, by climate change? One measure would be if some or all impacts fall outside of normal, historical parameters or if they can be attributed either wholly or partially to climate change based on established science.
2. Does it involve losses, including livelihood assets, loss of something the community values and depends on, such as loss of fishing resource, loss of ancestral land, loss of culture associated with traditional activities and loss of the ability to undertake an activity like the inability to herd cattle?
3. Does the impact require a significant change in traditional or existing livelihoods or way of life, going beyond adjustments that could be considered to be adaptation and instead require an altogether different reaction outside of the realm of traditional approaches?

Loss and damage is being felt around the world, including in rich countries. The string of devastating storms in the US, the now year-round wildfire season in California, the 'sunny day floods' in Miami and other low-lying cities show that even the most powerful nation on earth cannot bend nature to its will.

But it is the poor countries and communities that suffer the greatest loss and damage. Africa is the most vulnerable continent, facing extreme temperatures, erratic rainfall, desertification and flooding. Likewise, South and South-East Asia face more extreme storms, more erratic monsoons – dumping immense amounts of water in short periods of time – and sea level rise. And it is poor communities, with the fewest resources to cope, who are most impacted.

2.1 Gender Implications

If a group has fewer resources and less power it is likely to be more vulnerable to climate impact. Women and other structurally disadvantaged groups are more vulnerable to the effects of climate change than men and suffer greater loss and damage. And they are frequently overlooked in planning solutions.

To start with, women are more likely to be poor and they therefore have less resources to cope with the changing climate. Women grow much of the family food but are likely to have access to the most degraded land with less access to input like seeds, fertilisers and

¹ UN Women (2018) 'Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development', available at '<http://www.unwomen.org/en/digital-library/sdg-report>', p. 119.

water¹ and often without control over the land they till.²

Their place in society, and the gender norms that define it, increase women's vulnerability to climate impact. The role of primary caregiver means that women are less able to react to disasters than men. For instance, in the case of extreme events women who are more likely to have responsibility for children and the elderly move more slowly out of harm's way. They may also have less access to information about the impending disaster, and less crucial skills, such as knowing how to swim.³ This leads to poor women and children being 14 times more likely to be killed in a disaster such as a hurricane, typhoon or cyclone than men.⁴ Women are also more likely to be displaced by extreme flooding, or other climate events, and when displaced they face an increased risk of violence.⁵ The needs of women, and LGBTQI communities, are often not taken into account in disaster planning. For example, care packages routinely provided during disasters often do not include female hygiene products, although a 'dignity package' is sometimes provided for women despite the fact that women are often the most frequent recipients of care packages.⁶

LGBTQI communities are also often worse off than the rest of the population. Sometimes bullied and blamed for the climate disaster by local religious figures, or excluded from disaster responses that are narrowly targeted at heterosexual families, special effort is necessary to ensure that loss and damage activities reach these groups who often suffer systematic discrimination that can be amplified in times of disaster.⁷

Women should not be seen as passive victims of loss and damage. Whilst

they often suffer the worst impact, they also frequently step up to adopt roles as activists and leaders in responding to climate impacts. For example, many displaced or relocated women take on significant leadership roles in their communities and have become the main breadwinners for their families. Whilst these roles can offer opportunities for female empowerment, it is important to recognize that new leadership responsibilities can mean increased burdens on women, in addition to their already onerous responsibilities of both paid and unpaid work.⁸ Women work an hour a day more than men and undertake three quarters of unpaid work in developing countries under normal circumstances.⁹ Women and LGBTQI communities deserve more focus and more access to financing to address loss and damage so that they can play a leading role in developing and implementing solutions.

2 Women make up 43% of the agricultural labour force in developing countries and around 50% in sub-Saharan Africa. However, only 15% of land in sub-Saharan Africa is owned or managed by women, 13% of landholders in India are women, 11% in the Philippines and 9% in Indonesia. Burns, B., European Capacity Building Initiative (ecbi) (2017), available at '<https://wedo.org/pocket-guide-gender-equality-unfccc/>', p. 4. **3** Huyer, S. (2016) 'Gender Equality in National Climate Action: Planning for Gender-Responsive Nationally Determined Contributions', UNDP, available at '<http://www.undp.org/content/dam/LECB/docs/pubs-reports/undp-Gender-Responsive-Equality-National-Climate-Action-20161114.pdf?download>'. **4** UN Women (2018) 'Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development', available at '<http://www.unwomen.org/en/digital-library/sdg-report>', p. 119. **5** Richards, J. and Bradshaw, S. (2017) 'Uprooted by Climate Change', Oxfam, 2 November 2017, available at '<https://www.oxfam.org/en/research/uprooted-climate-change>'. **6** UN Women (2018) 'Crisis Update: Restoring Dignity and Livelihoods after Storms in the Caribbean', 15 August 2018, available at '<http://www.unwomen.org/en/news/stories/2018/8/feature-caribbean-humanitarian-update>'. **7** Dwyer, E. and Woolf, L. (2018) 'Down by the River: Addressing the rights, needs and strengths of Fijian sexual and gender minorities in disaster risk reduction and humanitarian response', Oxfam Australia, February 2018, available at '<https://www.oxfam.org.au/oxfam-disaster-risk-reduction-report-down-by-the-river/>'. **8** Richards, J. and Bradshaw, S. (2017). **9** UN Women (2016) 'Redistribute Unpaid Work', available at '<http://www.unwomen.org/en/news/in-focus/csw61/redistribute-unpaid-work>'.

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Bangladesh is a highly climate vulnerable country, where women and men have different levels of vulnerability to climate change. Women have unequal access to resources and decision-making processes, with limited mobility in rural areas. Socio-cultural norms also limit women from acquiring the information and skills necessary to escape, avoid or cope with hazards.

Frequent disasters and increasing water salinity damage water points and sanitation facilities, increasing the time for women to collect water from two to five hours a day. Salinity in soil and water in coastal region also impedes growing crops. Menstrual hygiene management is an issue in these conditions. A key reason for girls to drop out of school is that they don't have access to safe water to manage their menstrual situation.

In Bangladesh women are not formally recognised as farmers, which creates obstacles for women to gain access to institutional support. The government provides support for small farmers, including input support (for seeds, fertilisers and so on), but their lack of a legally recognised status means they are not eligible in most cases. The Bangladesh Government has an agricultural strategy to distribute land to poor people. In the coastal belt of Satkhira and adjacent areas we didn't find a single woman who has received land from the government as a crop farmer. Despite this lack of recognition as

farmers there has been a feminisation of agriculture. As climate impact forces migration to the city, it is men that move whilst women stay behind to care for family, with their mobility discouraged.

Although mobile phones are popular and prominent, even in rural areas, and before a disaster the government sends warning messages over the mobile network, women don't have their own mobiles, they use their husbands' or sons'. Information is also shared at the market or tea stall, but women don't frequent them. Women clearly have less access to disaster or climate change related information.

The Bangladesh Government has taken steps to improve disaster management broadly and gender discrimination specifically. There are Union Parishad Disaster Management Committees set up at the local government level. They must ensure a representation of women of at least 30%. However, it is very rare for women to be represented in leadership positions, like that of Chair, Treasurer or Secretary.

Gender differences play roles in non-economic loss and damage. A significant portion of women's contributions are non-monetary: household and neighbourhood farming, rainwater harvesting, household work and care work. In Bangladesh women's roles are very dynamic, very robust and they have to manage a variety of things, with little or no leisure time. When a disaster occurs, the household support women have built can be destroyed or lost, for example household seed storage. In cost analysis immediately after a disaster, these are not counted.

An assessment of loss and damage based only on monetary quantifications may not take into account the value of women's contribution. It is essential to include qualitative indicators, like face-to-face interviews with women to get the full picture of how quality of life is being impacted or hampered by climate change disasters and risks.

Bangladeshi women need the international community to live up to the

promises made under the Warsaw International Mechanism for Loss and Damage to mobilise finance, thinking beyond just disaster risk insurance, and agree on an innovative source of finance to address the impact of loss and damage on vulnerable countries like Bangladesh. Space must be built for women's capacity-building and leadership, using an equity and empowerment approach.

The politics of loss and damage is a microcosm of broader climate change politics: an ideological battle between a neoliberal 'green growth' perspective that sees capitalism as an overall positive force requiring modest adjustments, and a more reformist climate justice¹⁰ perspective, that sees rampant capitalism as the problem and seeks a system change. Climate justice demands the reconsideration of neoliberalism and its built-in exploitation of nature and each other, identifying the fossil fuel industry as a key part of the problem. It sees addressing inequality, including gender inequality, that is driving an unequal society and excess consumption simultaneously as essential.

