

Workshop 1: Loss and Damage

STRUCTURE AND SCOPE OF THE LDF: KEY CONSIDERATIONS

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Loss and damage: a contested definition

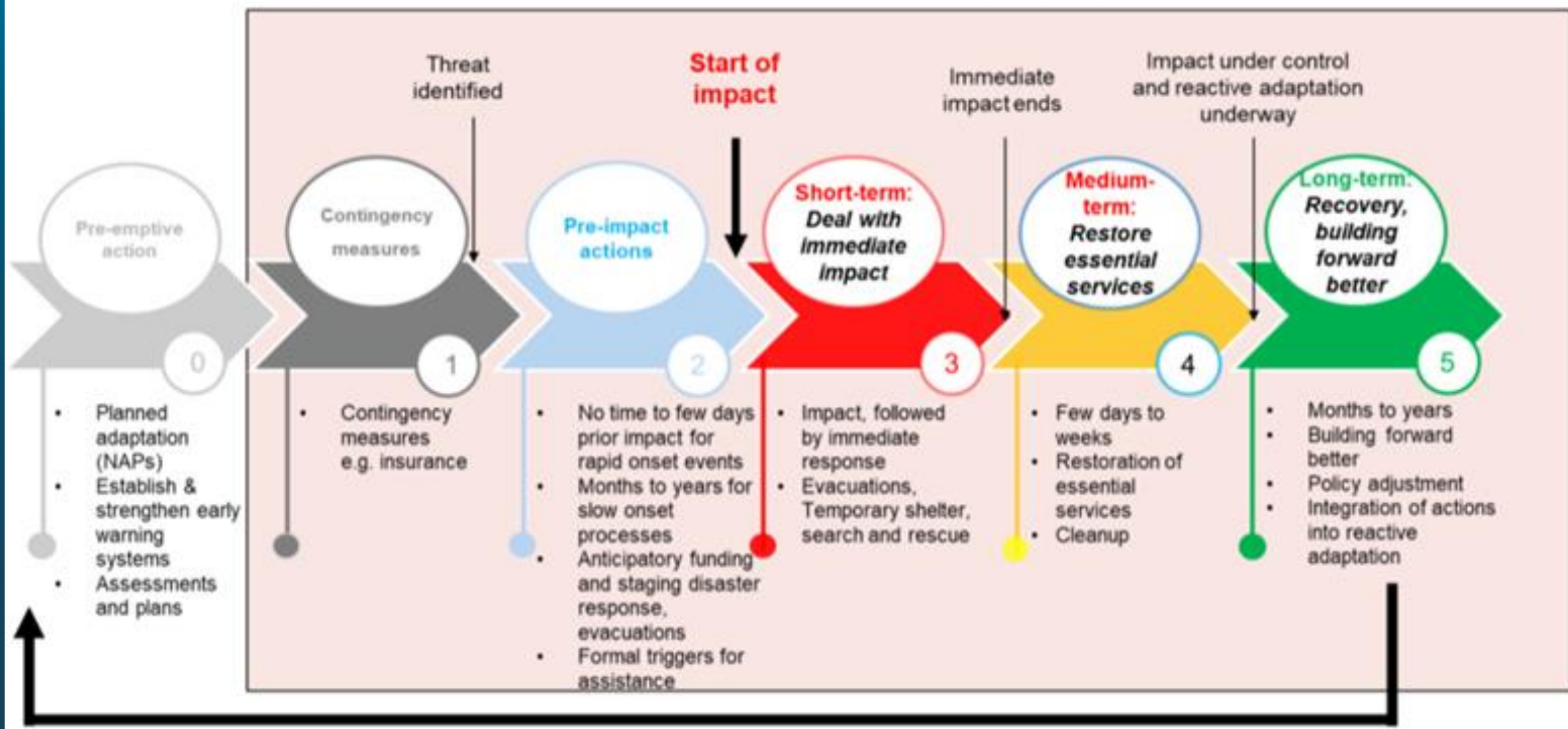
What constitutes loss and damage? Any discussion on the scope of LDF needs to start with that issue

Developed countries:
L&D is a subset of adaptation issues and includes averting and minimizing (disaster risk reduction)

Developing countries:
L&D is a separate issue from adaptation, and from averting and minimizing

The concept should include extreme events and slow-onset events, as well as economic and non-economic loss

From the developmental point of view, Loss and Damage can be thought of as a **Lost Development**



Slow-onset events: even more complex

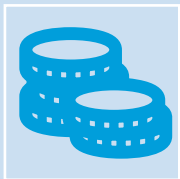


Slow-onset events and processes may include:

- Sea-level rise
- Ocean acidification
- Glacial retreat
- Salinization
- Land and forest degradation
- Loss of biodiversity
- Desertification, etc.

