



Loss and damage at COP28

A historic step forward for loss and damage

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Loss and damage at COP28

The adverse impacts of human-induced climate change have severe repercussions for the planet's well-being and societies. Rising sea levels, elevated temperatures, extreme weather, and biodiversity loss are among the current global challenges. Despite commitments to mitigate and adapt to these impacts in line with the Paris Agreement, these measures may be insufficient, leading to unavoidable and sometimes irreversible loss and damage.

Negotiations related to loss and damage focused on the following topics: operationalizing the Loss and Damage Fund and a decision about funding arrangements, deciding on a host for the Santiago Network, inclusion of loss and damage in the 'global stocktake', endorsing the report of the Executive Committee of the Warsaw International Mechanism, and including loss and damage in the New Collective Quantified Goal on climate finance.

This publication outlines the agreements reached during COP28 on these issues. The description is based on the text of the various decision drafts, accessed from the UNFCCC website on 13th December 2023. Further, the description draws on both informal exchanges involving the authors and the exchanges between negotiators during COP28.

The 28th Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change (UNFCCC), held in Dubai, in the United Arab Emirates, opened on November 30th and concluded on December 13th, 2023. Arguably, a decision about loss and damage was one of the most prominent outcomes.

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OPERATIONALIZING THE LOSS AND DAMAGE FUND AND ESTABLISHMENT OF FUNDING ARRANGEMENTS FOR LOSS AND DAMAGE:

During COP27, a landmark decision was reached to create a Loss and Damage Fund (LDF) and establish funding mechanisms to respond to the impacts of climate change we do not or cannot adapt to¹. Subsequently, a Transitional Committee (TC) was established to propose the operationalization of the LDF and agree on the funding arrangements to be made for adoption at COP28. The recommendations by the TC were promptly approved on the opening day of COP28, setting hopes for progress on other items.

Key aspects of the LDF and the funding arrangements mentioned above include:

- **Host entity:** Countries agreed to locate the fund in the World Bank for at least four years while establishing it as an independent entity under the UNFCCC's financial mechanism.
- **Board composition:** The fund will have a 26-person board, with most members from developing countries, and will be responsible for creating a system for allocating resources, among other tasks.
- **Initial pledges:** Several pledges for the LDF and other funding arrangements were made during the first day, including from the United Arab Emirates and several EU member states. The initial pledges at COP28 amount to \$770.6 million (USD). While this is a good start for a fund that is not yet operational, the future resources for addressing loss and damage will need to grow substantially to meet the projected costs, which are anticipated to exceed \$1 trillion (USD) by 2050.
- **Fund capitalization:** Concerns remain about the fund's capitalization and the voluntary nature of support for addressing loss and damage.

The establishment of the LDF is a historic decision that aims to provide financial assistance to nations most vulnerable to the effects of climate change. However, the fund's success will depend on how quickly it gets off the ground and the level of commitment from countries to support it.

¹ The LDF aims to provide financial assistance to nations most vulnerable and impacted by the effects of climate change.

DECISION ON A HOST FOR SANTIAGO NETWORK

The Santiago Network aims to facilitate the technical support of pertinent organizations, entities, networks, and experts to implement effective measures to prevent, minimize, and address loss and damage at the local, national, and regional levels in developing countries that are especially susceptible to the negative impacts of climate change. Following inconclusive negotiations at the UN climate talks in Bonn, in 2023, and further to the G77 and China agreeing on a common position in Dubai, it was decided to locate the network at UNDRR/UNOPS. Potential collaboration with the Caribbean Development Bank (CBD) has been emphasised.

The next steps involve selecting the headquarters of the network's secretariat, appointing Advisory Board members, securing additional financial commitments, and ensuring active participation from various organizations and experts at local, national, and regional levels. The immediate focus is on operationalizing the network, providing timely technical assistance to vulnerable communities, facilitating connections, and establishing robust monitoring and evaluation systems.

INCLUSION OF LOSS AND DAMAGE IN THE 'GLOBAL STOCKTAKE.'

The first Global Stocktake (GST), concluding at COP28, garnered significant attention as part of the Paris Agreement's recurring process to assess progress every five years. While parties agreed to uphold the 1.5°C target and were called to transition away from fossil fuels, there were few binding agreements to avert loss and damage through mitigation. Similarly, texts about adaptation, especially adaptation finance, have been criticized for being weak, making it difficult to minimize future loss and damage.