These two competing perspectives have formed the backdrop for a battle between the rich, industrialised traditional colonial powers of the 'global north' and the poorer, industrialising countries of the 'global south'. The US and other wealthy countries have presented climate change through a neoliberal lens, framing it as an economic and energy issue that can be solved with technocratic solutions.¹¹ They avoid reference to their historical emissions, or the economic model of rampant capitalism based on fossil fuels, as the source of the problem. Rich countries have instead emphasised that all countries have a responsibility to act.¹² These incredibly powerful countries would have us believe they are helpless to change their emission pathways, and only market solutions are capable of solving the problem of climate change. This manipulation has been enabled by the most polluting industry on earth: fossil fuels. A well-documented

denial campaign,¹³ designed to sow seeds of doubt on climate science and undermine policy action, has meant that despite being responsible for 70% of emissions,¹⁴ an agreement to end the extraction and use of fossil fuels has never been discussed within the international climate talks. Fossil fuels, coal, oil and gas are not even mentioned in the UN Framework Convention on Climate Change,¹⁵ the Kyoto Protocol¹⁶ or the Paris Agreement.¹⁷ This demonstrates the power and subtle tactics of this industry, and their state backers, to ensure that attention is directed elsewhere.

10 We used the Bali Principles of Climate Justice as articulated here: <https://corpwatch.org/article/bali-principles-climate-justice/>. **11** Corneloup, I. and Mol, A. (2013) 'Small Island Developing States and International Climate Change Negotiations: the power of moral "leadership"', *International Environmental Agreements: Politics, Law and Economics*, November 2013, available at '<http://link.springer.com/article/10.1007%2Fs10784-013-9227-0>'; Parks, B. C. and Timmons Roberts, J. (2010) 'Climate Change, Social Theory and Justice', *Theory, Culture & Society*, Nr. 27 (2–3), pp. 134–166, DOI: 10.1177/0263276409359018, p. 151. **12** Roberts, J.T. (2011) 'Multipolarity and the New World (Dis)order: US Hegemonic Decline and the Fragmentation of the Global Climate Regime', *Global Environmental Change*, Nr. 21, pp. 776–784. **13** Greenpeace (2002) 'Denial and Deception: A Chronicle of ExxonMobil's Corruption of the Debate on Global Warming', available at '<https://www.greenpeace.org/usa/wp-content/uploads/2015/11/exxon-denial-and-deception.pdf?a1481f>'; Union of Concerned Scientists (2007) 'Smoke, Mirrors and Hot Air: How ExxonMobil Uses Big Tobacco's Tactics to Manufacture Uncertainty on Climate Science', available at 'https://www.ucsusa.org/sites/default/files/legacy/assets/documents/global_warming/exxon_report.pdf'; Centre for International Environmental Law (2017) 'Smoke and Fumes: The Legal and Evidentiary Basis for Holding Big Oil Accountable for the Climate Crisis', available at '<https://www.ciel.org/news/smoke-and-fumes-2/>'. **14** Griffin, P. (2017) 'The Carbon Majors Database. CDP Carbon Majors Report 2017', available at '<https://6fefcb86e61af1b2fc4-c70d8ead6ced550b4d987d7c03fcd1d.ssi.cf3.rackcdn.com/cms/reports/documents/000/002/327/original/Carbon-Majors-Report-2017.pdf?1501833772>'. **15** Other than in relation to 'response measures', fossil fuels are only mentioned to caution against applying measures to countries whose economies rely upon fossil fuels. A reduction in coal, oil and gas is not mentioned. **16** Oil, gas and solid fuels (coal) are only mentioned in relation to the need to reduce their fugitive emissions, the emissions accidentally emitted on extraction, not in relation to reducing their use. Kyoto Protocol: <https://unfccc.int/resource/docs/convkp/kpeng.pdf>. **17** Paris Agreement: https://unfccc.int/sites/default/files/english_paris_agreement.pdf.

Instead market-based solutions such as emissions trading and offsetting have been favoured that have resulted in continued emissions growth. Loss and damage negotiations have followed a similar path.

Loss and damage was raised at the very beginning of the climate negotiations. In 1991 Vanuatu, on behalf of the Association of Small Island States (AOSIS), proposed compensating small island countries for damages from rising sea levels.¹⁸ Small island countries and the Least Developed Countries (LDCs) continued over the following decades to make the case for compensation from the worst impact of climate change, framing climate change as an issue of climate justice. Rich countries, on the other hand, have refused to entertain the very idea of compensation, deliberately downplaying the concept of polluter pays and that their historical emissions are causing harm, again preferring a market-based solution: insurance.¹⁹

After arguing for decades for compensation, which eventually came to be called loss and damage, to be included in climate negotiations, it was the collapse of the Copenhagen negotiations and climate impact becoming more pronounced, that led to the first serious steps to develop a work programme on L&D being agreed at the COP16 in Cancun. This work programme included a series of regional meetings assessing what loss and damage would mean in Africa, Latin America, Asia and small island developing countries. Subsequently, at the climate conference in Doha in 2012 (COP18) a breakthrough was made as countries agreed not only to continue the work programme on loss and damage but also to establish an

institution to deal with L&D the following year.²⁰

Just as the 2013 climate summit in Warsaw (COP19) was opening the hugely destructive Typhoon Haiyan²¹ decimated the Tacloban region in the Philippines, killing at least 6,300 people. It was the strongest typhoon to ever make landfall.²² Yeb Sano, the lead Philippines negotiator, opened the meeting with a powerful statement that his family had been caught up in the typhoon and he was still waiting to hear from some of them. He pleaded for action, asking 'if not now, then when? If not us, then who?', declaring he would fast in solidarity with his nation for the two weeks of the conference until a successful outcome was agreed.²³ This emotional statement drew the world's attention to the issue and created pressure for a positive outcome on loss and damage. This pressure propelled the years of work from vulnerable countries to success, and the Warsaw International Mechanism for Loss and Damage (WIM) was established.²⁴

The WIM was established with three functions: to enhance knowledge; strengthen coordination; and enhance action and support, including finance.²⁵ The WIM Executive Committee was set up and has been meeting regularly since

18 Vanhala, L. and Hestbaek, C. (2016) 'Framing Loss and Damage in the UNFCCC Negotiations: The Struggle over Meaning and the Warsaw International Mechanism', *Global Environmental Politics*, available at '<http://discovery.ucl.ac.uk/1478385/>'. **19** Roberts, J.T. (2011). **20** Vanhala, L. and Hestbaek, C. (2016). **21** Named 'Yolanda' in the Philippines. **22** At the time, it has since been surpassed by other stronger typhoons. Masters, J. (2013) 'Super Typhoon Haiyan: Strongest Landfalling Tropical Cyclone on Record', 7 November 2013, available at '<https://maps.wunderground.com/blog/JeffMasters/comment.html?entrynum=2573>'. **23** Sano, N. (2013). Speech is available at '<https://www.youtube.com/watch?v=7SSXLIZkM3E>'. **24** UNFCCC (2013) Decision 1/CP.19, available at '<https://unfccc.int/resource/docs/2013/cop19/eng/10a01.pdf>'. **25** Ibid.

early 2014. It has since been widely criticised for neglecting the third function of the WIM, doing little or nothing to enhance financing for loss and damage.²⁶ When the Paris Agreement was negotiated in 2015 loss and damage was included as a stand-alone element, with a full article devoted to it, widely seen as a victory for vulnerable countries. Article 8 of the Paris Agreement reinforces the need for financing for loss and damage. It states that countries 'should enhance understanding, action and support, including through the Warsaw International Mechanism, as appropriate, on a cooperative and facilitative basis' for loss and damage.²⁷ This Agreement was hard fought: in the lead-up to the Paris summit developed countries did not want to consider the idea that loss and damage would be incorporated in the Paris Agreement.²⁸ Rich countries did, however, insist on a statement in the accompanying Decision 1/CP.21 saying that Article 8 'does not involve or provide a basis for any liability or compensation',²⁹ thus underlining the need to ensure that funding is provided cooperatively. This statement does not in any way undermine the actual need for financing nor the fact that countries have agreed to provide it, in Warsaw, the Paris Agreement and in other Decisions as well.

The Paris Agreement reinforces the initial WIM decision, which includes calls to 'enhance', 'facilitate', 'mobilise', or 'provide' finance or resources. The emphasis and repetition makes the intent to generate and disperse additional financing for loss and damage clear. However, though a series of non-transparent steps (as negotiations on loss and damage finance are held behind closed

doors) developed country negotiators have manoeuvred this initial mandate towards 'financial instruments', with market-based private sector instruments the focus.³⁰

Market instruments differ from solidarity finance of the kind that was envisaged with the language of the WIM Decision and the Paris Agreement. Market instruments place the bulk of responsibility on the population at risk, rather than the international community.³¹ For instance insurance places responsibility directly on the communities at risk by expecting them to pay an insurance premium whereas solidarity instruments transfer responsibility to the international community, ideally taking into account a polluter pays approach. Gradually and

