

Policy pointers

National and local policymakers and civil society actors can tackle loss and damage (L&D) by tailoring tools used to manage climate and disaster risks and support people on the move.

Interventions must consider the unique nature of L&D, using risk informed planning that integrates robust analysis of climate risks and layers interventions to tackle them holistically.

L&D actions must prioritise the most vulnerable people, supporting locally led, rights-based interventions that address non-economic L&D and protect women, children and excluded groups.

International donors must urgently support vulnerable countries to tackle L&D as a set of unique risks that threaten their ability to adapt to climate change and achieve sustainable development.

Tackling loss and damage: lessons from vulnerable countries

Communities and ecosystems around the world are experiencing unprecedented extreme weather events. Driven by climate change these shocks will worsen with every increment of global heating, exposing billions of people to catastrophic loss and damage — from loss of life, land, homes, income, opportunity and cultural identity, to damaged infrastructure, ecosystems, essential services and sustainable development. Governments of vulnerable countries must prepare, respond and protect their people and ecosystems, but are hampered by a lack of guidance on how loss and damage should be addressed in practice, who should foot the bill, and a lack of technical support. Based on IIED research, interviews and dialogues with community representatives and government officials from Least Developed Countries (LDCs) and Small Island Developing States (SIDS), this briefing considers practical solutions to the unique challenge of loss and damage that they face.

Loss and damage (L&D) is a growing challenge for communities and governments around the world (see Box 1). This is especially true for highly vulnerable countries that cannot borrow billions of dollars to recover from each new disaster and are unable to access finance to adapt before shocks occur. As global heating escalates, L&D will become increasingly severe for these countries, causing a vicious cascade of climate impacts.¹ This will push them to amass spiralling debts as they struggle to recover from compounding shocks, with increasingly negative impacts on their credit ratings and development prospects.²

While adaptation and mitigation must accelerate to minimise and avert climate impacts, they are not sufficient to deal with L&D, which cannot be adapted to. L&D requires tailored action to address unavoidable climate impacts. But despite recognition of L&D by the Paris Agreement and recent progress by the Warsaw International

Mechanism and Santiago Network on Loss and Damage, we lack collective understanding of what L&D means and how it can be dealt with practically.

Some LDCs and SIDS are already experimenting with practical interventions to support households, communities and ecosystems to cope with the impacts of climate change. Their experiences provide valuable insights into how governments and non-state actors can address L&D by tailoring tools they already use to manage climate and disaster risks and support people on the move.

Interventions to tackle L&D

Many interventions to tackle L&D can build on approaches already used to manage disaster risks, adapt to climate change or deliver sustainable development. But they need to be tailored to the specific nature of L&D. In

Climate-driven shocks will expose billions to potentially catastrophic loss and damage

some contexts radical approaches may also be required, such as planned relocation or total transformation of the livelihoods base. Examples from LDCs and SIDS include:

Risk reduction. Reducing exposure and vulnerability to hazards is cheaper and more effective than disaster response.⁹ Risk reduction should focus on vulnerable communities and groups that are beyond, or at risk of breaching, the limits of

adaptation to specific climate hazards. Different forms of risk reduction are required depending on the specific needs and characteristics of a community. Evidence from Kenya, Mali, Papua New Guinea, the Philippines, Senegal and Tanzania shows that the capacity of households, communities and local authorities to manage risks increases when their knowledge of climate risk is combined with technical analysis of climate information, when community preferences guide decision making, and when authority and resources are located at the right level.⁴⁻⁶ Elsewhere, hard interventions have dramatically reduced risks when designed to consider the full range of possible climate impacts, for instance, the construction of storm shelters in Bangladesh or landscape rehabilitation in Papua New Guinea's Mangoro Market Meri programme. Softer measures also show potential to reduce L&D risk for vulnerable households, such as India's rural employment guarantee scheme, which combines social safety net provision with measures to build climate resilience and address underlying vulnerabilities.^{7,8}