The stock take encompasses sections on mitigation, adaptation, means of implementation and support (including finance, capacity building, and technology), loss and damage, response measures (referring to the impact of climate action

on fossil fuel-dependent economies), and international cooperation. Although Loss and Damage was initially presented as an option in the draft outcome of the GST at the 58th meeting of the Subsidiary Bodies in June, by the time COP 28 concluded, a dedicated section on Loss and Damage was included.

The final part of the stocktake decision offers guidance and a way forward for all countries to develop their next nationally determined contributions (NDC) under the Paris regime. It stipulates that all countries should submit their NDCs at least 9-12 months before COP30, scheduled for November 2025 in Belem, Brazil.

ENDORSEMENT OF THE REPORT OF THE EXECUTIVE COMMITTEE (EXCOM) OF THE WARSAW INTERNATIONAL MECHANISM

During COP 28, Parties supported the latest Executive Committee (ExCom) report of the Warsaw International Mechanism on Loss and Damage (WIM), which covers activities between October 2022 and August 2023. The report includes information on organizational and procedural matters, meetings, events, thematic expert group activities, and recommendations to advance their work. Also, the 10th Anniversary of the creation of the Warsaw International Mechanism for Loss and Damage was commemorated. This milestone provides an occasion to review the progress in establishing initiatives to prevent, reduce, and tackle loss and damage while highlighting the associated challenges and solutions.

The ExCom has been tasked with considering a synthesis report on loss and damage prepared by the UNFCCC secretariat in response to developing countries' requests for a gap report based on the best available science. It is emphasized that the synthesis report does not replace the urgently needed gap report, which aims to provide an updated repository of loss and damage and assess progress in addressing this issue. The ExCom report highlights the ongoing efforts and progress in addressing loss and damage issues through the Warsaw International Mechanism (WIM).

CLIMATE FINANCE/ THE NEW COLLECTIVE QUANTIFIED GOAL

Discussions at COP28 centred on establishing a new collective quantified goal for climate finance to address the needs of developing countries, with plans to finalize the goal at COP29. This goal aims to replace the current \$100 billion target set in 2009 and provide increased financial support for countries to implement climate plans and address challenges.

However, unresolved aspects of the NCQG will require attention next year, particularly regarding eligibility and methodologies for defining climate finance. Discussions on the NCQG revolve around its coverage and which Paris Agreement articles it should address, with differing perspectives between the Global South and the Global North. If LD were to be provided its own category LD would be provided with a distinct category in NCQG alongside, mitigation and adaptation the NCQG would provide for a more comprehensive and interconnected climate change response.²

LOOKING AHEAD TO 2024

Looking forward, the focus shifts to nominating Board members for the Loss and Damage Fund, with plans to hold the inaugural Board meeting by January 2024. While some progress has been achieved, ongoing discussions center around the necessity for more extensive and timely financial support to tackle the challenges of loss and damage due to climate change. Following the COP 28 decision, the members of the Board have a number of challenging tasks ahead of them, including the prioritization of funds for loss and damage and the need to increase resources to the fund. Additionally, negotiations on the new collective quantified goal (NCQG) on climate finance, set to be determined at COP29 in 2024, have agreed on a process that involves a series of technical expert dialogues, where LD will be potentially a controversial agenda point. For this reason, reaching an agreement on the scope and scale of the goal is likely to be challenging.

² At COP28, significant decisions were made on climate finance, such as six countries pledging new funding to the Green Climate Fund, boosting its second replenishment. Additionally, \$2.1 billion in new funds was pledged for health, food security, and protection of vulnerable communities in response to climate change impacts. The focus was on providing additional financing and support for long-term climate finance, with \$12.8 billion raised for adaptation funding. The final text on Global Goal for Adaptation includes calls for doubling adaptation finance, and explicit 2030 targets for water security, ecosystem restoration, and health. However, adaptation finance continues to be woefully insufficient, and financing language was shifted from the adaptation section to the implementation section of the COP text. Further details on financing expectations and targets are needed at COP29. There was a commitment to transition away from fossil fuels and a call for more explicit plans to attract private investors. Achieving this goal would be a momentous success for intergovernmental climate change negotiations. These decisions represent a substantial step toward addressing climate finance and transitioning towards a more sustainable and resilient global economy.

