

Loss and Damage Policy Proposal



SUBJECT: Recommendations for the Operationalization of the Loss and Damage Fund

TO: Climate Policy Makers, Influencers, and Stakeholders

FROM: Loss and Damage Team, Emerging Leaders for Climate Action

Authors: Angel Smith, Ahmad Choudhary, Laura Kozuszek, Istiak Ahmed, Hanan Allen, Rumer Alleyne-LeGendre, Victoria Bortfeld, Lindsay Horikoshi, Tosca Lichtenheld, Mark Ortiz, Thomas Ward

Executive Summary

Loss and damage extend beyond economic consequences, destabilizing entire regions, rendering them uninhabitable, and necessitating internal or external migration. Robust financing solutions for the most vulnerable communities are vital to address these multifaceted challenges.

Our **core recommendations** will

1. Operationalize the loss and damage fund.

The **focus area recommendations**

2. Will ensure coverage for a broad range of climate impacts.

While climate change's impacts are well- documented, the policy framework for funding loss and damage remains nascent. This proposal aims to accelerate progress in this critical area. By establishing transparent and effective loss and damage finance policies, as found in our core recommendations, we can significantly enhance our ability to confront this complex issue.



EMBASSY OF THE
UNITED ARAB EMIRATES
WASHINGTON, DC



While the core recommendations provide the backbone of our paper, the focus recommendations address three key areas: extreme climate events, migration, and the blue economy. Ensuring the Fund can cover these three areas ensures that the Fund will have a broad scope. This proposal aims to provide a comprehensive and actionable framework to address loss and damage effectively, offering hope for vulnerable communities and a more sustainable future.

Introduction & Context

Because of the infancy of the fund, there is no established definition of loss and damage. As a result, we developed one to guide our research and recommendations:

Loss and damage occurs due to deprivation or deterioration of resources, goods, and services, both economic and non-economic, that result from the impacts of climate change.

Climate change's externalities inevitably lead to loss and damage. Loss and damage impacts are felt globally, but there is a disproportionate impact on the poorest nations, which cannot mitigate the costs associated with loss and damage. These global impacts disproportionately affect the world's poorest nations, who lack the means to mitigate these costs. Recognizing the urgent need for solutions, COP27 initiated a Loss and Damage Fund. However, further work on financing mechanisms is essential to assist vulnerable regions effectively.

Background

Loss and damage, as a concept, was first raised as an issue in approximately 1991 during UN climate negotiations by Vanuatu (representing the Alliance of Small Island States (AOSIS)). However, it wasn't until 2007 that the term "loss and damage" appeared in the UN text. At the onset, the concept of loss and damage centered around the need for, and creation of, an insurance scheme for countries negatively impacted by rising sea levels.[1] At COP19, in 2013, the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM) was established.[2] During COP21, the Paris Agreement was adopted, which included an article on loss and damage but did not contain a basis for claiming compensation.[3] Loss and damage continued to make forward strides in subsequent COPs with the establishment of the Santiago Network, the Glasgow Dialogue, and the Loss and Damage Fund (the Fund) during COP25, COP26, and COP27, respectively.[4]



EMBASSY OF THE
UNITED ARAB EMIRATES
WASHINGTON, DC



Policy Recommendations

Core Recommendations

1. The Fund's Board should establish an inclusive governance structure with representation from indigenous communities and youth.
2. The Fund's Board should prioritize creating a working definition of loss and damage.
3. The Fund's Board should work to advance the development and deployment of innovative sources of finance.
4. The Fund's Board should consider allowing funds to be used as "gap coverage" to fund items not already embodied (or rarely embodied) in other COP/CMA funding mechanisms, such as: non-economic losses, nature-based solutions, access to data that will aid in the creation of robust country risk assessments and plans, payment of insurance premiums, and M&E (to better demonstrate the return on investment for funding preemptive measures).
5. The Fund should be a standalone institution.
6. The Fund should enable direct access for the national organizations of vulnerable countries, and the funding process should be timely.
7. The Fund's Board should mark a portion of its finances as rapidly deployable funds that assist with recovery from sudden extreme climate-related events.
8. The Fund's Board should encourage the adoption of policies and plans that enable more efficient internal migration for those experiencing loss and damage.

Focus Area Recommendations

In choosing our focus areas, we thought about those climate impacts that cover the most apparent loss and damage but also those less considered. For example, the most recent proposed governing instrument for the fund includes extreme weather events in the first paragraph, while migration is only vaguely mentioned.[5] We recommend the board enable funding for a broad scope of climate impacts.