26 Including: Richards, J. and Schalatek, L. (2017) 'Financing Loss and Damage: A Look at Governance and Implementation Options', Heinrich Böll Stiftung, available at '<https://www.boell.de/en/2017/05/10/financing-loss-and-damage-look-governance-and-implementation-options>'; CAN and BOND (2017) 'CAN-Bond Joint Submission on the Strategic Workstream on Loss and Damage Action and Support', February 2017, available at '<http://climatenetwork.org/publication/can-bond-joint-submission-strategic-workstream-loss-and-damage-action-and-support>'; Climate Action Network (2018) 'Submission on the Scope of the Technical Paper Exploring Sources of Support for Loss and Damage and Modalities for Accessing Support', available at 'http://climatenetwork.org/sites/default/files/can_loss_and_damage_submission_022018.pdf'; Gewirtzman, J., Natson, S., Richards, J., Hoffmeister, V., Durand, A., Weikmans, R., Huq, S. and Roberts, J.T. (2018) 'Financing Loss and Damage: reviewing options under the Warsaw International Mechanism', Climate Policy, available at '<https://doi.org/10.1080/14693062.2018.1450724>'. **27** UNFCCC (2015) 'Paris Agreement, Article 8', available at 'https://unfccc.int/sites/default/files/english_paris_agreement.pdf'. **28** Reyes, O. (2015) 'Seven Flies in the Ointment of the Paris Climate Deal Euphoria', Global Justice Now, 15 December 2015, available at '<https://www.globaljustice.org.uk/blog/2015/dec/15/seven-flies-ointment-paris-climate-deal-euphoria>'; Stabinsky, D. (2015) 'Rich and Poor Countries Face Off over "Loss and Damage" Caused by Climate Change', 7 December 2015, available at '<https://theconversation.com/rich-and-poor-countries-face-off-over-loss-and-damage-caused-by-climate-change-51841>'. **29** UNFCCC (2015) 'Decision 1/CP.21, para. 51', available at '<https://unfccc.int/sites/default/files/resource/docs/2015/cop21/eng/10a01.pdf>'. **30** Gewirtzman, J. et al (2018). **31** United Nations Framework Convention on Climate Change (2008) 'Technical Paper: Mechanisms to Manage Financial Risks from Direct Impacts of Climate Change in Developing Countries', p. 100, available at '<http://unfccc.int/resource/docs/2008/tp/09.pdf>'.

over time, solidarity-based proposals, including public sector interventions, taxation and transfers from developed nations to vulnerable countries, have been de-emphasised, whilst private sector insurance-type interventions have been given a central role.³²

The WIM ExCom has shown a strong bias toward insurance schemes. In fact the only concrete outcome from the WIM ExCom's work on enhancing financing is a clearinghouse (a website or wiki where participants can ask and voluntarily answer questions) which focuses on insurance.

Parallel to the work of the WIM is a series of initiatives from rich countries to support insurance. These include InsuResilience Global Partnership,³³ which came out of the G7 Climate Risk Insurance Initiative and has as its objective to provide insurance coverage to an additional 400 million poor and vulnerable people in developing countries, the Global Risk Financing Facility (GriF)³⁴ funded by the World Bank, Germany and the UK to set up national disaster insurance programs, and the UK's Centre for Global Disaster

Protection which aims to help developing countries 'use risk financing tools like insurance and contingent credit'.³⁵

In 2019 the WIM is due to be reviewed. This will no doubt be a hard-fought battle between rich countries who want to emphasise insurance and place responsibility on vulnerable countries to 'manage risk' and pay insurance premiums and vulnerable countries and civil society who will fight for the WIM to be fully operationalised to meet its mandate of 'enhancing support, including finance'. The WIM ExCom have already commissioned a technical paper, due mid-2019, to inform the review that will have a negative influence. The outline³⁶ shows that it will allow developed countries to count essentially anything as loss and damage financing, including already existing aid (or Official Development Assistance) funds. The technical paper will lack an assessment of the needs of vulnerable countries for loss and damage financing and is therefore likely to be an exercise in greenwashing and making rich countries look good and will likely further poison the political atmosphere of loss and damage.

³² Gewirtzman, J. et al (2018). ³³ Further information here: '<https://www.insuresilience.org/about/>'. ³⁴ Further information here: '<https://www.insuresilience.org/world-bank-group-germany-and-uk-launch-145-million-financing-facility-to-support-earlier-action-on-climate-and-disaster-shocks/>'. ³⁵ Further information here: '<https://devtracker.dfid.gov.uk/projects/GB-1-205231> <https://dfidnews.blog.gov.uk/2017/07/20/centre-for-global-disaster-protection/>'. ³⁶ Which can be seen here: 'https://unfccc.int/sites/default/files/resource/ToR_TP_%20Final_210918_version%200900hrs.pdf'.

4 WHAT IS NEEDED FOR LOSS AND DAMAGE? SOLIDARITY AND FINANCE!

In order to address the question ‘what is needed for loss and damage?’, the scale of the problem must be considered.

The 2018 Global Climate Risk Index from Germanwatch reports on damages from extreme weather: storms, floods, heat waves, etc. It is only a partial calculation of the annual loss and damage for countries, as it only takes into consideration the direct losses of extreme weather, not the indirect impact (like food insecurity as a result of droughts), and it does not take into account slow onset impact like rising sea levels. Nonetheless it shows that loss and damage from climate-related events is already having a significant impact on developing countries. In the twenty year period from 1997–2016 the ten countries ranked with the most exposure to climate risk were all developing (Honduras, Haiti, Myanmar, Nicaragua, Philippines, Bang-

ladesh, Pakistan, Vietnam, Thailand, the Dominican Republic). In fact, developing countries face six times as much direct loss and damage from extreme events per unit of GDP than rich countries, losing USD 92 billion in total each year on average for the last twenty years.³⁷ Eight countries suffer average losses of more than 2% of their GDP annually: Belize 3.2%; Dominica 7.6%; Grenada 7.5%; Haiti 2.7%; Marshall Islands 6.7%; St Kitts and Nevis 3.6%; the Bahamas 2.7%; and Vanuatu 3%. By comparison, the US, a developed country highly impacted by climate disasters, suffered an average of USD 40.3 billion in losses each year, which is a comparatively low 0.3% of GDP. These numbers are only expected to grow as the global temperature increases and the impact of climate change becomes more severe.

Table 1: The Climate Risk Index for 2016: the 10 most affected countries

Ranking 2016 (2015)	Country	CRI score	Death toll	Deaths per 100,000 inhabitants	Absolute losses in million US\$ (PPP)	Losses per unit GDP in %	Human Development Index 2015
1 (40)	Haiti	2.33	613	5.65	3,332.72	17.224	163
2 (14)	Zimbabwe	7.33	246	1.70	1,205.15	3.721	154
3 (41)	Fiji	10.17	47	5.38	1,076.31	13.144	91
4 (98)	Sri Lanka	11.50	99	0.47	1,623.16	0.621	73
5 (29)	Vietnam	15.33	161	1.17	4,037.70	0.678	115
6 (4)	India	18.33	2,119	0.16	21,482.79	0.247	131
7 (51)	Chinese Taipei	18.50	103	0.44	1,978.55	0.175	Not included
8 (18)	Former Yugoslav Republic of Macedonia	19.00	22	1.06	207.93	0.678	82
9 (37)	Bolivia	19.33	26	0.24	1,051.22	1.334	118
10 (21)	United States	23.17	267	0.08	47,395.51	0.255	10

Source: David Eckstein, Vera Künzel and Laura Schäfer, ‘Global Climate Risk Index 2018’, Germanwatch, <https://germanwatch.org/de/kri>.

³⁷ Calculated using Table 7 in Eckstein, D., Künzel, V. and Schäfer, L. (2018) ‘Global Climate Risk Index 2018’, Germanwatch, available at ‘<https://germanwatch.org/de/kri>’, and the definition of developed and developing country, as Annex 1 and non-Annex 1 as in the convention in the UNFCCC.

As is clear from just this limited subset of loss and damage costs, the need for loss and damage financing is already significant. Broader estimates of the future cost of loss and damage and the need for international finance include:³⁸

- projected L&D costs in the range of USD 0.3 to USD 2.8 trillion in 2060 with an annual average of USD 1.2 trillion (Hope 2009);
- L&D costs for developing countries of around USD 400 billion a year by 2030, rising to USD 1.1 to USD 1.7 trillion a year by 2050 (Baarsch et al. 2015);
- global L&D rising to USD 4 trillion by 2030 with developing countries bearing over 90% of net losses (DARA and the Climate Vulnerable Forum’s Climate Vulnerability Monitor II 2012);
- L&D costs for Africa at just over USD 100 billion per year by 2050, on top of adaptation costs of USD 50 billion, if warming is kept below 2°C (UNEP’s Africa’s Adaptation Gap 2 report 2015).

The Climate Action Network therefore recommends that at least USD 50 billion a year by 2022 be provided in international public grant financing for vulnerable countries to help them cope with loss and damage, increasing to approximately USD 300 billion a year by 2030.³⁹ These numbers are presented to give an understanding of scale. The ‘at least’ should be emphasised as further work is required, and care should be taken to ensure that ceilings or constraints are not placed on finance or clever tricks played to make rich countries feel like they are ticking boxes and short-change the most vulnerable people facing the worst impact of climate change.

To better understand the vulnerable country’s experience of loss and damage, below is the specific example

of Fiji, demonstrating the risk that these countries face, and that at the moment they are the ones who pay the price.

