

CHA Policy Brief

Loss and Damage for Humanitarians

What is Loss and Damage all about?

Climate change is increasingly impacting lives and livelihoods worldwide. Over the past 40 years, environmental disasters have nearly tripled in frequency (UN OCHA 2022). These disasters are not only becoming more frequent but also more severe and complex. A recent study suggests that the economic damage related to climate change will be six times greater than previously expected (Bilal and Känzig 2024).

Alongside adaptation and mitigation, loss and damage forms the third pillar of climate action efforts. This policy framework addresses the negative effects of climate change that can no longer be mitigated or adapted to. It encompasses both economic and non-economic losses and damages (United Nations Framework Convention on Climate Change 2022). Economic losses and damages are characterised by quantifiable financial and productivity setbacks, including damages to infrastructure. In contrast, non-economic losses and damages (NELD) refer to profound, often intangible impacts on cultural identity, social cohesion, and biodiversity (Boyd et al. 2021).

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in rights-based terms, as the operationalisation of climate justice, following the “polluter pays principle.”

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The concept of Loss and Damage was first introduced by the Alliance of Small Island States (AOSIS) in 1991 to address sea-level rise with insurance pool solutions. In 2013, the Warsaw International Mechanism (WIM) structured the approach to Loss and Damage (Johansson et al. 2022), laying the groundwork for its inclusion in the 2015 Paris Agreement. The establishment of the Santiago Network in 2019 brought the discussion of Loss and Damage into the realm of technical assistance. COP27 in 2022 marked a milestone decision with the agreement to establish a Loss and Damage Fund (LDF), which was launched and initially funded at COP28. In 2024, the governing instrument for the LDF was set up, with a board comprising 26 members: 12 from so-called developed countries and 14 from so-called developing countries.

The humanitarian sector has significant stakes in the discussions around Loss and Damage. Humanitarian action is intimately connected to the regions where losses and damages from climate change occur, with a mandate to alleviate the suffering of those who are affected. However, humanitarianism and climate action differ in the obligatory nature of their engagement and their incentive systems. Despite these differences, the sectors’ areas of intervention increasingly overlap as they move closer together. The intricacies between humanitarian and climate action are crucial for the future of both sectors. This policy brief aims to outline the humanitarian perspectives in the policy field of Loss and Damage.

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The humanitarian status quo in question

While humanitarian needs are increasing, funding for humanitarian crises has been decreasing after a steady rise until 2022. Over the past decade, roughly 60 per cent of UN-coordinated funding appeals were met (Development Initiatives 2023).

Humanitarian aid is underfunded, and the sector is heavily burdened by conflict and weather-related disasters. Conflict drives 80 per cent of all humanitarian needs (World Bank Group 2020). At the same time, between 1995 and 2015, 90 per cent of disasters were weather-related (United Nations Office for Disaster Risk Reduction 2015). Climate change is expected to amplify the occurrence, frequency and severity of such disasters in the future (Steinke 2023).

Humanitarian aid is underfunded, and the sector is heavily burdened by conflict and weather-related disasters

Regions affected by conflict often overlap with those hit by weather-related disasters, and insufficient funding in one sector exacerbates issues in others. Fragile countries are particularly underserved by current climate finance (Knox-Clarke and Hillier 2023), rendering communities less able to adapt and respond to climate threats.

Time is another crucial factor. While humanitarian response is still largely designed for speed and short-term intervention, the reality of crises has extended the temporal frames of need: 92 per cent of humanitarian funding in 2022 went to contexts in protracted crisis (Development Initiatives 2023). This is important because climate change poses “long problems” that necessitate (humanitarian) governance over extended periods (Hale 2024).

Solidarity versus obligation

Humanitarian aid is based on solidarity and voluntarism. Since humanitarian finance is discretionary and dependent on the political priorities of wealthy nation-states, the funding architecture is fragile without formal obligations. Currently, the top three contributors to humanitarian financing are the US, Germany and the European Union (EU), which together provide 60 per cent of the overall public humanitarian finance. This makes the humanitarian system highly vulnerable to the political landscape and domestic politics of the top donors. For example, Germany reduced its humanitarian contribution by 17.75 per cent in 2024 (VENRO 2024), with more cuts expected in the coming years.

