

Loss & damage finance:

a briefing for Parliamentarians

About us

Make COP Count is a network of representatives from faith communities focusing on advocacy, hospitality and consciousness-raising activities related to the COP26 climate talks. We believe the global response to the climate crisis must be rooted in justice and human rights – and we see action on loss and damage as essential to this. More information about our work can be found at makecopcount.org.

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What is loss and damage?

Climate change isn't just a future threat. It's already destroying homes, lands and livelihoods around the world. We need to rapidly cut emissions to zero and put money into adapting to global climate impacts – but there are some impacts no one can adapt to.

These impacts are known as 'loss and damage'. They include slow-onset events like sea-level rises as well as severe extreme weather events like Cyclone Idai, which killed more than 1,000 people, left 400,000 homeless and destroyed 700,000 hectares of crops when it [struck Mozambique in 2019](#). International fundraising appeals raised less than 50% of their target, forcing Mozambique to [borrow from international institutions](#). A growing debt burden in turn makes it more difficult to fund adaptation efforts, resulting in worse impacts when extreme weather hits.

Loss and damage also includes 'non-economic losses' like biodiversity, sacred lands, cultural monuments or local traditions.

Article 8 of the Paris Agreement recognises the need for action to address loss and damage, but there has been no progress on agreeing how this should be financed. This is a significant sticking point in the UN climate negotiations: developed countries tend to suggest that it should be dealt with through insurance, while developing countries point out that this is both insufficient – given the scale of the losses – and inequitable, requiring them to shoulder the burden of a crisis caused mainly by developed countries and transnational corporations.

What is needed?

One of the UK COP26 Presidency's priorities is the theme of 'adaptation and resilience'. Adaptation is severely underfunded, and it is true that greater investment in both adaptation and mitigation is vital and will help to minimise future loss and damage. However, loss and damage is a present reality and will continue to escalate for some time to come. It is therefore imperative to establish a fund, separate from adaptation finance, to pay for the costs of loss and damage.

Estimates of the cost of loss and damage vary widely, but suggest that [\\$75bn a year is the minimum level of finance needed](#). Without comprehensive climate action, this is certain to rise. Finance does not necessarily have to come from national budgets: possible 'innovative' sources of finance include a global fossil fuel extraction tax or an aviation levy. Debt cancellation could also free up finance for Global South countries to address loss and damage.

Many developing countries see progress on loss and damage as essential to a successful COP – yet it is not currently on the agenda for COP26. The UK Presidency can change this. As a wealthy and influential country, the UK can show leadership on identifying new and additional sources of finance for loss and damage. As COP26 President, it can ensure there is space for the issue to be discussed, both inside and outside the formal negotiations.

Our asks of the UK government

- Commit to supporting the creation of an international loss and damage financing facility (or 'climate damages fund')
- Support exploration of innovative sources of finance which are in line with [the 'polluter pays' principle](#)
- Ensure that progress is made on delivering support to address loss and damage at COP26.

What you can do

- Tweet about loss and damage, e.g. #ClimateCrisis is already here - #LossAndDamage from extreme weather costs hundreds of billions globally. #COP26 must set up a global #ClimateDamagesFund
- Ask your party to support the above asks
- Ask a question in Parliament – see suggestions below
- Invite people with lived experience of climate impacts to speak about loss and damage in Parliament – we can connect you with potential speakers.

Suggested Parliamentary Questions

To ask the COP26 President what provision the UK Presidency is making to ensure that loss and damage is discussed at COP26, both inside and outside the formal negotiations. Follow-up: The cost of loss and damage is estimated to be at least \$300bn by 2030.¹ Does the Minister agree that for COP26 to be considered a success, it must deliver progress on the crucial issue of finance for loss and damage?

To ask the COP26 President what consideration the Government has given to identifying innovative sources of finance for funding climate-related loss and damage.

Follow-up: Will the UK use its role as a member of the G7 to propose a 'climate damages tax' – a global levy on fossil fuel extraction which would be used to pay for loss and damage?

References and further information

¹'Climate Finance for Addressing Loss and Damage' (long report with executive summary).
<https://reliefweb.int/report/world/study-climate-finance-addressing-loss-and-damage-how-mobilize-support-developing>

Carbon Brief, Key outcomes agreed at COP25.
<https://www.carbonbrief.org/cop25-key-outcomes-agreed-at-the-un-climate-talks-in-madrid>

'The Climate Damages Tax: a guide to what it is and how it works.'
<https://www.stampoutpoverty.org/the-climate-damages-tax-a-guide-to-what-it-is-and-how-it-works/>