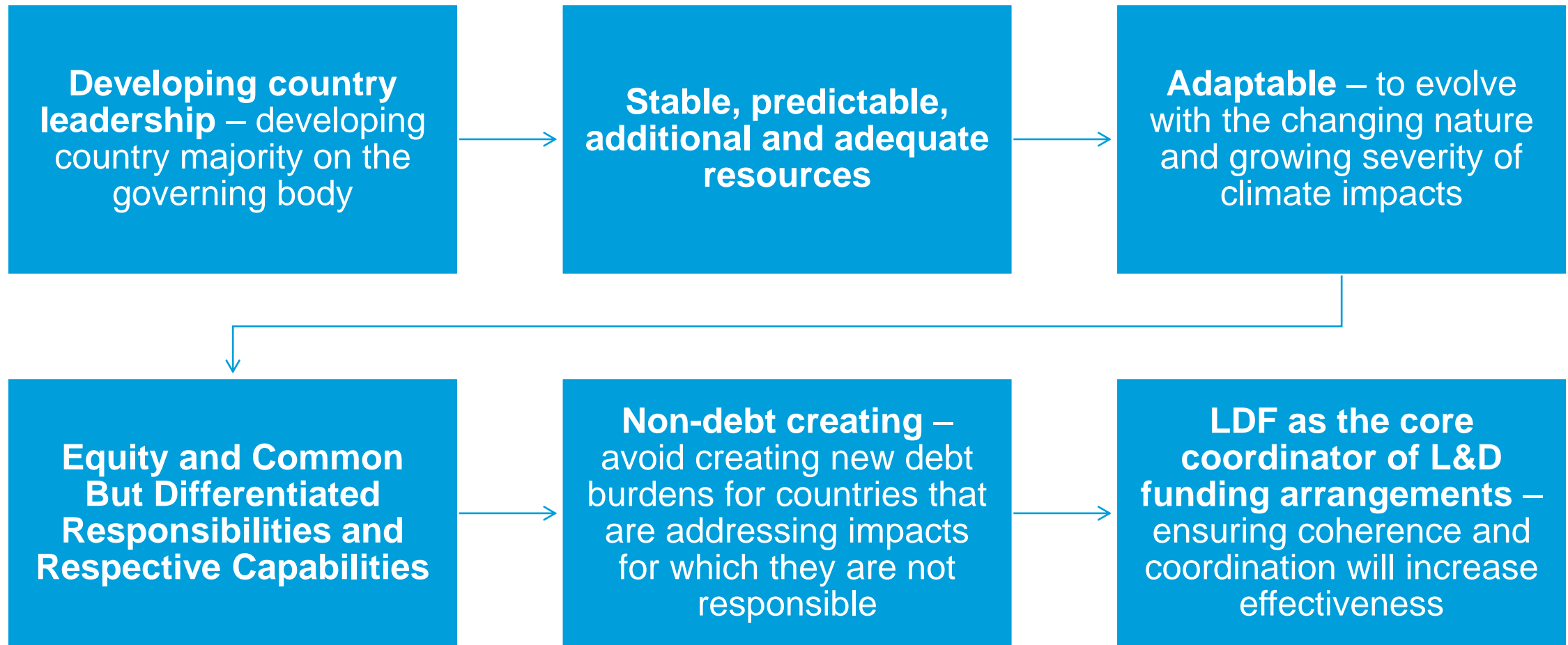


Implies loss of livelihood, food insecurity and pressures to migrate



Impact on economy and society complex and of unknown magnitude

Principles of the establishment of the LDF



Size of the LDF

- Climate impacts in the future more frequent, severe, deadly and costly
- LDF should be designed to account for that
- L&D costs in developing countries \$109 billion in 2022, excluding smaller events, slow-onset events and non-economic losses
- Thus, a floor of the **\$200 billion a year** would be a good start for the LDF
- Another study estimated L&D costs in 2019 at \$435 billion and projected \$540 billion in 2030
- Proposal to progressively increase the replenishment to reach **\$450 billion in 2030**

Possible terms of reference of the LDF

1. Objective of the Fund

“to provide new, additional, predictable and adequate financial resources to assist developing countries to respond to and address the impacts of climate change, including economic and non-economic loss and damage from extreme weather events and slow-onset processes”

2. Governance and institutional arrangements

- Established as an operating entity of the UNFCCC financial mechanism
- Accountable to the COP and CMA

3. Legal status

- should possess juridical personality and legal capacity and enjoy privileges and immunities related to the fulfillment of its functions

Possible terms of reference of the LDF

4. The LDF Board

- Governed and supervised by the Board (guidance from the COP)
- Around 16 members, equitable and geographically balanced representation, with majority from developing countries
- Representation from developing countries should include all regional groupings plus SIDS and LDCs
- Observer status for non-state stakeholders, including civil society

5. Secretariat

- Establish an independently governed secretariat, accountable to the Board
- Responsible for the day-to-day operations of the LDF, providing administrative, legal and financial expertise

6. Trustee

- The LDF should have a trustee with competence to manage its financial assets, and accountable to the Board

Possible terms of reference of the LDF



7. Financial inputs

- Should receive financial inputs from developed countries, as well as from a variety of other sources, public or private

8. Funding arrangements

- Primary source of funds should be public contributions from developed countries
- Allow other contributions, but they should be seen as complementary, including innovative sources

9. Coordination platform

- An Impact Council on Loss and Damage should be established
- Coordination, coherence and complementarity between the LDF and the range of actors in the mosaic of funding arrangements to address loss and damage

Possible terms of reference of the LDF

10. Operational modalities

- All developing countries should be eligible for funding under the LDF
- Three windows: (1) for immediate and short-term recovery with quick disbursement; (2) for ongoing programmatic approaches for addressing impacts from slow-onset processes and longer-term recovery; (3) a small-grants window for sub-national entities

11. Access and disbursement modalities

- Design simple and direct access modalities
- For immediate and short-term recovery window, a request based on post-disaster loss and damage needs assessment; disbursement directly to government-designed entity
- For long-term window, requests based on a national-level loss and damage program developed by a government-designated entity

12. Financial instruments

- All financing from the LDF should be in the form of grants

Thank you!

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