4.1 An Example.

Fiji: Cyclones and Rising Sea Levels

On average Fiji’s annual asset losses due to tropical cyclones and floods are more than F\$ 500 million, or 5% of Fiji’s GDP, which could increase by 50% by 2050 (reaching 6.5% of its GDP) and even further by the end of the century. Unless action is taken to address today’s high emission pathway, rising sea levels could mean that what are today 100-year flooding or storm surge events could occur on average once every two years by 2100.⁴⁰

Tropical cyclone and floods also translate into an average of 25,700 people being pushed into poverty every year (3% of the population). Rare disasters have a much bigger impact: the 100-year tropical cyclone would force almost 50,000 Fijians, about 5% of the total population, into poverty.⁴¹

Other natural hazards – such as drought and landslides – were not quantified but add to these risks. For instance, the economic losses caused by Fiji’s 1998 drought were estimated at F\$ 275 million to F\$ 300 million. Loss estimates also didn’t take into account the increased health costs of more dengue fever, diarrhoea, heat stroke and cardiovascular and respiratory diseases.⁴²

³⁸ Estimates from Climate Action Network (2018). ³⁹ Climate Action Network (2018). ⁴⁰ Government of the Republic of Fiji (2017) ‘Climate Vulnerability Assessment: making Fiji climate resilient’, 10 November 2017, available at ‘<http://documents.worldbank.org/curated/en/163081509454340771/pdf/120756-WP-PUBLIC-nov-9-12p-WB-Report-FA01-SP.pdf>’. ⁴¹ Government of the Republic of Fiji (2017). ⁴² Ibid.

Ashmita Ashwin Kamal is a teacher at Bayly Memorial School, in Fiji's Rakiraki Province.

As Cyclone Winston bore down on the area in mid-February 2016 students were sent home due to the heavy rain and winds, and Asmita joined her family in trying to prepare their home for what was to come.

'We tied the house down. We tried to tie it three or four times, but it was really difficult. As soon as my brother and father came down from the roof and we went inside the house, half of our roof was gone. Within seconds the other part of the roof was gone.'

Asmita was tasked with protecting her elderly grandmother and younger brother and sister. For several hours, they were at the mercy of the storm, huddled under furniture, waiting for the calm.

'I was sad and scared. My grandfather built that house when we were young, and everything was just gone.'

For Asmita, the heartache of losing her family home was compounded on

return to her school, which had suffered severe damage: the roof of the school had been ripped off, two classrooms were badly damaged and most of the school's resources – particularly books – were destroyed.

'I just felt like crying after seeing the school', reflects Asmita. 'That school was beautiful. After the cyclone, I would say the school lost a lot of things. And it was not safe for the students to come and study in the school. All the students and teachers were relocated to other schools.'

A year and a half after Cyclone Winston Asmita's home and school are being rebuilt. Asmita and her fellow teachers regularly attend climate change workshops to pass on the latest information to their students, including the causes and impacts of climate change and emergency drills focusing on storm preparedness.

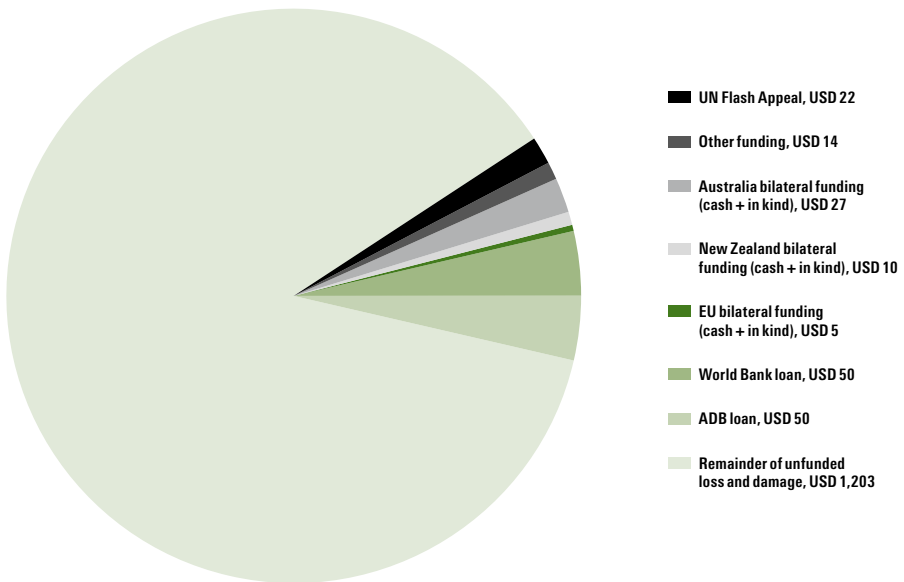
Source: World Bank (2017) Shaping the next generation of climate defenders: Asmita's story. 6 November 2017, <https://www.ourhomeourpeople.com/#noqu-vanua>

Although shockingly high, these averages still disguise the enormous costs of extreme events, such as 2016's Cyclone Winston. The overall loss and damage from Cyclone Winston on Fiji was USD 1.4 billion, roughly 30% of Fiji's annual GDP.⁴³ As the graph

below shows Fiji received roughly USD 188 million from the international community, in a mixture of urgent humanitarian funding, longer term public financing and loans, leaving the majority, roughly 85%, of the cost to the people of Fiji.

⁴³ Government of Fiji (2016) 'Post-Disaster Needs Assessment. Tropical Cyclone Winston, 20 February 2016', May 2016, available at '<https://reliefweb.int/report/fiji/fiji-post-disaster-needs-assessment-may-2016-tropical-cyclone-winston-february-20-2016>'.

Fiji loss and damage from Cyclone Winston 2016: total loss and damage USD 1.4 billion



Source: Author.⁴⁴

The World Bank has estimated that almost F\$ 9.3 billion (almost 100% of its GDP) in investments is required over the next ten years to strengthen Fiji's resilience to climate change and natural hazards for decades to come, both reducing risk and managing residual risk by making the population better able to cope with and recover from shocks. The proposed investments total approximately F\$ 900 million per year in the short term and F\$ 954 million per year over the medium term.⁴⁵

The World Bank models three financial instruments for Fiji to manage costs related to disasters:

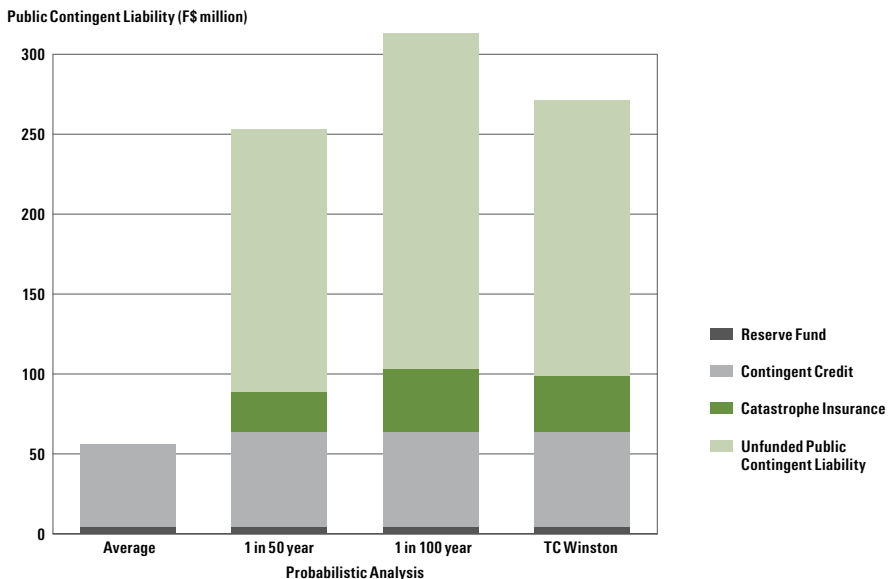
- Increase the current contingency fund by F\$ 3 million to create a reserve fund of F\$ 4 million.

- Establish a contingent line of credit for F\$ 60 million.
- Purchase catastrophe insurance with an annual premium of F\$ 2 million, with pay-outs for a greater than 1-in-10-year tropical cyclone.

Let us leave aside how fair it is to expect Fiji to pay insurance premiums and increase their debt as a result of climate risk (issues to be explored later in this paper). Even with these 'improvements'

⁴⁴ Data drawn from Mansur, A., Doyle, J. and Ivaschenko, O. (2017) 'Social Protection and Humanitarian Assistance Nexus for Disaster Response: lessons learnt from Fiji's tropical cyclone Winston', World Bank Social Protection and Labor Discussion Paper Nr. 1701, available at '<http://documents.worldbank.org/curated/en/143591490296944528/pdf/113710-NWP-PUBLIC-P159592-1701.pdf>' and World Bank (2016) 'Fiji Signs Loan Agreement with World Bank', ADB, 18 July 2016, available at '<http://www.worldbank.org/en/news/press-release/2016/07/18/fiji-signs-loan-agreement-with-world-bank-adb>'. ⁴⁵ Government of the Republic of Fiji (2017).