Climate finance, on the other hand, is based on obligation. “Anchored in the principle of equity and Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC), developed countries are

Humanitarian aid is based on solidarity

obligated under the UNFCCC to provide grant-based financing to address Loss and Damage in developing countries” (ReliefWeb 2023). In line with the “polluter pays principle”, developed countries with historically and cumulatively high carbon emissions are explicitly expected to finance climate action in developing countries with historically and cumulatively low carbon emissions.

Climate finance is based on obligation

At COP15 in 2009, developed countries were tasked with mobilising US\$ 100 billion annually by 2020. Although this goal seemed to have been met for the first time in 2022, there is scepticism about the accuracy of the reported figures (Zagama et al. 2023). For example, the UK government relabeled £ 450 million, 30 per cent of its humanitarian spending, as international climate finance in 2023 (Vazquez 2023; Gabbatiss 2023).

Ex-ante Adaptation versus ex-post Loss and Damage

The three pillars of climate action – mitigation, adaptation and loss and damage – are heavily intertwined. Failure in one pillar affects the others. A persistent criticism from Global South countries

severely impacted by climate change is the lack of adaptation measures, which traps populations in adversely affected environments without concerted efforts to support adaptation. The 2023 Adaptation

Climate-related disasters almost tripled in current decade compared to 1980s

Flood occurrences tripled, while the number of extreme-temperature was six times more during the same period.