Anticipatory action and risk transfer. Acting before shocks occur helps communities cope with crisis, minimises L&D and reduces economic costs of response and recovery. It can also address underlying drivers of vulnerability for poorer people, women, children and excluded groups.⁹ Vulnerable countries can develop and resource early warning systems, early action and recovery plans based on risk analyses for different climate scenarios. This could, for example, translate into evacuating people before a storm strikes, or providing cash transfers during stressful periods, thereby saving lives and protecting livelihoods. Ethiopia has set up contingency funds to enable early action, while Ethiopia, Kenya and Uganda have established safety nets that are triggered by early warning information.¹⁰ Parametric sovereign insurance pools, such as those established in Africa, the Caribbean and the Pacific, pay out when modelled losses reach certain predetermined thresholds, and transfer risks from countries to reinsurance and capital markets.¹¹ But these pools must be capitalised to provide sufficient pay-outs to cover immediate needs at affordable premiums.

Disaster response. L&D can be reduced if effective, equitable, appropriate disaster response operations are launched rapidly. For this, systems must be equipped to handle the escalating magnitude and frequency of climate shocks and have resources and capabilities in place to launch rapid interventions. But many vulnerable countries lack the institutional, planning and budgeting mechanisms and human and financial resources to do so. This requires contingency funds, forecast based financing, catastrophe loans and parametric insurance, to spread risks and enable timely deployment of responses. Examples from Bangladesh, Haiti, Kenya, Myanmar, the Philippines and Sudan show that disaster responses can be cheaper, more appropriate and more effective if led by community members or local organisations, so capabilities and resources should be localised as much as possible.^{12,13} Given the existential threat L&D poses to vulnerable communities, disaster responses must prioritise non-economic L&D that affects them, from saving lives and protecting livelihoods to providing psychosocial support and trauma counselling, ensuring access to essential services, protecting the rights of vulnerable groups (for example, children, displaced, elderly and disabled people) and safeguarding women and girls from gender based violence and modern slavery.^{14,15}

Box 1. What is loss and damage?

Loss and damage refers to the adverse, unprecedented and compounding impacts of climate change that are **beyond the limits of adaptation**.²³ Such impacts have either:

- **already occurred**
- are inevitable because they are **'locked in'** by global heating and now **cannot be avoided** by mitigation or adaptation
- or are **highly likely to be unavoidable** as adaptation will not be possible before L&D occurs, either due to lack of resources or because it is unviable, unaffordable, or socially/technically difficult.

The nature of L&D means addressing it is a unique challenge. L&D is caused by unprecedented weather events driven by climate change and cannot be planned for using averages of past data.

Interventions must be designed using robust analysis of possible climate risks, considering future uncertainty and the increasing likelihood of low probability-high severity events.²⁴ Risk management plans must account for the fact that people may be affected by consecutive shocks with compounding impacts, making it increasingly hard for them to recover.

soil salination, biodiversity loss or desertification, locations may become uninhabitable and people may need to relocate. As in Uganda, Uruguay and across the Asia Pacific, this could mean planned relocation of households, communities, regions, cities or entire nations to more hospitable locations, or facilitating safe and dignified voluntary migration towards climate resilient homes and livelihoods. Such measures must be designed and implemented in ways that protect the rights and improve the wellbeing of affected people.^{16–21} To attract people to safer locations, policymakers could consider providing essential services, housing, scholarships, training schemes and social protection to new arrivals. Reciprocal rights to social protection provided in the Caribbean and migration friendly cities in Bangladesh have also shown potential.

Recovery, reconstruction and rehabilitation.

Many LDCs and SIDS have incurred L&D on a massive scale and are struggling to recover. Yet, as the COVID-19 pandemic has shown, while rich countries have the resources, capabilities and systems to build back better and can access huge loans quickly at low interest rates, poorer nations cannot. When LDCs and SIDS incur L&D it often exceeds their financial capacity, increasing their debt burden, undermining credit ratings and jeopardising long-term development prospects. In 2017 Antigua and Barbuda experienced economic L&D of over US\$155 million following hurricanes Irma and Maria, with recovery costs of over US\$222 million or 15% of GDP. To recover and prepare for the next disaster, these countries require substantial support from international partners on favourable terms. But aid flows are too small to tackle the increasing scale and intensity of climate impacts, so new financial solutions need to be found that offer sufficient concessionality.