Effect of strengthening social protection systems after a 100-year tropical cyclone



Source: World Bank calculations for Government of the Republic of Fiji (2017)

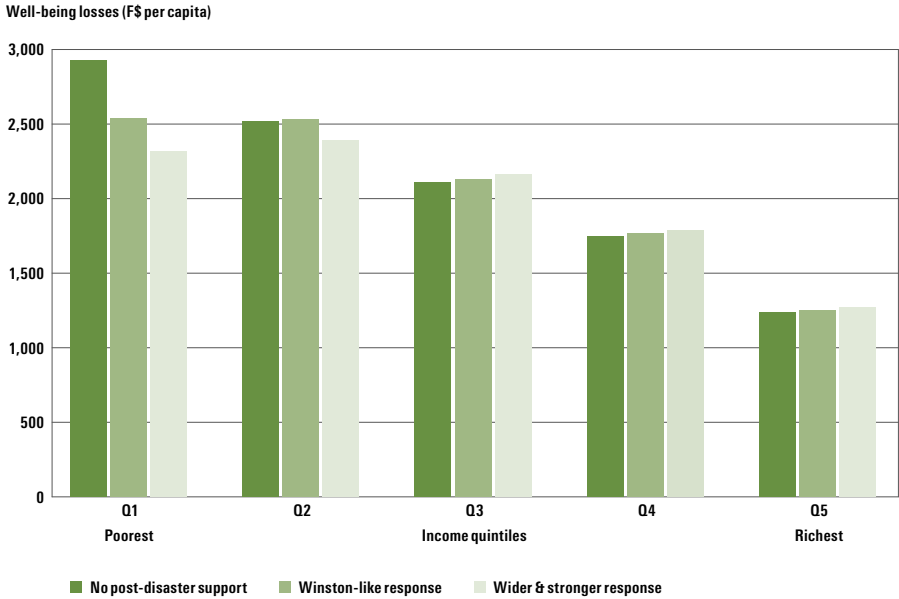
to Fiji’s funding of disaster response, such options leave the majority of the cost, roughly 70 %, of a significant disaster of the scale of Cyclone Winston unfunded. A fair approach to dealing with loss and damage would provide international loss and damage solidarity to address such a huge burden of climate loss and damage on a small developing country.

There is further injustice within Fiji. The costs of a severe cyclone, like Winston, falls disproportionately upon the poor. Fiji has a social protection scheme in place that it boosted in the wake of Winston, providing households with cash pay-outs, which helped people recover from the cyclone much faster. The World Bank recommended a further

60 % increase in the social protection scheme boost. They estimate the positive impact would be four times the average annual cost of F\$ 3.8 million. But even this increase would still leave the poorest people (the lowest quintile in the graph below) with big losses. As women are more likely to be represented in the poorest quintile of the population this is, in essence, planning for women in particular to be worst off after a disaster. The gender-just alternative is to build a sufficient increase into the social protection scheme to protect the poorest from all, or most, of the shock of the extreme event.⁴⁶

⁴⁶ Ibid, p. 119–121.

Effect of strengthening social protection systems after a 100-year tropical cyclone



Source: World Bank calculations in Government of the Republic of Fiji (2017), p. 121.

Stories from Cyclone Winston

‘Straight after TC Winston, whenever we came past these people, they would call out that it is ‘us people’ that caused TC Winston. I asked them ‘what people?’ And they said LGBTQ people. I told them it is climate change, not LGBTQ people.’

‘My house was completely destroyed by TC Winston, then myself and my partner had to struggle with living with my neighbour where we acted as sisters and not a lesbian couple. [...] My partner went back to work a month

after TC Winston where she financially supported us while I had to stay back home to look after nine people. I wish the government had procedures to give everyone the same so we could also get housing assistance and humanitarian relief. Today we are still moving from place to place looking for a stable place to stay and live like a normal lesbian couple. If the housing assistance by the government was granted to people like us, we would have already built a house for ourselves.’

Source: Dwyer, E. and Woolf, L. (2018)

5 WHAT WOULD A CLIMATE AND GENDER-JUST APPROACH TO LOSS AND DAMAGE FINANCE LOOK LIKE?

In order for a climate and gender-just approach to be achieved, loss and damage finance should incorporate the following principles:⁴⁷

5.1 Enough funds should be mobilised in a fair way:

Scale adequate for need: As previously identified the scale of loss and damage finance need is large and growing, therefore a collective response of at least USD 50 billion by 2022 and USD 300 billion by 2030 is an appropriate goal that should be continually assessed against needs.

Polluter pays: It is only fair that those responsible for causing harm are the ones responsible for paying for it. This principle is enshrined in international law and is expressed in the UNFCCC as the principle of ‘common but differentiated responsibilities and respective capabilities’.⁴⁸ Those responsible are first and foremost rich countries, the fossil fuel industry and other high polluting industries.

Predictable: International financing for loss and damage should not depend upon donors’ or contributing countries’ changing priorities and conditions. Recipient countries need to have planning security and sustainability through long-term financing. L&D funding generated from innovative financing sources such as levies or taxes provides that predictability in contrast to – in the absence of assessed contributions – voluntary payments from developed countries.

Additional: Loss and damage finance should be additional to aid (ODA), as loss

and damage support is not motivated by poverty reduction but rather by the harm caused by carbon emissions. As loss and damage is separate from adaptation, so finance should be separate from and on top of the current inadequate amount of adaptation finance (which is currently drawn entirely from the aid budget). It must be transparently accounted for as such.

Precaution: The scale of need to address loss and damage is already obvious, demanding immediate steps be taken to raise the amount of finance necessary. The absence of indisputable scientific evidence or methodological clarity should not delay the generation and disbursement of funding; both should progress simultaneously.

Respective capability: Funds should be provided by those that can afford it. A country’s obligation to pay for climate damage (and other climate finance) should be in line with a sustainable and universally accepted living standard for citizens. When it comes to companies, or other similar entities, paying for damage they have caused this principle is not relevant. Companies have declared bankruptcy in order to avoid paying compen-

⁴⁷ These principles are drawn from the following sources: Climate Action Network (2018), Richards, J. and Schalatek, L. (2018) ‘Not a Silver Bullet: Why the focus on insurance to address loss and damage is a distraction from real solutions’, Heinrich Boell Stiftung North America, available at ‘<https://us.boell.org/2018/08/30/not-silver-bullet>’; Schalatek, L. and Bird, N. (2016) ‘The Principles and Criteria of Public Climate Finance’, Climate Funds Update, November 2016, available at ‘<https://www.odi.org/sites/odi.org.uk/files/resource-documents/11018.pdf>’; and Johl, A. and Lador, Y. (2012) ‘A Human Rights-based Approach to Climate Finance’, Friedrich Ebert Stiftung, February 2012, available at ‘http://www.ciel.org/Publications/ClimateFinance_Feb2012.pdf’. ⁴⁸ UNFCCC, Article 2.

sation (asbestos) and in order to avoid clean up bills (coal). Governments have a responsibility to ensure companies don't escape their responsibility to pay for climate loss and damage they are responsible for.

Cooperative and facilitative: The Paris Agreement outlines that finance ('support' in their terminology) for loss and damage should be provided on 'a cooperative and facilitative basis'. The accompanying explanatory Decision says that the Paris Agreement doesn't provide a basis for liability or compensation.

5.2 Money Should Be Managed Transparently, with Vulnerable People in Control:

Vulnerable country and community ownership: Loss and damage finance should be driven by recipient country and community needs, not donor or contributing country preferences. This should be reflected in the governance of the funding instrument: rather than being donor or contributing country driven, the governance should at a very minimum be balanced with developing country membership (as the GCF is) or dominated by vulnerable country decision-makers (as the AF is).

Transparency and accountability: Processes should be inclusive and transparent, and individuals and communities informed of the potential impacts, ensuring that, where relevant, free, prior and informed consent is provided. Communities should have effective opportunities to participate in decisions and a means of recourse if the activities cause harm. Loss and damage financing should be reported separately to ODA and adaptation finance without double counting.

Measurement and evaluation: At a fund level, and at a project level, evaluation of whether spending is meeting the principles outlined here should be made publically available.

5.3 Money Should Help Vulnerable People Facing Climate Impact and Empower Them

Slow onset events and extreme events: to date they have received very little funding, which should be addressed.

Human rights-based approach: Measures in support of equality and the enjoyment of basic human rights (including right to food, adequate housing, clean water, health, culture) should receive priority funding. And safeguards should be in place to avoid the violation of rights or discrimination, with transparent monitoring systems and grievance mechanisms.

Gender equality approach: Preference policies that offer co-benefits of gender inclusiveness and equality and loss and damage objectives. Ensure that policies do not further entrench discrimination against women nor the unequal burden of climate impacts and the policies to address them on women. For instance, in a community where predominantly men fish and the fishing resource is lost due to climate impacts, livelihood retraining should be provided on a non-discriminatory basis, so as not to continue the unequal position of women in society.

Local ownership, subsidiarity and public participation: The provision of loss and damage finance should be driven by recipient country and community needs. Financing decisions should be made at the local level as much as possible, giving communities and affected people the possibility

of meaningfully participating in the decision-making process. The decision-making process should be gender sensitive and ensure the participation of indigenous peoples.

Equitable or direct access for the most affected: Loss and damage financing should be directly and easily accessible for all impacted countries, with special provisions for those considered to be most vulnerable or affected. Within those countries, finance for the most impacted, poorest and most marginalised population groups such as women, LGBTQI communities, indigenous peoples should be prioritised. Direct access should be gender-responsive through approaches that are more easily accessed by women including small national and sub-national grants, setting up community-managed funds or direct subsidies.

