Humanitarian insights for Loss and Damage

Debbie Hillier, Mercy Corps – 7July 2023
First steps to agree loss and damage funding
Context: how humanitarian action and LD intersect
Growing number of extreme events leading to loss and damage
A global climate policy framework on Loss and Damage

Avert Risk

- The more greenhouse gas emissions are reduced, the less climate risk will be faced.

- Less action taken = bigger MITIGATION GAP

Manage Risk

- The more livelihoods and wellbeing are adapted to the changing climate, the better the risk will be managed.

- Less action taken = bigger ADAPTATION GAP

Transfer Residual Risk

- The stronger the social and financial protection provided, the more risk will be transferred.

- Less action taken = bigger PROTECTION GAP

Retain Residual Risk

- The better relief, rehabilitation and relocation support is, the fewer negative impacts will be experienced.

- Less action taken = bigger RESPONSE GAP

Failure to act on Mitigation, Adaptation, and Loss and Damage leads to:

- Catastrophic impacts borne by vulnerable women, men, children, communities, and ecosystems

Source: Zurich Flood Resilience Alliance
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A few key lessons
New and additional funding is needed

- UN coordinated appeals are, on average, only 60% funded.
- Simple relabelling of humanitarian funding as loss and damage funding by donors/contributors cannot be the solution.
- Humanitarian funding is discretionary and somewhat donor driven - LD funding should be based on UNFCCC principles of CBDR-RC and could be based on obligatory assessed contributions.
- LD funding needs a coherent and transparent approach to deciding where funds are spent and adjudicating between competing and changing priorities.
Loss and damage funding should be designed for speed

Delays in the provision of effective support can lead to escalating and compounding needs.

Practices developed by the humanitarian sector to support a swift response:

• **Pooled funds** – It takes on average 12 days from proposal to disbursement for the CERF, and in practice, response begins earlier than this. Similarly IFRC DREF, Start Fund, and CBPF.

• **Systems and processes** - surge personnel on standby, cluster system, Inter-Agency Emergency Response Preparedness, FEWSNET and the El Niño alert system

• **Approaches** – cash and Anticipatory Action

Clearly the LD fund should not set up duplicatory processes and systems for rapid onset crises.
Highly climate vulnerable countries received less than US$1 per person in climate adaptation or disaster risk reduction funding.

Extremely fragile states averaged $2.1 per person in adaptation financing compared to $161.7 per person for not-fragile states.

Sources: Development Initiatives, IFRC, OECD figures
Zooming in: Somalia’s annual climate finance needs and inflows

Climate finance needs
- Mitigation funding: 696
- Adaptation funding: 4850
- Multiple objectives

Total: 5.55 billion USD

Climate finance inflows
- Mitigation funding: 41
- Adaptation funding: 258
- Multiple objectives: 21

Total (2019-2020): 321 million USD

Less than 20 USD per capita

Sources: Somalia’s updated NDC 2021 and CPI Landscape of Climate Finance in Africa, 2022
How can climate finance manage this risk?

- Improve risk appetite and tolerance - need a more sophisticated analysis of risk to better understand **perceived** risk verses the **real** risks of operating in different places.

- Do no harm - adopt conflict-sensitive guidelines or measures so interventions do not exacerbate drivers of conflict.

- Work through a diversity of actors, channels, local organisations.

- Operational flexibility – use tools like crisis modifiers, adaptive programming principles, anticipatory risk reduction approaches.

- Use locally-disbursed funding pots to enable funding to be spent in line with community needs and perspectives.
Addressing loss and damage: Insights from the humanitarian sector

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Thank you!

Any Questions?