Good practice for tackling L&D

As with adaptation, tackling L&D requires holistic, coordinated action by multiple actors, considering climate risks across multiple timeframes. Evidence from countries experimenting with these approaches suggests several key characteristics of good practice are emerging:

1. Risk informed planning and budgeting.

Dealing with L&D requires robust consideration of the range of climate risks over time. Climate resilient development plans and budgets should be based on the best available science and data on the exposure, vulnerability and resilience of vulnerable people and places, integrating local understanding and knowledge of climate risk. Decision making should not rely on historical averages or reductive models but should consider the range of possible future climate scenarios,

including low probability-high impact catastrophic events, and the increasing intensity and frequency of climatic extremes.

2. Layering interventions. There is no silver bullet solution to L&D. A wide range of interventions are needed to address the variety of future climate risks people may face. These should be layered to address different forms of L&D over time, balancing the need to adapt to climate change with the need to respond to shocks, build back better, prepare for future impacts and reduce risks over the long term.

3. Dynamic adaptive management. Climate change is evolving rapidly, so L&D responses must be dynamic, agile and flexible. Future risks are uncertain because both climate hazards and the landscape of exposure and vulnerability change constantly. Making decisions in this unpredictable environment requires agility and flexibility to respond to changing conditions and evolving risks. To achieve this, regular reviews of climate risk analyses and dynamic, adaptive revision of action plans are needed to ensure they are appropriate to new circumstances.

4. Locally led solutions. L&D interventions must prioritise the needs of vulnerable people and support locally led solutions. But actions taken by communities must be complemented by those of government and the private sector.²² The Principles for Locally Led Adaptation offer a framework for interventions that involve the whole of society and ensure local priorities inform and connect with action at higher levels of governance.⁶ Governments, civil society organisations and international partners must invest heavily to ensure that local actors have the capabilities and information they require to address L&D effectively.

5. Rights-based. L&D compounds vulnerabilities that are deeply-rooted in historical inequities and development deficits. Therefore, any action to address L&D should tackle the structural causes of vulnerability and protect the rights of vulnerable people. If interventions to avoid L&D are implemented without prior and informed consent, or without considering community preferences, they will undermine the wellbeing and life chances of affected populations. Any L&D intervention must therefore safeguard the rights, safety and dignity of excluded groups, especially women and children, disabled or elderly persons and Indigenous peoples.

Conclusion

Vulnerable communities around the world are losing lives, homes, land, livelihoods and long-term life chances to climate impacts. This

will only escalate as climate change accelerates. Without urgent action at scale, billions more lives will be put at risk of catastrophic L&D. States and non-state actors, and their international partners, must work together to prepare for and respond to this threat, prioritising the protection of the most vulnerable people, who do not have the capacity or resources to adapt before disaster strikes.

L&D risks are beyond the limits to adaptation and require interventions that respond to the unprecedented nature of climate hazards and consider the range of possible impacts over time. While many L&D solutions build on existing approaches, the nature of L&D means they should be tailored to address L&D explicitly and at scale. Radical new approaches may also be required. Designing and delivering L&D action requires vulnerable countries to rapidly establish the capabilities, technologies, and institutional systems needed to analyse risks robustly and to plan and deliver context-appropriate interventions at scale.

For this they need urgent, large-scale financial and technological support. Now is the time for international donors to step up and provide LDCs and SIDS with the targeted support they need to adapt as quickly as possible and to tackle L&D as a set of unprecedented and compounding risks that not only undermine their ability to adapt and to achieve sustainable development, but pose an existential risk to their future.

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Notes

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