Appropriate: The financing instruments used to deliver loss and damage financing should not impose an additional burden or injustice on the recipient

(country or community or individuals). For example, loans to pay for loss and damage from climate change that vulnerable countries had no role in would clearly be an unfair approach, and therefore loss and damage financing should be exclusively grants. Private insurance schemes should also be considered as to their appropriateness, ensuring that there is not excessive profit-making, that vulnerable countries and communities are not being forced to pay insurance premiums for a risk they did not create, that the schemes are not so complex as to be not understandable to the countries, communities or individuals signing up for the insurance, that they effectively deal with basis risk (the risk of inadvertently insuring the wrong thing) and that they do not have the unintended consequence of entrenching inequality by assisting those with insurable assets – typically men – and leaving those without – typically women – comparatively worse off.

Tetet Nera-Lauron, Philippines,
Advisor, Rosa-Luxemburg-Stiftung
Manila representative office

A Matter of Climate Justice

The effects of climate change are not limited to developing countries, of course, but they're a far bigger problem for developing countries than for rich ones. The morose irony is that these problems are not of their own making: it is the rich countries which reaped the benefits of fossil fuel-powered growth that are causing climate change and are best able to shoulder its costs.

The decision to establish the Warsaw International was a 20-year uphill climb, especially for small island developing states, to recognise losses and damages from human-induced climate change and the struggle continues today. Proportionally, the greatest economic and climate-related loss and damage occurs in low-income countries. However, rich developed countries have been up in arms reluctant to accept loss and damage since the phrase evokes legal liability. The term has become hugely important to developing countries and climate

justice advocates at the negotiations and a big headache for developed countries.

Loss and damage is basically what happens when mitigation and adaptation fall short and climate disaster strikes. I consider 'loss' to mean the complete loss of lives, habitats and species: once these are lost, these cannot be brought back. 'Damage' is for those that may still be mended. At this point, no matter how much we cut emissions or how much we prepare for coming changes, there will still be significant losses and damages from climate change.

'Leaving no one behind' is the development mantra, and this sense of solidarity applies well to the concept of loss and damage: that the global community does not leave those most affected and the poor to deal with the risks of climate change. But this also requires rethinking and reclaiming solidarity and historical responsibility as it means reining back those who have gone too far ahead in terms of economic growth at the expense of the historical and continuing plunder of the South through colonialism and neo-colonialism (made possible through unfair and unjust trade deals, industrialisation, investments and financial architecture). Quantifying losses and damages is in

itself a very difficult challenge, be it in sudden phenomenal disasters or in slow onset events. But it gets even harder when one is to quantify non-economic losses and damages: how do we put a price tag on the loss of a homeland, biodiversity, ecosystems and culture, for instance? And how does one respond to attendant problems that come with extreme weather events, such as climate-induced migration?

It has been five years since Super Typhoon Haiyan (Yolanda) struck the Philippines and left a massive trail of losses and damage: more than 10,000 killed with millions of pesos in damages to livelihood and property. How does one recover from the trauma of storm surges engulfing one's home? Who keeps the family together and cares for its members? Who scrapes whatever food and fuel is left behind and lets family members eat first? Who gets preyed on by the police and military when they set up camp near evacuation centres or when they seal off areas and prevent the community from going back to their homes, which have been declared 'unsafe and unfit' but have simultaneously promoted these coastal towns to rich foreign investors? Women bear the disproportionate brunt of the impact of climate change, and loss and damage demands a feminist solution.

6 DO OPTIONS FOR LOSS AND DAMAGE FINANCE MEET A CLIMATE AND GENDER-JUST CRITERIA?

Whilst developed countries have emphasised private-sector interventions to deal with loss and damage, solidarity-based proposals, including public sector interventions, taxation and North-South transfers are being championed by civil society and vulnerable countries. The options that have been proposed are assessed below.

6.1 Sources of Finance

6.1.1 Climate Damages Tax

The Climate Damages Tax (also known as the Carbon Levy or Fossil Fuel Majors Levy) would tax the extraction of coal, oil and gas, with the tax to be paid into a global solidarity fund for loss and damage. The idea is to make the fossil fuel industry pay for the climate damage its products cause, addressing the injustice inherent in the business model of the fossil fuel industry that outsources the true cost of their product to poor and vulnerable people.

The Climate Damages Tax could raise revenues of between USD 150 and USD 1,000 billion a year, at a rate of USD 6 per tonne of CO₂e or USD 40 per tonne of CO₂e respectively, and be applied globally. The proposal includes allocating the tax between loss and damage finance and just transition programs. The tax would have the advantage of placing a price on carbon, incentivising a shift away from fossil fuels. Its proponents, however, emphasise the need for a range of policies in order to phase out fossil fuel use by mid-century.⁴⁹ It incorporates equity by allowing poor countries to use all of the revenue generated within their borders for domestic climate programs,

whereas 50% of the revenue generated in rich countries would go to the international loss and damage solidarity fund. The concept has been widely supported by civil society,⁵⁰ and a number of vulnerable countries, including Dominica, Seychelles, Bangladesh and Vanuatu have backed the idea.⁵¹

6.1.2 Carbon Pricing for International Aviation and Maritime Transport

Fuels used for international aviation and maritime transport (often called 'bunker fuels') are currently exempt from fuel taxation and their emissions are growing faster than in any other sector globally. The UN High-level Advisory Group on Climate Change Financing estimated that a carbon price of USD 25 per tonne on international transport emissions could generate around USD 30 billion in revenue annually, of which over USD 10 billion could be used as a climate finance contribution from developed countries. Mechanisms to differentiate between countries based on their level of development, capacities and responsibilities have been proposed.⁵² Some options include:

- Applying a levy on the International Civil Aviation Organization's (ICAO) planned Carbon Offset and Reduction System for International Aviation (CORSA).⁵³

⁴⁹ For more on a Climate Damages Tax see: <https://www.stampoutpoverty.org/cdt/climate-damages-tax/>. ⁵⁰ Climate Action Network (2018) 'Climate Damages Declaration', November 2017, available at <https://www.stampoutpoverty.org/cdt/climate-damages-tax-declaration/>. ⁵¹ Isaac, J., Jumeau, R., Mahmud, A. and Regenvan, R. (2018) 'When Will the World's Polluters Start Paying for the Mess They Made?', Climate Home News, 2 May 2018, available at '<http://www.climatechangenews.com/2018/05/02/will-worlds-polluters-start-paying-mess-made/>'. ⁵² Climate Action Network (2018). ⁵³ Climate Action Network (2018).

Table 2: Options for Loss and Damage Finance

	Enough funds mobilized in a fair way:		
	Scale, additional, predictable	Polluter pays, from those that can afford it	Managed transparently & driven by vulnerable country & community needs
Climate Damages Tax	Yes, potential to raise USD 75 to 500 billion a year, in a predictable way on top of existing finance.	Yes, the fossil fuel industry, with equity sliding scale.	Yes, proposed as such
International Aviation and Maritime	Potential. Solidarity levies have raised a small amount; estimates up to USD 10 b per year for climate finance contribution. Additional and predictable.	Yes, for aviation as global elite fly. Yes, for maritime if a no net incidence system implemented.	Yes, depending on how implemented. ICAO and IMO have not demonstrated strong transparency so far.
Global Carbon Tax	Potential. One estimate USD 40–50 b annually. Additional and predictable.	Yes, as long as well implemented.	If well implemented.
Existing aid commitments	No. There is already a considerable shortfall in aid/ adaptation/ humanitarian/ DRR finance	To some extent, as ODA contributors are historical polluters, but other polluters (like Saudi Arabia) not included.	No
Insurance	No, typically provides 1.5–2% of loss and damage. So far int'l funds for insurance have come from aid, so not additional.	No, premium cost primarily falls upon vulnerable at present; if paid for by int'l solidarity funds that could change.	No
Contingency finance	At present funded by developing countries, which means it is not likely to be of the scale necessary.	Not at present, if funded by int'l solidarity funds that could change.	Yes
Catastrophe bonds and similar instruments	No, likely to be of a scale similar to insurance.	No, at present funded by vulnerable countries.	Unclear

Source: Authors, building upon work in Roberts, J.T. et al (2017) and Climate Action Network (2018).

