

Developing countries call for Loss and Damage Finance Facility

Bonn, 8 June, (Hilary Kung) - The UNFCCC's Subsidiary Body for Implementation (SBI) organized the first Glasgow Dialogue (GD) to discuss the arrangements for the funding of activities to avert, minimize and address loss and damage associated with the adverse impacts of climate change at its 56th session on 7 June 2022. The GD was organized by the SBI in cooperation with the Warsaw International Mechanism for Loss and Damage.

(The Glasgow Dialogue was established in Glasgow last year, following a major fight between developing and the developed countries. The developing countries lost the battle on ensuring a loss and damage finance facility due to very strong opposition from the developed countries, especially the United States (US), and only managed to secure a dialogue to discuss the funding arrangements. See [TWN Glasgow Climate News Update 17](#))

Before the GD convened in Bonn, civil society groups were seen outside of the Chamber Hall (the event venue), calling for the Loss and Damage Finance Facility to be established and for the 'matters relating to loss and damage' to be added to the agenda item.

(The decision by the SBI Chair during the official plenary informed that this proposed additional agenda item will be kept in "abeyance", pending informal consultations by the Chair, with the

outcome to be reported back to the plenary at the Bonn session. See [TWN Bonn Climate News Update 2](#))

Following opening remarks by the **SBI Chair (Marianne Karlsen of Norway)** and the **UNFCCC's Executive Secretary, Patricia Espinosa**, the co-facilitators of the 1st GD, **Christina Chan** (from the United States) and **Joseph Teo** (from Singapore) conducted the session.

Antigua Barbuda, speaking for the **Alliance of Small Island States (AOSIS)** took the floor to deliver a powerful statement. It stated that, "It is no secret that AOSIS and the Group of 77 and China had a common position at COP 26. This was to establish a Loss and Damage Finance Facility under the Financial Mechanism, and to lay out a process to consultatively define the Facility and make a recommendation to COP27 for further operationalization. This common position aims at addressing an apparent gap in the existing architecture for climate finance. The compromise that AOSIS made at the COP 26 was based on the understanding that the GD would lead to a conclusion that a Loss and Damage Finance Facility will be established at COP 27 in Egypt".

AOSIS further noted that the process for deciding on the structure of the Dialogue was not country-driven. It stated that it would have recommended that the agenda (for the 1st day) pro-

vide space for stakeholders to make their initial interventions on the Dialogue if Parties were consulted on the agenda.

AOSIS also referred to the Intergovernmental Panel on Climate Change (IPCC) Working Group II report which concluded that “(1) the problem of loss and damage exists and is caused by human-induced climate change; (2) loss and damage escalates with every increment of global warming; and (3) the issue of loss and damage is not comprehensively addressed by current financial, governance and institutional arrangements”.

Calling for urgency for the UNFCCC regime to arrive at a comprehensive solution to finance loss and damage response, AOSIS questioned the relevance of the GD in discussing funding arrangements given the gaps in the current climate finance regime that continues to ignore loss and damage.

Many groups supported the intervention made by AOSIS. The first came up was **Marshall Islands** on behalf of **Pacific Small Island Developing States (PSIDS)**. The Pacific group stated that there is no clearer need than now for loss and damage finance and it cannot wait for another 3 years of dialogue. It demanded that one of the outcomes of this dialogue process is the establishment of a Finance Facility for Loss and Damage by COP27/CMA4.

The PSIDS said further that “...at the present time there is practically no finance available for island communities facing slow onset events. There is no disaster or humanitarian trigger for finance as insidious sea level rise seeps into our underground freshwater lenses, making the water undrinkable and the soils infertile. No operating entity of the Financial Mechanism will bring back a coral reef killed by acidifying oceans. There is no funding for addressing the loss to cultural sites now inundated by rising seas, there is no financial mechanism to address coastal traditional identities and local knowledge eroded.”

It further reiterated the same concern made by AOSIS that the Pacific Group was not consulted on the GD agenda of guiding questions.

Fiji reiterated the call to use this GD over the coming days to focus on advancing the process required to

create and formalise arrangements that will create the urgent financing required to avert, minimize, and address loss and damage. It also stated that it has a range of experience when it comes to designing and defining activities and funding mechanisms that deal directly with loss and damage minimization but lack the resources to advance them at the scale needed. It called out the significant gaps in existing global climate financing arrangements. It said further that “what finance we access and receive is either ad-hoc, hard-won, or expensive. We rely on the goodwill of donor countries. Often, these dynamics leave countries like Fiji unhelpfully dependent on the development agendas, political priorities, and financing preferences of others. At the same time, as climate impacts, Covid-19, and other interlinked threats overlap and combine, vulnerable countries are increasingly left indebted, economically exposed, and less resilient.... Average annual economic losses from disasters alone in the Pacific Island countries exceed one billion US dollars annually. This number does not account for non-economic losses, the trade-offs involved, or the incremental damage caused by slow onset events.”