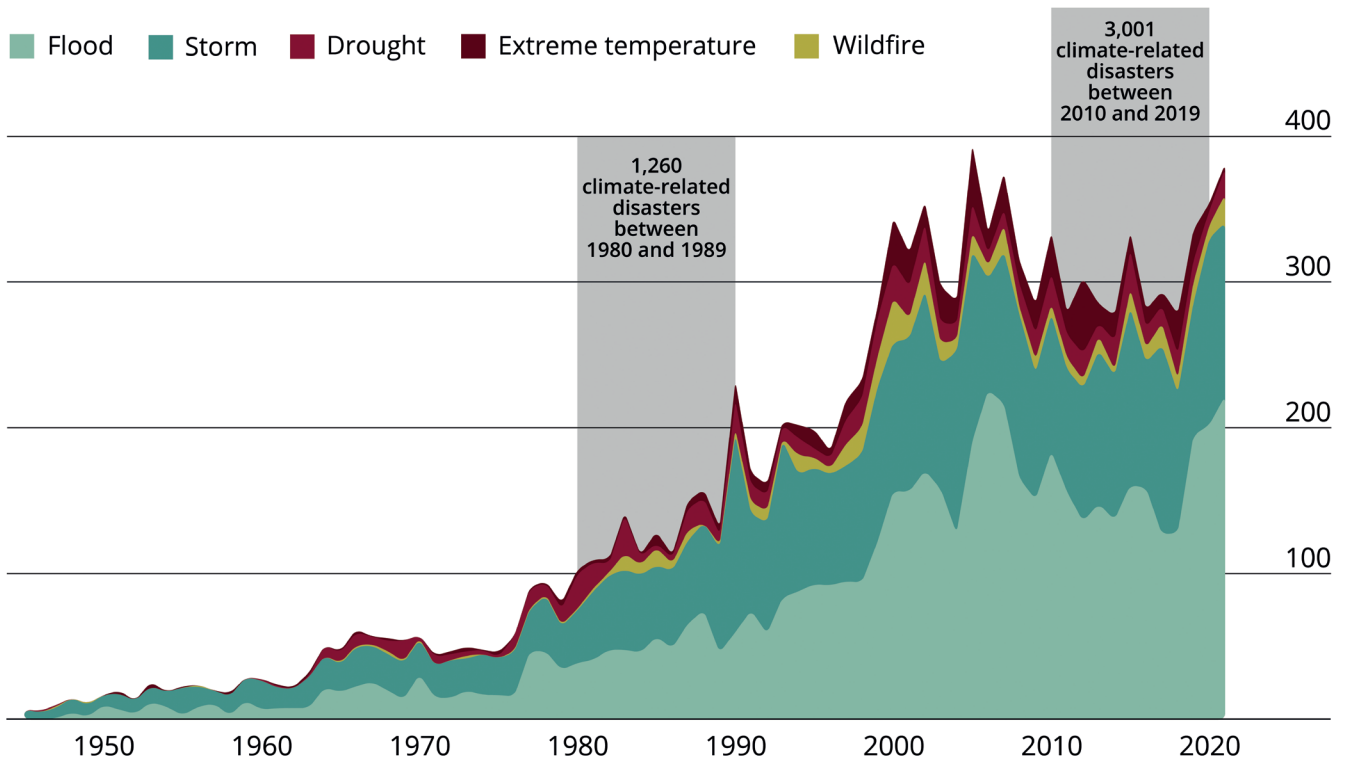


Illustration: Climate-related disasters since 1980; Global Humanitarian Overview 2023 Source: WTO/CRED; adapted by CHA

Gap Report estimates that developing countries will need about US\$ 215 to US\$ 387 billion annually during this decade for adaptation (UNEP 2023). However, between 2019 and 2020, only 33 per cent of public climate finance was allocated to adaptation (Zagama et al. 2023). Adaptation is crucial as both a policy and a funding obligation of emitting countries to minimise loss and damage, yet it is distinct from

addressing losses and damages directly (Böll Foundation 2021). To clarify areas of intervention, Stout proposed differentiating between ex-ante (adaptation) and ex-post (loss and damage). He further assigns resilience to adaptation and relief, rehabilitation, reconstruction, and resettlement to loss and damage (Stout 2023).

Loss and Damage and the Humanitarians

Humanitarian actors have a significant stake in the policy field of Loss and Damage for several reasons. First, they are often at the forefront of current crises, witnessing the immediate impacts of climate change on vulnerable populations. Second, their expertise in responding to weather-related disasters. Finally, humanitarian actors are guided by

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principles such as humanity, which is their highest guiding principle.

Regarding the future development of the policy field of Loss and Damage and the specific arrangements of the Loss and Damage Fund, humanitarians have various potential roles to fulfil. They can serve as recipients of loss and damage funding, implementers of disaster relief, advocates for those affected by climate change-induced losses and damages, and

experts providing data and information on humanitarian needs and response mechanisms to climate experts throughout the process.

The original motivation behind establishing an LDF was to “pay for impact”, offering financial support to governments and communities affected by losses and damages due to climate change, thereby addressing a gap in the current funding architecture. To do so, clear markers attributing loss and damage directly to climate change are necessary. Humanitarian actors, with their expertise and the data they generate, can play a crucial role in identifying these markers and distinguishing loss and damage from adaptation action.

There is a consensus that humanitarian efforts alone cannot solve climate change, nor can they fully address the impacts of losses and damages. While humanitarian assistance is crucial, particularly in the aftermaths of disasters, “(h)umanitarian assistance [...] cannot be a replacement for the iterative and

Humanitarian efforts alone cannot solve climate change

sustained support needed in the aftermath of climate-related loss and damage for recovery, rehabilitation and planned relocation” (Böll Foundation 2021). From an operational perspective, humanitarian aid should help “to minimise the impacts of – and pick up the pieces of – those disasters that can’t be avoided” (Vazquez 2023).

The looming humanitarianisation of the LDF

The new LDF is distinct from an adaptation fund, as its purpose is to “address loss and damage”, and not “avert, minimise and address loss and damage”. Humanitarian aid, particularly in the response

The future LDF should not be seen as a humanitarian fund but as a distinct and additional mechanism

phase, already includes many aspects that are subsumed under addressing loss and damage, such as cash programming. Yet, as Slim stated, “humanitarian work cannot truly recover or make good the loss and damage experienced by people and nature” (Slim 2023). There is a risk that climate finance could be diverted towards humanitarian response, potentially diluting its focus on climate adaptation and resilience measures.