Help vulnerable people facing climate impacts & empower them					
Slow onset events	Extreme events	Human-rights safeguards	Gender equality	Local ownership/direct access	Appropriate/no additional burden or injustice
Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Could have	Could have	Could have	Yes, if no net incidence system implemented.
Yes	Yes	Could have	Could have	Could have	Yes, if well implemented.
Yes	Yes	Could have	Could have	Could have	Yes, if provided as grants not loans.
No	Yes	–	No (unless specifically addressed in overall program)	No (typically very complicated and only understood by product specialists)	No, places burden of paying premium on vulnerable countries or households.
Yes	Yes	Depending on gov't implementation	Depending on gov't implementation	Yes	No (unless a change to fund with int'l solidarity funds)
No	Yes	Not clear	Not clear	No	No (unless a change to fund with int'l solidarity funds)

- Charging airline passengers a fee, such as the one proposed in 2008 through the International Airline Passenger Levy (IAPAL). A modest fee of USD 5–10 on international airline tickets could be paid directly into the Adaptation Fund.⁵⁴
- Extending the ‘solidarity levy’ ranging from EUR 1 to 40 currently being imposed on air passengers departing from nine countries, including France, Cameroon and Madagascar. Currently, the approximately EUR 200 million per year in revenues from the solidarity levy supports UNITAID, an international drug purchase facility that combats malaria, tuberculosis and HIV/AIDS in developing countries; an extension could generate more funds.⁵⁵
- Incorporating a levy in the International Maritime Organization (IMO) plans to reduce emissions by 50 to 100% by 2050.^{56, 57}

6.1.3 Global Carbon Tax

A worldwide system of carbon pricing could raise funds for loss and damage in the form of either a tax or auction revenues generated from trading schemes, such as the EU Emissions Trading System (EU ETS). A carbon tax would raise funds that could be applied to financing loss and damage while simultaneously promoting substitution with cleaner energy sources. One estimate by the Swiss Government, based on a levy of USD 2 per tonne of CO₂ emissions, projected revenues of USD 40–50 billion annually. Proposals for local taxes are many times that level so substantial revenues are possible.⁵⁸ Establishing true global coverage is not easy; many countries would inevitably

resist the proposal. It would also require the establishment of an entity with the authority and capacity to implement the tax, and the costs of enforcement and compliance would be significant. The tax could be progressive, with developed countries paying greater rates to be redistributed among developing countries to defray costs.⁵⁹

6.1.4 Existing aid commitments

Current climate finance, including finance for adaptation, is largely drawn from existing aid commitments. This is despite the long-standing agreement in the UNFCCC that climate finance would be ‘new and additional’. This has led to the charge that rich countries are double counting: counting support first as aid and second as climate finance.⁶⁰

If rich countries get their way, this situation will get worse with loss and damage. The WIM Executive Committee has plans to draft a technical paper⁶¹ on sources of finance for loss and damage as input into the review of the WIM that will allow developed countries to count existing aid (or Official Development Assistance) funds as loss and damage finance, encouraging double or triple counting of finance, first as aid (ODA), second as adaptation finance and then third as loss and damage finance.

⁵⁴ Roberts, J.T., Natson, S., Hoffmeister, V., Durand, A., Weikmans, R., Gewirtzman, J. and Huq, S. (2017) ‘How Will We Pay for Loss and Damage?’, *Ethics, Policy & Environment*, available at <http://dx.doi.org/10.1080/21550085.2017.1342963>. ⁵⁵ Roberts, J.T. et al (2017). ⁵⁶ <https://www.scientificamerican.com/article/u-n-agency-agrees-to-path-for-shipping-emissions-cuts/> and <https://www.iea.org/newsroom/news/2018/april/commentary-imo-agrees-to-first-long-term-plan-to-curb-shipping-emissions.html>. ⁵⁷ Roberts, J.T. et al (2017). ⁵⁸ *Ibid.* ⁵⁹ *Ibid.* ⁶⁰ Weikmans, R. and Roberts, J.T. (2017) ‘The International Climate Finance Accounting Muddle: Is there hope on the horizon?’, *Climate and Development*, available at <https://doi.org/10.1080/17565529.2017.1410087>. ⁶¹ Which can be seen here: https://unfccc.int/sites/default/files/resource/ToR_TP_%20Final_210918_version%200900hrs.pdf.

This is in the context of an existing ‘gap’ in development finance, humanitarian finance, disaster risk reduction finance and adaptation finance. The additional public spending needed to meet the Sustainable Development Goals (SDGs) has been estimated at roughly USD 1 trillion each year, a significant portion of which will have to come from aid,⁶² yet current aid funding is only USD 131,600 million a year.⁶³

6.2 Financial instruments

6.2.1 Insurance

Following wealthy countries’ emphasis on ‘private sector solutions’ – which often benefit the private sector to the disadvantage of the public⁶⁴ – has been their emphasis on insurance. Insurance places the stress for dealing with extreme climate impacts on vulnerable countries and communities, focusing on risk management rather than responsibility for harm. It makes vulnerable countries and communities responsible for paying a premium to insure against a risk that they did not create.

There has been little assessment of whether insurance works. Some of the enthusiasm for insurance may be misguided given that financial infrastructure, regulatory frameworks and high-quality risk data are often inadequate or non-existent in developing countries.⁶⁵

Insurance has the advantage of providing funds quickly in disaster situations. Climate insurance is often index, or parabolic, insurance where the insurance is made against an event happening (or not happening) rather than against specific loss. This has the advantage of not needing assessments after the event, helping to make pay-outs quicker. For instance, the Caribbean Catastrophe Risk

Insurance Facility (CCRIF) makes pay-outs for hurricanes over a certain wind speed. The African Risk Capacity (ARC) pays out if a certain amount of rain does not fall. The pay-out does not have any direct relationship to the amount of damage, generally climate insurance only pays out 1.5–2% of loss and damage suffered.⁶⁶ ARC and CCRIF are examples of sovereign level, or macro, insurance. Other forms of climate insurance include meso-level, where organisations such as NGOs or credit providers take out climate insurance, and micro insurance, in which individuals take out insurance.⁶⁷

Micro insurance on its own is not a good option for the very poor and should be combined with measures to lift people beyond a critical threshold, for example by complementing insurance with asset accumulation programs. In an assessment of micro insurance schemes, MCII (2016) noted that it was not insurance alone that unlocked opportunities but the interplay of insurance with other risk management activities and social protection tools.⁶⁸

⁶² Martin, M. and Walker, J. (2015) ‘Financing the Sustainable Development Goals: Lessons from government spending on the MDGs’, Oxfam and DFI, available at ‘https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/rr-financing-sustainable-development-goals-110615-en.pdf’. See table 2.2 additional public spending for the SDGs between USD 796 billion and USD 1.245 trillion, of which USD 60–100 billion is for climate adaptation. ⁶³ OECD (2016) ‘Development Co-operation Report 2016: The Sustainable Development Goals as Business Opportunities’, 18 July 2016, available at ‘https://www.oecd-ilibrary.org/development/development-co-operation-report-2016_dcr-2016-en’. ⁶⁴ See for instance: Emmett, B. (2006) ‘In the Public Interest’, Oxfam and WaterAid, available at ‘https://www.oxfam.de/system/files/20060831_inthepublicinterest_1916kb.pdf’. ⁶⁵ Weingartner, S. and Caravani, A. (2017). ⁶⁶ Richards, J. and Schalatek, L. (2018). ⁶⁷ RESULTS (2016) ‘Weathering a Risky Climate: The role of insurance in reducing vulnerability to extreme weather’, 21 April 2016, available at ‘<https://www.results.org.uk/sites/default/files/files/Weathering%20a%20Risky%20Climate.pdf>’. ⁶⁸ Schaefer, L. and Waters, E. (2016) ‘Climate Risk Insurance for the Poor & Vulnerable: How to effectively implement the pro-poor focus of InsuResilience’, MCII, November 2016, p. 77, available at ‘http://www.climate-insurance.org/fileadmin/mcii/documents/MCII_2016_CRI_for_the_Poor_and_Vulnerable_full_study_lo-res.pdf’.

Insurance has a gender bias which benefits men: they are more likely to own higher value assets. Women are poorer and hence less able to afford the premiums. Subsidising premiums, or combining insurance with other social security mechanisms, can counteract the potential spiral of deepening inequalities, including gender inequality and high opportunity costs of insurance premiums for the poor. Insurance schemes often struggle to cover the most vulnerable, and insurance may become the recipient of resources that would otherwise be used for savings, risk reduction or providing safety nets.⁶⁹

Climate change may drive losses to a level where they become too frequent, too costly or too unpredictable to insure.⁷⁰ In addition, insurance is not suited to slow onset disasters, like sea level rise.⁷¹

6.2.2 Contingency finance

Contingency finance, also known as reserve fund or emergency funds, is budget allocation in case of an emergency or disaster. The Bangladesh Climate Change Trust Fund is an example. The fund is maintained by the Bangladeshi government to finance climate-related projects, with about 34% of the annual endowment set aside for emergencies.⁷²

Contingency finance can make disaster response more flexible. Setting aside contingency finance allows governments to plan in advance and distribute finances earlier in the course of disasters. Providing vulnerable households with assistance immediately after a climate shock occurs, perhaps via boosted social safety nets, can stop households from being pushed into poverty.⁷³

However, without external funding, this mechanism places the onus on governments in vulnerable, less developed nations to set aside funds for contingency finance, leaving less in the coffers to address other pressing needs.⁷⁴

6.2.3 Catastrophe bonds

Catastrophe (cat) bonds provide the bond issuer with funds if a catastrophe strikes. Cat bonds are investments with a specific set of conditions: if the bond issuer suffers from a certain pre-defined disaster, the issuer's obligation to pay interest or repay the principal to investors or both is either deferred or forgiven. Cat bonds may be issued by countries to finance disaster response or by others, such as insurers, to protect finances or an investment in the event of disaster. They generally have a higher cost and tend to involve stricter terms and conditions than traditional insurance. Cat bonds only cover sudden catastrophes, not slow onset events.⁷⁵

Other innovative bond instruments tailored to climate change impacts are being devised. For example, attribution bonds would cover the component of the probability of a natural disaster attributable to climate change, and sea level rise bonds would provide dividends in the event the mean sea level exceeds a predetermined threshold. These bonds currently exist only at the conceptual stage.⁷⁶

⁶⁹ Weingartner, S., Simonet, C. and Caravani, A. (2017) 'Disaster Risk Insurance and the Triple Dividend of Resilience', ODI Working paper, Nr. 515, available at <https://www.odi.org/publications/10926-disaster-risk-insurance-and-triple-dividend-resilience>. ⁷⁰ Ibid. ⁷¹ Schaefer, L. and Waters, E. (2016). ⁷² Gewirtzman, J. et al (2018). ⁷³ Ibid. ⁷⁴ Ibid. ⁷⁵ Ibid. ⁷⁶ Ibid.