Timor-Leste spoke on behalf of the **Least Developed Countries (LDCs)** and highlighted the gap in the existing financial, governance and institutional arrangements to comprehensively address the current and projected losses and damages, especially in the most vulnerable parts of the world. The LDC group also made clear that the finance facility must provide financing that is additional to what already exists, is sustained, and is quick to access and fills the large financing gap that currently exists, which puts undue burden on them, who are the least responsible but are among the most vulnerable. It also pointed out that the guiding questions for the GD seemed to presume that the current humanitarian and disaster risk reduction support that currently exists is enough, but this is far from it.

The interventions during the context-setting session saw Parties and non-Parties react to the existing gap in the finance landscape.

Mexico, while acknowledging that the current financial landscape, to a certain extent, does provide funding for early warning and disaster prevention, it said that there is no funding available for countries

to deal with the aftermath of disasters. Most importantly, there is a need for quick access and not something that requires 20 months for approval.

Timor-Leste for LDCs also stated that while there are a few funding avenues to avert and minimize loss and damage, these were not about addressing loss and damage.

Zambia highlighted the need for new and additional funds to address loss and damage so that loss and damage, adaptation and mitigation do not compete with each other on the already constrained resources.

Columbia, on behalf of the **Independent Alliance of Latin America and Caribbean** countries (AILAC) elaborated on its understanding of loss and damage and its overlap with mitigation and adaptation. “Avert” is the measure to avoid loss and damage including mitigation; “Minimize” is the measure to reduce the risk of the amount of loss and damage that would have otherwise occurred or before it occurs, including adaptation; “Address” is the measure to respond to loss and damage that is not avoided through mitigation, adaptation and other measures such as risk reduction. It also said that funding may be available for averting and minimizing loss and damage, but there is a financing gap to address loss and damage.

Vanuatu said that the programmes provided by the World Bank, the Green Climate Fund, the Adaptation Fund and others are primarily on minimizing climate change impacts but this truly covers only a fraction of the loss and damage issue. It said that the dangers are clear and present, particularly for slow onset events and non-economic losses.

The **European Union** stated that they were listening and committed to scaling up their climate response. **Germany** also said that it heard the voices loud and clear and recognized the fragmentation of the current financing system.

Norway reiterated the findings of the latest IPCC report that point to the strong and urgent need to step up efforts to address climate change, including loss and damage. **Australia** noted the financing gap mentioned by many Parties and also stated that loss and

damage is a complicated and complex issue, much more complex than any other issues.

Mahamat Assouyouli from the **Adaptation Fund (AF)** acknowledged that the Fund did not have the mandate to address loss and damage. Nevertheless, he said the AF does respond to the countries’ needs and it is up to the countries to seek funds to build resilience against climate change.

Building on that, **Juan Pablo Hoffmaister** from the **Green Climate Fund (GCF)** noted that GCF has a mandate and it operates on country-driven basis. For post-disaster recovery, the GCF can support the reconstruction but not humanitarian assistance. Nevertheless, the available resources from the GCF are to work proactively with countries to strengthen their humanitarian assistance capacity as part of the comprehensive management approach.

The co-facilitators concluded the first day with three key takeaways: (1) that loss and damage impacts are rising; (2) there are financing gaps and there were strong calls from Parties to focus on addressing loss and damage; and (3) the need to focus on who do we want to support, the most vulnerable and how we can channel the support to them.

The first day plenary of the GD also saw three scene-setting sessions: First was a presentation delivered by Mr. Reinhard Mechler, Lead Author of the IPCC AR6 Working Group II. The second session was on the experiences covering programmes and initiatives in countries and communities, presented by World Meteorological Organization (WMO), International Organization for Migration (IOM), Secretariat of the Pacific Regional Environmental Programme, International Federation of Red Cross and Red Crescent Societies and the International Union for Conservation of Nature and the third scene-setting was on the finance landscape presented by the GCF Secretariat, the AF Board Secretariat, the Caribbean Catastrophe Risk Insurance Facility and the Global Facility for Disaster Reduction and Recovery of the World Bank Group.

The GD will continue on the 8 and 11 June at the Bonn session.