Loss and Damage, and why this was a lost cause at COP25

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The recently concluded 25th Conference of the Parties (COP25) in Madrid was a disappointment on many accounts. Hailed as the 'ambition COP', it proved to be everything but. One of the core issues that negotiators were attempting to resolve, but were unsuccessful at, was Loss and Damage financing.

Context: Loss and Damage, and the Warsaw International Mechanism

There are broadly three important facets to climate action. Mitigation involves reducing our greenhouse gas (GHG) emissions into the atmosphere and trying to avoid exacerbating the climate emergency. However, even if we completely stopped emitting GHGs now, the effects of our past emissions are still unavoidable. Adaptation involves improving resilience to the inevitable climate events associated with these. However, some of these climate events cannot be adapted to 'slow-onset' disasters, like sea level rise, or amplified catastrophes like the recent string of hurricanes we have seen all over the world, including India. In these cases, our only option is to find ways to either physically remove ourselves from the situation or to cope with the aftermath. This is where loss and damage (L&D) comes into the picture.

Handling L&D resulting from climate extremities requires immense planning and finance. It was to cater to these needs that the *Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts* (WIM) was created at COP20, in 2013. It outlines three primary objectives: enhancing knowledge and understanding; facilitating dialogue and coordination; and enhancing action and support, including through improved finance, technology, and capacity building. In past years, there has been more focus on the first objective than on enhancing action and support. This was the gap that developing countries attempted to bridge at the recent COP25, by urging developed countries to contribute more proactively, financially.

Why developing countries need Loss and Damage support

Developed countries have historically been responsible for most of the GHG emissions that are now in the atmosphere, and accelerating the climate emergency. The logic behind urging developed countries to provide L&D finance is that industrialisation, which caused these emissions, also boosted these countries to their current developed (and wealthy) status. The USA, for instance, one of the world's wealthiest countries, is currently the world's second largest GHG emitter, and its largest historical emitter.

The brunt of climate extremities in the future is going to fall on developing countries, including India. Estimates by GermanWatch indicate that developing countries will face economic losses of 290–580 billion USD by 2030. Non-economic losses (such as biodiversity) could amount to far more, if valued. Small Island Nations are particularly vulnerable to the effects of the climate emergency. This is precisely why the Alliance of Small Island States (AOSIS) was at the frontlines of seeking loss and damage support at COP25, calling it "an existential issue".

India is also at risk from climate-related extreme events. According to the Global Climate Risk Index 2020, released by Germanwatch at COP25, India had the highest number of climate-related fatalities (2081 deaths) in 2018. We also had the second highest economic loss in the world from climate-related events in that year, amounting to over 37 bil USD. Furthermore, we have faced the third-most fatalities and economic losses in the world over the past two decades, according to the same report. Recent climate-related disasters include floods, cyclones, and heat waves at increasing intensities over the years.

What ultimately happened at COP25?

Throughout the negotiations on L&D, developing countries faced a lot of resistance from developed countries, particularly the USA, EU, Australia, and Canada, when trying to create firm finance mechanisms under the WIM. While there was a call for new funding sources to be channelled towards L&D, and for developed countries to increase their finance commitments, the negotiations ultimately yielded a very watered-down version of these requests.

Instead of creating a financing arm for the WIM, the final outcome of the negotiations was the indication that existing climate finance (via the Green Climate Fund (GCF)), which is supposed to help finance climate action) could be utilised for L&D, in addition to adaptation and mitigation activities. This is problematic for at least two reasons. Firstly, adaptation and mitigation, which the GCF also currently covers, are already considered underfunded.

The 2018 UN Adaptation Gap Report estimates that the annual cost of adaptation will be $140 to 300 billion by 2013 and nearly double that by 2050. It also suggests, based on 50 developing countries' Nationally Determined Contribution submission to the UNFCCC, that there is an annual need for at least $50 billion in the next decade, whereas available funds are around $23 billion annually (as of 2016). Secondly, the GCF's funds can take a long time to procure, whereas L&D-related needs are often immediate. Furthermore, there is no longer any explicit mention of developed countries having to take the lead in providing L&D financing.

During the negotiations, there was also some debate on the governance of the WIM, with the US pushing for it to fall under the Paris Agreement but not the broader UNFCCC (so that once it leaves the Paris Agreement, it will not be required to contribute). However, despite these significant setbacks, there were some very small steps forward. Negotiators managed to establish the new Santiago Network on Addressing Loss and Damage to help developing countries cope with L&D, and among other things, to "catalyse technical assistance" toward this. They also called for the creation of an expert group for enhanced action and support.

Going forward there needs to be an even stronger emphasis on the *polluter pays* principle across all facets of climate financing, especially L&D. Developed countries should make provision to provide greater financing to help developing countries cope with the consequences of the climate emergency. This is especially important since the most at-risk communities in developing countries are already often the most socially and economically vulnerable ones, and often do not have access to a basic decent quality of life. It remains to be seen whether COP26 (to be held in Glasgow next year), and the months leading up to it, will be able to facilitate stronger and more decisive outcomes.

Credits:

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