



CLIMATE ACTION NETWORK (CAN)

**THE LOSS AND DAMAGE
COLLABORATION (L&DC)**

Briefing: Towards a Glasgow Dialogue that matters

May 2022

1. Purpose of this briefing

This briefing lays out the expectations of civil society towards the Glasgow Dialogue on Loss & Damage (L&D) finance¹ and makes concrete suggestions for its principles, milestones and deliverables. It does so with the ultimate objective of making the dialogue a results-oriented process through which adequate, new and additional support for the most vulnerable people and countries in addressing L&D is provided.

2. Background

The IPCC 6th Assessment Report (AR6) WGII (2022) clearly showed: “Human-induced climate change, including more frequent and intense extreme events, has caused widespread adverse impacts and related losses and damages to nature and people, beyond natural climate variability (...). Across sectors and regions the most vulnerable people and systems are observed to be disproportionately affected”. It further warned that soft limits to some human adaptation have been reached, but can be overcome by addressing a range of constraints, primarily financial, governance, institutional and policy constraints (high confidence). Hard limits to adaptation have been reached in some ecosystems (high confidence). With increasing global warming, losses and damages will increase and additional human and natural systems will reach adaptation limits (high confidence).

But while L&D has gained political attention at COP26 like never before, progress towards supporting vulnerable developing countries in addressing it has been far from adequate. By 2030, economic cost of L&D are estimated to reach 290 - 580 billion USD in developing countries alone, let alone the non-economic costs². According to the IPCC AR6 WGIII challenges related to financing residual climate-related losses and damages are particularly high for developing countries³. For the most impacted people and groups, including women and girls, the lack of finance to address L&D leads to the erosion of hard won development gains and the devastation of communities – further worsening developmental inequalities.

¹ https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.

² [Loss and Damage from Climate Change | SpringerLink](#).

³ https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf.

In Glasgow, L&D emerged as a key negotiation item and united the voices of all developing countries. The G77+China, a group representing 6 in every 7 people on earth, pushed for the issue to be at the forefront of negotiations by proposing a 'Glasgow Finance Facility for Loss and Damage', demanding from the international community to urgently act on finance for L&D. The proposition was blocked by developed countries.⁴ As a minimum compromise, the COP/CMA decided to establish the Glasgow Dialogue "between Parties, relevant organizations and stakeholders 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, to take place in the first sessional period of each year of the Subsidiary Body for Implementation, concluding at its sixtieth session (June 2024)".⁵ However, the Dialogue decision doesn't include a mandated outcome or guidance for its structure which risks turning the Glasgow Dialogue into a "talk shop" - an inappropriate outcome in view of the urgency of finding a solution to the climate crisis that is hitting hard to vulnerable developing countries, its people and ecosystems who are the least responsible for.

3. What the Glasgow Dialogue must deliver

The Glasgow Dialogue can become a precedent of the UNFCCC process's legitimacy. For this it needs to result in concrete outcomes that provide adequate, new and additional support for the most vulnerable people and countries in addressing L&D - otherwise the dialogue would fail.

The Glasgow Dialogue is not the first dialogue process of its kind and should not duplicate past dialogues and efforts including the 2018 Suva Expert Dialogue, which resulted in the development of the technical paper on sources of finance. The paper however had a limited scope only including "finance available", not focusing on gaps and respective ways to increase finance including finance to address loss and damage and respective channels to provide it. The Glasgow Dialogue should build on previous processes but culminate into concrete outcomes and an agreement on next steps to define the modalities of a L&D finance facility, its institutional arrangements, various sources of predictable, sustainable, adequate and additional L&D finance, and equitable and direct access for vulnerable developing countries based on need and priorities. Concrete steps and meaningful outcomes to be achieved at the end of each year until 2024 should be defined in the first dialogue. A critical milestone to deliver will be COP27: in Sharm el Sheik countries must set-up a L&D finance facility. Subsequently, the Glasgow Dialogue should flesh out the operationalization of such a facility, how L&D finance is delivered and can be made accessible for the most vulnerable. These discussions should be conducted in coordination with other relevant processes such as the New Collective Quantified Goal on Climate Finance and the Global Stocktake.

