

# Background document #4

Governance arrangements that are suitable for ‘losses’

## Laying the definitional foundation

While a full exploration of definitional issues and their implications for governance responses, institutional arrangements and normative considerations is beyond the scope of this paper, it is worth touching on some key distinctions when it comes to loss(es) from climate change and the governance of losses. Preceding the question of how to govern losses is the issue of how to conceptualise “loss” in the first place.<sup>1</sup> Likewise, there remains a challenge in how to identify an operational definition of climate change-associated loss (i.e. how do we know what climate change-associated loss looks like when we find it in the world?).<sup>2</sup> This paper focuses on the existing literature on loss induced by climate change impacts.<sup>3</sup> The IPCC’s 6th Assessment Report defines the term “losses and damages” as the “adverse observed impacts and/or projected risks and can be economic and/or non-economic” (IPCC, 2022). Yet the ways in which the political, technical and normative discourses have developed means different stakeholders understand the concepts differently when the pairing of “losses and damages” is teased apart. In an early literature review commissioned through the UNFCCC process, “loss” was characterized as the negative impacts of climate change that are permanent, and “damage” as those impacts that can be reversed (UNFCCC, 2012). In contrast, Page and Heyward suggest that L&D is better understood as “separate pathways of disruption,” and argue that “If something is lost, a thing that is previously available to someone has become unavailable (e.g. a flood victim’s belongings have been displaced in a flooding event). This might be on a temporary basis or permanent” (Page and Heyward, 2017). Similarly, Tschakert et al. (2019) show that loss can also arise from at-risk sentiments drawing out the relationship between loss and climate change risks (even those that do not ultimately materialize).

## Science of loss

An emerging “science of loss” has begun to track what losses occur, where and how, which of these losses matter most to communities and why and whether or not such losses are considered tolerable (Tschakert et al., 2019 ; Barnett et al., 2016). A review by McNamara and Jackson identifies gaps in the research suggesting the need for more work on non-economic losses and also posit that there is a lacuna of critical approaches that challenge the underlying presuppositions of L&D and strategies put forward to address it (McNamara and Jackson, 2019). This paper suggests that questions about the governance of loss at different scales as well as across scales have also received limited attention and sets out the broad parameters of a high-level framework for analysis of loss governance arrangements.

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<sup>1</sup> For a detailed exploration of these topics, for example in relation to dealing with loss in the Global Stocktake, see Puig (2022). For a critical perspective, see also Pill (2022).

<sup>2</sup> For challenges on the operationalization of loss and damage in the context of affected communities, see Toussaint (2018).

<sup>3</sup> Loss can of course also result from other responses to climate change including mitigation and adaptation efforts. This short paper focuses specifically on losses arising from climate risks and the adverse impacts of climate change. Much more could also be written about the distinctions between economic and non-economic loss and damage. For important groundwork on non-economic losses, see Serdeczny, Bauer and Huq (2018).

## Governing loss

Articulating a set of governance arrangements for addressing loss can fall under one or more paradigms. In considerations of climate change loss, existing considerations of policy and governance of loss have tended to come from the fields of:

- **disaster risk response**, specifically some measures lying within disaster risk transfer (insurance payouts), risk retention (social safety net operationalization) and risk sharing (post-disaster support);
- **resilience science**, which studies the capacity of systems to absorb disturbances and still retain the same structure and function while maintaining options to develop;
- **humanitarian aid**, particularly, those traditional approaches that focus on immediate post-disaster responses but also those that consider longer-term post-disaster recovery.
- **human mobility**, specifically, forced relocation leading to loss.

Identifying arrangements that are suitable for “losses” should consider the following dimensions of governance:

- **Levels of governance:** Much early research and people- or place-focused scholarship has focused on loss at the individual, household or community level (Fankhauser, Dietz and Gradwell, 2013). Scholarship in law and political science has tended towards the study of governance at the international level (Hall and Persson, 2018). Recently, research on governance at the national, sub-national and regional level has emerged as part of a “national turn” in loss and damage scholarship (Calliari and Vanhala, 2022 ; Vanhala, Robertson and Calliari, 2021 ; Thomas and Benjamin, 2018). This work has overlooked the distinctions between governance of loss versus governance of damage versus risk governance.
- **Political Institutions:** The IPCC has suggested that measures taken at different levels of governance to address hazards, exposure and vulnerability will be shaped by the institutions in place. The report also identified three ways in which institutions shape and constrain climate policy-making and implementation (which are adapted here for a focus on governing losses)<sup>4</sup>:
  - Through formal rules and informal norms, institutions shape incentive structures for economic decision-making and responding to non-economic losses;
  - Institutions shape the political context and processes for decision-making about the appropriate responses to loss;
  - Institutions influence how risks and losses are perceived and valued, what risks and losses are prioritised for action and how they are addressed (i.e. what is included, excluded) and what losses count.
- **Policies and policy-making process:** The governance of loss will be shaped throughout the policy-making process. Understanding the options for governance will include exploring:
  - Problem definition: How is loss understood by different stakeholders; whose understanding dominates and what implications does this have for where governance responsibility lies?

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<sup>4</sup> Adapted from Somanathan et al, (2014).

- Agenda-setting: Who has the power to place responding to loss on the political agenda? Why?
- Policy development and adoption: What policy options are available to respond to the policy problem identified at the outset of the process? What are the pros and cons of the different options? What is the process for enhancing the legitimacy, inclusivity and equity of the chosen option?
- Implementation: What institutional arrangements need to be in place to ensure that policy is put into practice in complex circumstances?
- **Leadership for loss management:** What forms of leadership, policy pioneering and norm entrepreneurship are necessary for successful delivery of arrangements that are suitable for addressing losses?

### Further research

This short paper raises several questions for further research:

- What lessons can be learned from governance responses to other forms of loss, i.e. from the literature on conflict and transitional justice; from research on biodiversity loss management; from scholarly work on forced migration and displacement, etc.?<sup>5</sup>
- When disaggregating types of loss and harm (e.g. biodiversity loss, community relocation, loss of cultural heritage, loss of livelihoods), what are the implications for governance arrangements? Could a typology or framework capture what is shared among governance responses to such varied forms of loss?
- What are the conditions under which governance of loss is going to be more just, effective, legitimate and efficient?<sup>6</sup>

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<sup>5</sup> See, for example, Robinson and Carlson (2021); Damiens, Backstrom and Gordon (2021) ; Barnett (2017) ; Thomas and Benjamin (2020) ; and Vanhala and Calliari (2022).

<sup>6</sup> See, for example, Vanhala, Robertson and Calliari (2021) ; Pill (2022) ; and Roberts and Pelling (2018).

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