EMBASSY OF THE
UNITED ARAB EMIRATES
WASHINGTON, DC



A. Extreme Climate-Related Events

Extreme weather events, like hurricanes and floods, cause climate-induced loss and damage by inflicting physical destruction to infrastructure and homes, leading to economic losses. They can result in loss of lives, displacement, environmental harm, and long-term health and social impacts, straining communities and economies. The sudden onset of extreme weather events causes the greatest amount of loss and damage in the least amount of time. **We recommend:**

1. Allowing funding for both proactive and reactive loss and damage resulting from extreme weather events.
 - a. Expand climate risk insurance programs, nationally and internationally, for individuals, communities, and businesses.
 - b. Partner with weather experts or utilize geographic information systems (GIS) to enable earlier warnings for vulnerable communities.
 - c. Ability to invest in preventative and green infrastructure.

B. Migration

The inevitable impact of climate-induced loss and damage is migration. In the Asia and Pacific region alone, an alarming estimate indicates that 9.5 million people could face displacement annually due to the destructive forces of storm surges, floods, cyclones, earthquakes, and tsunamis. As the Board convenes at COP28 in Dubai to refine the Loss and Damage Fund, it is paramount for them to underscore migration in the Funds framework. **We recommend:**

1. Allowing “forced displacement” and “human mobility” to be among the “devastating economic and non-economic losses” the fund could be used for.
 - a. This would provide resources to enable efficient internal migration for those experiencing loss and damage.
2. Promote the adoption of regional frameworks among nations for cross-border climate migration in response to sudden loss and damage.
 - a. This recommendation goes beyond the loss and damage fund to encourage regional agreements, such as in the African Union, to deal with the kinetic realities of cross-border migration due to climate change.

C. Blue Economy

Existing policies regarding the Blue Economy, ocean protection, and tourism can vary depending on the location and the amount of people, money, and an area's visitation. Every coastal area of the world approaches the execution of programs, policies, treaties, etc., differently based on the access to funds, personnel, and materials for the proposed projects directly affecting them. The World Bank has provided the working definition of Blue Economy as “The sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health.”[6]



EMBASSY OF THE
UNITED ARAB EMIRATES
WASHINGTON, DC



There are several agreements and initiatives when it comes to the topic of Blue Economy, such as the United Nations' Sustainable Blue Economy Investment Forum (SBEIF), the High Seas Treaty, Nationally Determined Contributions (NDCs), the Lisbon Declaration[7], the Great Blue Wall[8] initiatives, UN Law of Seas, and the Sustainable Development Goals (SDGs) to name a few. Some of these initiatives/agreements are regional, while others are international, such as the Sustainable Development Goals, where each country is encouraged to participate voluntarily. Given the different treaties, initiatives, agreements, goals, etc., it can be overwhelming for those wanting to help (individuals, businesses, local governments, etc.) to keep up and find a way they fit into the equation.

With the ocean as the 7th largest economy, the blue economy creating a net worth of over 2.5 trillion a year, and 40% of our population living in a coastal zone[9], it is critical for policies regarding funding for the Blue Economy to be able to stand alone and become part of a larger policy plan as dictated by the situation. More holistic and multidimensional policies ensure every aspect of a community is protected and able to thrive, creating a more sustainable community able to make funds last longer and circulate funds in the most effective way, building local and international resiliency, aligning with the USAID's Resilience Policy.[10] This also means considering the impacts of funding being used as "gap coverage" to fund items not already embodied (or rarely embodied) in other COP/CMA funding mechanisms. Multi-dimensional and multilateral policies that focus on building whole communities through Nature-Based Solutions (NBS) are ideal. **We recommend:**

1. Allocated funding for Ecological Preservation
 - a. Ensuring Nature-Based Solutions encourages sustainable use of funds and helps meet targets in the 2022 - 2030 Climate Strategy. This also encourages communities to be involved in creating solutions, giving them ownership of the process and better-ensuring solutions that are tailored to their community. This allows for changes in the approach and adjusting to the overall climate situation since responding to climate issues needs to be flexible.
 - b. Within this would also include Blue Carbon project investment for mangrove, seagrass, coral rebuilding & biodiversity protection as it is essential for the security of communities. This security ranges from food security to economic opportunities, leading to better housing protection. When coastal ecosystems are in full bloom and are working efficiently together, it creates a comprehensive system that coastal and land-locked communities can rely on. For example, a healthy reef ensures an increased fish population for food (locally and globally) and work opportunities for local community members.



