

# **ELIGIBILITY FOR A LOSS AND DAMAGE FUND: ISSUES AND CONSIDERATIONS**

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GOAL OF LDF:  
SUPPORTING  
“PARTICULARLY  
VULNERABLE”  
DEVELOPING  
COUNTRIES

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Non-Annex I countries in the  
global financial architecture

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Methodological issues on  
measuring vulnerability

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Inconsistencies in country  
classifications and risk rankings

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Parameters, triggers, and best  
practices for access policies

## **WHO IS PARTICULARLY VULNERABLE?**

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There is no universal operational definition of “vulnerability”

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Amongst international organizations, different criteria are used to classify countries into groups and determine eligibility for concessional support

## UNFCCC Annexes Group Countries with Different Classifications, Eligibilities, and Levels of Development

UNFCCC classification	Development level	Included countries	Eligible for				Classified as		
			DAC-OECD	G20 DSSI-CF	WB IDA	IMF CCRT	FCS	SIDS	CVF
Annex 1	Developed	41	2	0	0	0	1	0	0
	Developing	1	1	0	0	0	0	0	0
	<b>Total</b>	<b>42</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
Non-Annex 1	Developed	10	6	1	0	0	0	0	0
	Developing	95	79	27	15	14	12	29	29
	Least Developed	46	46	45	44	28	22	8	28
	<b>Total</b>	<b>151</b>	<b>131</b>	<b>73</b>	<b>59</b>	<b>42</b>	<b>34</b>	<b>37</b>	<b>57</b>

Source: Author's analysis

# MEASURING VULNERABILITY: CHALLENGES

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Increased uptake in use of indices such as the World Risk Index (WRI), the INFORM Global Risk Index (INFORM), the ND-GAIN Country Index (GAIN), and the Global Climate Risk Index (CRI) despite their inconsistencies in rankings

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Need for better understanding of risk is well understood: efforts to develop a Multidimensional Vulnerability Index to are underway

Where do countries rank in terms of “vulnerability”?

Scale of disasters in 2021 in relative and absolute terms

**RISK OF RELYING ON RANKINGS**

# ND-GAIN RANKINGS AND 2021 DISASTERS: ECONOMIC IMPACT

more vulnerable  less vulnerable

	Country	ND-GAIN	Damages
1	St. Vincent and the Grenadines		21
2	Haiti	25	12
3	St. Lucia	69	33
4	Germany	117	2
5	United States	108	1
6	Malaysia	90	13
7	Belgium	102	11
8	Greece	101	18
9	Philippines	45	15
10	Czech Republic	119	17
11	India	32	5
12	Fiji	48	38
13	Australia	107	8
14	Brazil	85	7
15	Japan	81	4
16	France	110	6
17	Cyprus	93	32
18	China	73	3
19	Spain	112	10
20	Thailand	55	19

Additional 21 rows not shown.

Source: Notre Dame GAIN, EM-DATA, and World Bank. Countries shown are those with data for damages.

# ND-GAIN RANKINGS AND 2021 DISASTERS: PEOPLE IMPACTED

more vulnerable  less vulnerable

People  
affected as  
a share of  
population

▲	Country	ND-GAIN	People affected
1	São Tomé and Príncipe	24	31
2	Tuvalu		73
3	South Sudan		5
4	Palau	37	76
5	Afghanistan	5	4
6	Syrian Arab Republic	46	8
7	South Africa	72	3
8	Iraq	53	6
9	St. Vincent and the Grenadines		70
10	Philippines	45	2
11	Timor-Leste	31	37
12	Fiji	48	42
13	Zambia	38	15
14	Bosnia and Herzegovina	97	29
15	Mozambique	33	12
16	Haiti	25	20
17	Iran, Islamic Rep.	79	9
18	Ethiopia	13	7
19	Venezuela, RB	77	18
20	Guyana	58	56

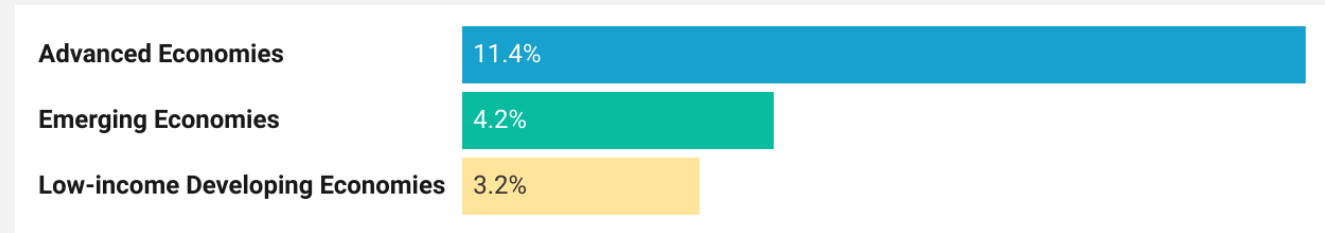
Additional 95 rows not shown.



# COVID LESSONS

- Shows the contrast between fiscal space and ability to respond to crisis between developed and developing countries
- Developed countries have more space to respond to a shock

- Contrast between fiscal space and ability to respond to crisis between developed and developing countries (IMF classifications)



- Interest burdens as share of GDP are lower for developed countries despite their overall higher debt ratios

	Public debt (% GDP)	Interest (% GDP)
Developed countries	114.3	1.5
Developing countries	68.0	1.9
Low income countries	66.2	1.4
Lower middle income countries	65.0	3.6
Upper middle income countries	66.3	1.4
<i>Small island developing states</i>	81.8	3.2

## REFRAMING THE DEBATE

Risk and vulnerability cannot  
be accurately measured

All developing  
countries should be  
eligible

Access criteria  
based on LD  
related  
parameters and  
triggers

# ACCESS POLICIES: LEARNING FROM EXPERIENCE

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Risk transfer instruments, including insurance and bonds, as well as access to specific facilities within IFIs have pre-determined parametric triggers to qualify for payouts

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Within UN system there are set procedures to coordinate humanitarian response after large scale disasters and set procedures to assess the needs, but actual support often rely on ad-hoc funding appeals.

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Criteria used for assessments include losses as share of GDP, disruptions to economic activity, # of people impacted, or following disaster declarations from authorities.

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In developed countries established agencies take the lead on response, relief, and financing, including funding streams for risk reduction activities and resilience buildings to reduce potential damage.

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All developing countries should be able to access the facility and receive support for loss and damage.

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The scale of ongoing loss and damage and need for risk-reduction interventions already demonstrate the need for support.

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"Eligibility" question should be reframed to focus on identifying best practices and frameworks to establish access criteria for funding windows that meet the diverse needs of developing countries.

## **MAIN TAKEAWAYS**

**THANK YOU**

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