The dialogue should be organized as an open dialogue, facilitating views of different country groups and be transparent and accessible for different stakeholders to participate.

4. Proposals for milestones and deliverables of the Glasgow Dialogue

⁴ <https://www.politico.eu/article/eu-us-block-financial-support-climate-change-cop26/>.

⁵ https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.

With the aim of making it a result-oriented process, the Glasgow Dialogue should have the following objectives and milestones.

Objective of the Glasgow Dialogue: Set up and operationalize a finance facility for L&D		
Year	Milestones	Guiding questions and COP decisions needed
1	1) Establishment of the loss and damage finance facility 2) Establishment of a process to identify loss and damage funding needs	SB 2022 - Dialogue 1: <ul style="list-style-type: none"> What are options and respective operational requirements for adequate L&D finance under the UNFCCC within and outside existing institutions? What is an adequate process to identify the scale of funding needed to address L&D (e.g. through a loss and damage gap report)? COP 27: <ul style="list-style-type: none"> Decision to establish a L&D finance facility by defining core institutional arrangements, including relationships with existing UNFCCC financial mechanisms and the Paris Agreement, with a set-up or design mandate to respective bodies. Decision to establish an adequate process to identify the scale of funding needed to address L&D (e.g. commission a L&D finance gap report to be presented by COP28 and periodically every [3/5] years onwards).
2	1) Report and confirm progress on defining governing arrangements and delivery structure of L&D finance facility 2) Process for needs-based resource mobilization for the L&D finance facility mobilized	SB 2023 - Dialogue 2: <ul style="list-style-type: none"> Preparing the mechanics of the facility: How could governing arrangements and a delivery structure for the L&D finance facility look like? What are potential financing approaches for loss and damage based on the outcomes of the L&D finance gap report, including innovative sources of finance that may generate additional resources? COP 28: <ul style="list-style-type: none"> Decision to approve the governing arrangements and a delivery structure of the finance facility. Decision on a process resulting in the needs-based, ambitious and speedy initial resource mobilization for the L&D finance facility.

3	Full operationalization of the finance facility and finance begins to be mobilized and channelled to developing countries	<p>SB 2024 - Dialogue 3:</p> <ul style="list-style-type: none"> • Design meeting: clarification of questions on design of the facility and preparing first call for funding proposals. • Report on and discussion of the status quo of the initial resource mobilization. <p>COP 29:</p> <ul style="list-style-type: none"> • Decision on full operationalization of L&D finance facility i.e. establishment of the facility with a functioning governance structure, which is able to take policy decisions. Further steps are identified to support full operationalization of the Facility. • Decision to acknowledge the outcome of the initial resource mobilization of the L&D finance facility and an agreement on a process for the speedy and immediate disbursement of funding.
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5. Principles for the Glasgow Dialogue

Discussions on funding arrangements to address L&D under the Glasgow Dialogue must be rooted in the UNFCCC's foundational principles of equity, justice, fairness and access. Central to this is the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), which recognizes that economic capabilities vary substantially between states and that this must have a bearing on their respective contributions. At the same time, the 'Polluter Pays Principle', that those responsible for the harm must pay to address it, and the 'No Harm Principle', whereby states are duty-bound to prevent, reduce and control the risk of environmental harm to other states, must also be central to the dialogues.

The projected economic cost of loss and damage by 2030 is estimated to be between 290 and 580 billion USD in developing countries alone, and the Glasgow Dialogue must acknowledge the scale of finance required and that it should be based on the countries' needs rather than be driven by mandated contributors. Importantly, it must be new and additional to existing climate, humanitarian, disaster risk reduction, and development finance, grants based and secure over a multi-year, medium-term funding cycle with regular replenishments.

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