EMBASSY OF THE
UNITED ARAB EMIRATES
WASHINGTON, DC



2. Gap Coverage Funding

- a. A multi-pronged approach for funding for non-economic losses, access to data that will aid in the creation of robust country risk assessments and plans, M&E to better demonstrate the return on investment for funding preemptive measures; and payment of insurance premiums.
 - i. Non-economic loss and damage are not easily translated into financial terms and have a ripple effect on a community. Non-economic loss and damage can range from the psychological trauma of living through multiple climate emergencies to the loss of an original language and traditional ways of living. Additionally, ensuring funding for non-economic & cultural losses helps meet the 2022 - 2030 USAID Climate Strategy targets. Having a multidimensional policy to address these concerns regarding non-economic losses needs a top priority for the L&D Fund.
 - ii. Funding for risk assessment planning and M&E is critical regarding sustainable funding and spending as it encourages communities to use their funding when preparing or responding to climate impacts. It also aligns with capacity-building/sharing efforts already in place by USAID, making it an easier transition to create a policy to support these efforts.

Conclusion

This memo provides eight recommendations split into two categories: core and focus area recommendations. The core recommendations, our proposal's backbone, center around finance to operationalize the Fund. Our focus area recommendations, extreme weather, migration, and blue economy, revolve around broad climate impacts to ensure that the Fund will cover a broad range of climate impacts. In short, the recommendations aim to operationalize the fund and ensure the Fund has a broad scope of coverage. Without implementing these recommendations, the Fund may operate inefficiently, leading to improper allocation of funds and a failure to provide necessary support. For over thirty years, the idea of aiding poorer nations in combating climate change has been an aspiration of the most vulnerable. Those who have contributed the least to climate change disproportionately face the greatest risks of climate change and simultaneously have the least resources to deal with those risks. It is vital these recommendations are implemented to redress the disproportionate impacts of climate change.



EMBASSY OF THE
UNITED ARAB EMIRATES
WASHINGTON, DC



Appendix

Appendix A: Contact Information

Angel Smith (ans13@rice.edu)

Core/Cross-Cutting Recommendations

Ahmad Choudhary (achoudhary1264@gmail.com)

Migration and Extreme Weather Events

Laura Kozuszek (laurakozuszek@gmail.com)

Blue Economy

Istiakh Ahmed (ahmed.is@northeastern.edu)

Hanan Allen (hananallen@gmail.com)

Rumer Alleyne-LeGendre (rumerlegendre24@gmail.com)

Victoria Bortfeld (vbortfeld@gmail.com)

Lindsay Horikoshi (Lindsay.horikoshi@gmail.com)

Tosca Lichtenheld (toslicht@gmail.com)

Mark Ortiz (mark.ortiz@psu.edu)

Thomas Ward (thomasfrancisward@gmail.com)

Appendix B: References

- [1] Chinnappa, Abhishek, 2022, "What is loss and damage?" Chatham House, <https://www.chathamhouse.org/2022/08/what-loss-and-damage>.
- [2] United Nations Framework Convention on Climate Change, n.d., "Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM)," UNFCCC, <https://unfccc.int/topics/adaptation-and-resilience/workstreams/loss-and-damage/warsaw-international-mechanism>.



EMBASSY OF THE
UNITED ARAB EMIRATES
WASHINGTON, DC



- [3] Chinnappa, Abhishek, 2022, "What is loss and damage?" Chatham House, <https://www.chathamhouse.org/2022/08/what-loss-and-damage>.
- [4] Ibid.
- [5] "Submissions to the Transitional Committee." UNFCCC.int. <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/transitional-committee/submissions-to-the-transitional-committee>.
- [6] Blue Economy Definition - World Bank 2017. Retrieved August 2023 from What is the Blue Economy? (worldbank.org)
- [7] Lisbon Declaration - Final Draft 2022. Retrieved August 2023, from UNOC_political_declaration_final.pdf
- [8] Great Blue Wall Initiative - United Nations November 2022. Retrieved August 2023 from Global leaders urged to scale up support for the Great Blue Wall initiative | Africa Renewal (un.org)
- [9] The Blue Economy is a historic opportunity. Here's how we seize it - World Economic Forum, August 2022. Retrieved August 2023 from Here's how we fulfil the economic promise of a blue economy | World Economic Forum (weforum.org)
- [10] Resilience Policy - USAID 2023. Retrieved August 2023 from Resilience | What We Do | U.S. Agency for International Development (usaid.gov)



EMBASSY OF THE
UNITED ARAB EMIRATES
WASHINGTON, DC