Bridget Burns, Director, Women's Environment and Development Organisation (WEDO)

The organisations and activists working on gender and climate change (the women and gender constituency at the UNFCCC) bring different perspectives, practical considerations and the analysis of how the forces driving climate change interact with one another. This approach will be essential to develop an understanding of how climate change loss and damage links to other forces such as migration and militarism, and how investing in women, in new ways of doing things, can have a transformational impact.

It starts with an understanding that climate disasters are gendered, that women and men are affected differently by disasters and by non-economic losses. Coping techniques and practical considerations are important, such as reducing violence rates in shelters, care packages provided post-disaster, jobs that are provided in the community after the disasters. But the conversation can't end with coping techniques: telling women to tie their food to trees in the face of a flood doesn't get to the heart of the fact that spaces are becoming untenable to live in, that climate change loss and damage is here. We need to give emphasis to broader issues, from culture to livelihood.

The women and gender constituency can look at loss and damage through a transformative lens, considering the intersectional forces that need to be dealt with and bring a strong analysis of neoliberalism and a broad perspec-

tive of trade, militarism, etc. to climate change.

We already have an insight into how countries are going to deal with the new climate reality. In the caravan travelling from Central America we see the pictures of the women and children fleeing from an untenable environment, and there are no policies in place to deal with this situation. Instead forces are trying to deal with it in a harmful and potentially violent way.

The women and gender constituency have a programme called gender-just climate solutions, showcasing tangible solutions to adapt to and mitigate climate change taking gender into consideration, with women-led, low resource intensive programmes. One of the stories we highlighted was Ursula Rakova, who is coordinating her community in Papua New Guinea to relocate from the Carteret Islands that are disappearing under water. This shows that we're already at the stage where we need to come up with solutions to deal with loss and damage, including displacement, solutions that respect human rights and demonstrate what a participatory approach looks like. We need transformational solutions that address, rather than push aside, the power relations within the community. A transformative approach places those most impacted front and centre, including a just transition perspective with the communities significantly impacted from dirty energy or disasters. It is essential there be a process in place that doesn't recreate power imbalances that existed beforehand. The

gender constituency brings this perspective to the table.

The solution to climate change is not Exxon owning the sun, without dealing with existing racism, sexism, oppres-

sion and inequality. We can't properly deal with climate change without addressing the underlying drivers and without taking on the transformational opportunities.

7 CONCLUSIONS AND RECOMMENDATIONS

Loss and damage lays bare the false assumptions underpinning neoliberalism: that the resources of the natural world can be inexhaustibly exploited. This economic model, and the damaging inequality that it is built on, is not compatible with our planet. To prevent climate change and address the ensuing loss and damage we must embrace a polluter pays, rather than victim pays, method and adopt solidarity as a guiding principle, including a just, and a gender-just, approach.

To start with, the pathway set out by the IPCC 1.5°C Report to reduce emissions to net zero before the middle of the century must be followed to the letter, with rich countries acting as first-movers. In addition, more resources are urgently needed to help communities adapt to the climate change impacts that can be adapted to. But as loss and damage is already being felt, and will only get worse, rich countries must change their tune and shift to one of solidarity with vulnerable countries and communities, including women and LGBTQI communities. At an international level, there are opportunities for the UNFCCC and the UN Secretary General's summit to address loss and damage from a gender justice perspec-

tive, and at a local level there are opportunities as well.

Ensuring that loss and damage does not further entrench disadvantages for women and LGBTQI communities will require enough funds be mobilised in a fair way, driven by developing country and community needs that help and empower vulnerable people facing climate impacts. The WIM must be in a position to deliver on this by meeting its founding mandate to enhance financing.

The review of the WIM, due to be conducted in 2019, should acknowledge that it is not meeting this mandate and address this by ensuring that at COP25 countries are in a position to fully operationalise the WIM and put a mechanism in place to generate funding that meets the criteria outlined in this paper, including that it be adequate, providing a scale of at least USD 300 billion per year by 2030, that it be in addition to the already inadequate development and adaptation finance and that it be provided as grants and not loans. As such innovative sources of finance should be developed and implemented, including the Climate Damages Tax.

This will require COP24 at Katowice to give guidance to the review, ensuring

that the principles and process for 2019 is clear. The process must first and foremost include an assessment of needs. Secondly the funds that are being provided should be assessed as to whether they meet the climate and gender-just approach outlined in this paper. For the significant gap that will inevitably be identified, innovative sources of finance must be agreed and a plan put in place for implementing them. As currently commissioned the technical paper being compiled by the UNFCCC on finance for loss and damage does none of this, and therefore the COP must commission further work to provide this input early in 2019.

The WIM ExCom should build its own capacity to address gender equality, through a programme of work in 2019 that ensures gender is addressed in each of its workstreams. The WIM should work with vulnerable countries to develop guidelines for national loss and damage plans and include within them a gender equality assessment and milestones for national governments as well as recommendations for specific types of projects to enhance gender equality within a loss and damage context.

The UN Secretary General's climate summit in September 2019 must include discussion of loss and damage, the gender discrimination in climate impact and recommendations about how to ensure sufficient financing is provided for loss and damage. This should include polluter pays sources such as the Climate Damages Tax.

The UNFCCC gender workstream should address loss and damage as a specific issue, and there should be capacity sharing between the Gender Action Plan and the WIM ExCom: consideration

should be given to developing a joint programme. Coordination with other relevant bodies and work programmes should also be considered, including the Local Communities and Indigenous Peoples Platform (LCIP).

Nationally, governments should promote the voice and agency of women and LGBTQI communities in putting together loss and damage national plans by including them on steering committees and decision-making bodies. Governments should undertake climate-just and gender-just analyses of policies and programs using the principles laid out in this report and more specific indicators.⁷⁷ Additionally, the women and gender constituency should engage proactively on loss and damage, which has the potential to deepen the already significant level of disadvantage women and LGBTQI communities are facing. Work in communities to identify the challenges faced by women and LGBTQI communities in relation to both extreme events and slow onset events and to identify ways to address these challenges is essential. Continuing to expose the fundamental inequalities that drive these challenges, and working with communities and governments to overcome them, is also vital.

Philanthropic organisations will need to support this work, as traditional donor countries have been starving the area of loss and damage of funding for ideological reasons. We recommend that philanthropic organisations undertake

⁷⁷ Such as those in Glemarec, Y., Qayum, S. and Olshanskaya, M. (2016) 'Leveraging Co-Benefits between Gender Equality and Climate Action for Sustainable Development: Mainstreaming Gender Considerations in Climate Change Projects', UN Women, October 2016, available at 'https://unfccc.int/files/gender_and_climate_change/application/pdf/leveraging_cobenefits.pdf'.

their own learning programme on loss and damage, with a view to establishing a target budgetary allocation for L&D spending.

Considering loss and damage and gender inequalities together can help us understand the gravity of the climate crisis, spur action to prevent as much climate damage as possible, offer solidarity to the communities and countries facing the worst impact of climate change and undertake a transformational approach to a better world.

Julie-Anne Richards began working on climate change in 2003, driven by the injustice of climate change, a problem caused by rich and vested interests but hitting poor people first and worst.

She has worked with civil society around the world, including coordinating strategy and policy for Climate Action Network International, working with Oxfam Great Britain and Oxfam Australia, and working with Pacific civil society. She has written extensively on climate finance for loss and damage, displacement from climate change, climate insurance, climate litigation, coal and energy intensive industries.

IMPRINT

ANALYSEN No. 51, 1st edition

is published by the Rosa-Luxemburg-Stiftung

Responsible: Ulrike Hempel

Franz-Mehring-Platz 1 · 10243 Berlin · www.rosalux.de

ISSN 2194-2951 · Editorial deadline: Dezember 2018

Editing: Nadja Charaby

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Layout/Production: MediaService GmbH Druck und Kommunikation

Proofreading: Ellison Moorehead for *lingua•trans•fair*

Printed on Circleoffset Premium White, 100% recycled paper

‘The politics of loss and damage is a microcosm of broader climate change politics: an ideological battle between a neoliberal “green growth” perspective that sees capitalism as an overall positive force requiring modest adjustments, and a more reformist climate justice perspective, that sees rampant capitalism as the problem and seeks a system change.’

JULIE-ANNE RICHARDS