Prior to COP28, commentators raised concerns about the potential “humanitarianisation” of the LDF, arguing that a design too focused on humanitarian aspects could be “draining it of any link to wider climate justice” (Slim 2023). What is more, “those countries expected to pay future loss and damage claims might misuse humanitarian aid to divert more substantial payments” (Steinke and Hövelmann 2023). In the context of the COP28 process, the climate community emphasised the importance of ensuring that the future LDF is not seen as a humanitarian fund but as a distinct and additional mechanism.

While the humanitarian system faces chronic underfunding, other sectors also suffer from similar deficiencies. There is minimal funding available for addressing irreversible impacts, and even less or none at all for non-economic losses (Schäfer and Künzel 2019), such as cultural identities, generational

and indigenous knowledge, cultural practices, and the sense of home and belonging through placemaking (Fipp 2024).

The decision text adopted at COP28 for the LDF included several provisions related to humanitarian aspects. Humanitarians succeeded in introducing concrete suggestions, such as references to anticipatory action and existing humanitarian finance mechanisms like the START Fund and the Central Emergency Response Fund (CERF). However, these inclusions have sparked debate and contention within the climate community. Some argue that incorporating such elements may undermine the distinct and additional nature of the fund. For instance, anticipatory action, which is an ex-ante measure, is often seen as belonging more to the realm of adaptation rather than directly to loss and damage.

While humanitarians have made some inroads into the processes related to the LDF, their overall role and influence should not be overstated. Ultimately, the negotiations and decisions regarding climate action, including the functioning of the LDF, are led by individuals from the environmental, development and foreign ministries of countries. Humanitarian considerations, while important, may not always be their top priority.

Recommendations

Coordination

To effectively engage in the policy discussions regarding Loss and Damage, humanitarians should coordinate more broadly within the humanitarian sector and across sectors with climate action actors. This coordination should aim to identify common positions on climate finance, adaptation and loss and damage.

The humanitarian community's interest in the policy field of Loss and Damage has only gained traction in the last two years, broadening significantly throughout 2023. Continuous and less sporadic exchanges are necessary and fruitful for building trust and solidifying relationships. Within humanitarian

organisations, there is a need to solidify the exchange and coordination between those who focus on policy and those who work in implementation. This includes coordination between different organisations within the same sector, across sectors and among different departments within one organisation.

Coordination with non-humanitarian counterparts will help convey the complexity and diversity of humanitarian actors and their actions. Often, non-humanitarian actors have a fairly one-dimensional view focussed on large UN actors like the World Food Programme (WFP).

Relationship Building

Secondly, it is crucial to build and solidify relationships with the climate community to facilitate mutual learning and understanding of the dynamics that drive the work of both the humanitarian and the climate communities. Nurturing this relationship should be done coherently and on a stable basis, rather than on an occasional basis before important COP decisions like the LDF. It's important to avoid

overstretching and overburdening the capacities of the climate community. For good reasons, humanitarianism is built for speed, and so are humanitarians. However, when it comes to the intricacies of climate change and climate action, building relationships and understanding requires listening carefully.

Expertise

Humanitarian expertise plays a crucial role in shaping the future of Loss and Damage. One *raison d'être* for the new LDF is to address gaps in the current funding system. What is needed is a systematic approach to identify these priority gaps. Humanitarian organisations, through their work in crisis regions, are uniquely positioned to support the establishment of such a system. They can provide valuable evidence from their work to help adequately address loss and damage and minimise future occurrences.

Humanitarian expertise is crucial, particularly in understanding climate change risks in countries affected by fragility and conflicts. This expertise is also essential in identifying gaps in research and policy. For instance, the field of forced immobility and trapped populations lack rigorous data and research (Thornton, Serraglio, and Thornton 2023). Furthermore, engaging with non-economic losses and damages, such as indigenous knowledge and practices, can enhance understanding and implementation of the localisation agenda (Fipp 2024).

Advocacy

Last but not least, humanitarians can use their voices and forums to advocate for the LDF to be additional, accessible and sufficient. This includes advocating jointly for steady humanitarian budgets aligned with the level of humanitarian need and for quality funding with other civil society organisations.

Regarding the LDF, there are two possibilities for positively influencing its future and ensuring that civil society demands are heard and represented: through civil society coordination and engagement via the active observership of the LDF and through national government seats on the LDF board.

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