



LOSS AND DAMAGE, THE CHALLENGES OF THE NEW FUND FOR CLIMATE ACTORS IN AFRICA

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During the COP27 on climate, a new fund was created to finance vulnerable countries severely affected by climate disasters, and notably loss and damage. Welcomed by the majority of climate actors, the announcement of this new fund raises questions in Africa, where expectations are high in view of the magnitude of the stakes around climate change.

1- A FINANCIAL RESPONSE TO THE DAMAGE CAUSED BY CLIMATE CHANGE

Loss and damage refers to damages caused by anthropogenic climate change. It specifically refers to impacts that cannot be mitigated or overcome by adaptation efforts. According to one study, the costs of loss and damage in developing countries could represent between 290 and 580 billion US dollars per year by 2030, and 1,700 billion by 2050. Scientists estimate that this type of damage could account for more than two-thirds of all damage caused by climate change in the world in the coming years.

In Africa, this unavoidable and irreversible damage is mainly the result of phenomena such as desertification, sea level rise or temperature increase. "It includes economic damage (loss of resources, infrastructure, etc.) and non-economic damage (loss of human life, health degradation, decline in biodiversity, disappearance of cultural sites, etc.)" ¹. Thus, loss and damage can take many forms such as psychological distress, disruption and cultural and social upheaval which in turn generate migratory movements.² As a result, there could be as many as 86 million internal climate migrants in sub-Saharan Africa by 2050, and 19 million in North Africa³. Recently, for example, Cyclone Freddy, which hit Southern Africa in March 2023, forced nearly 660,000 people in Malawi to move⁴. The Loss and Damage Collaboration report⁵ estimates that since 1991, approximately 97% of the victims of extreme weather events are found in developing countries (DCs). This is estimated to be about 189 million victims per year - including 676,000 deaths⁶.

Faced with this situation, vulnerable countries, particularly in Africa, find themselves without the means to fight against the effects of climate change for which they have no historical responsibility. This explains why, for decades, they have raised the alarm with the objective of directing funding to this damage. It was officially in 2007, at COP13, that African parties began discussing the means necessary to remedy loss and damage. The work of the following COPs led, in 2013, to the establishment of the Warsaw International Mechanism on Loss and Damage⁷, which aims on the one hand to improve knowledge and coordination of actions taken to address loss and damage and, on the other hand, to promote financial, technological and capacity building actions and support.

In 2015, despite some opposition, loss and damage was incorporated into Article 8 of the Paris Climate Agreement. The climate regime now integrates three axes: mitigation, adaptation and loss and damage. Nevertheless, the creation of a compensation mechanism for loss and damage, which African countries wanted as a materialization of climate justice, failed. At COP26, the issue was brought back to the negotiating table thanks to the pressure of the G77 block & China. This negotiation block, that includes African countries, insisted again on the need to set up a financing mechanism allowing them to face the costs of loss and damage. Even though no agreement was



reached, a framework for discussion was set up in the form of the Glasgow Dialogue with the objective of debating the modalities for financing losses and damages. In 2022, during the COP27 in Sharm el-Sheikh, the discussions finally led to the creation of a financing fund of which the details are still unclear.

2- A SOURCE OF UNCERTAINTY FOR CLIMATE ACTION ACTORS IN AFRICA

For a while, climate action actors in Africa have exposed the climate injustice represented by the lack of financing for loss and damage. The creation of a fund to finance loss and damage is therefore a major step forward for climate action in Africa.

Indeed, at COP27, on the issue of loss and damage, several measures were identified:

- The strengthening of the Santiago Network⁸ designed to provide technical assistance to vulnerable countries in assessing needs related to loss and damage and identifying measures to address them.
- The establishment of new financing modalities such as the fund to assist developing countries (CDs) in their response to loss and damage.
- The creation of a Transitional Committee to oversee the entire process of implementing these new measures.

The fund will facilitate access to resources to compensate for the many losses and damages African populations are forced to deal with. Nevertheless, the operationalization of the fund remains uncertain, some actors are starting to doubt and fear the fund will become an “empty bucket”⁹.

What are the sources of financing to sustain the fund?

This issue is still not decided. One option is to broaden the base of contributing countries. Both the European Union and the United States are favourable to this, meaning emerging countries with high emissions, such as Saudi Arabia, Qatar, India and China, would contribute to the fund in addition to the industrialized countries. Another option being considered is to increase the share of the private sector, relying in particular on the multilateral development banks and the international financial institutions¹⁰. In June 2023, the [Summit for a "New Global Financial Pact"](#) with the most vulnerable countries will be held in France. Negotiations will focus on new innovative financing mechanisms. Other complementary initiatives can also be noted, such as the ‘global shield’ against climate risks launched at COP27 by the G7 and the V20, which aims to help vulnerable populations cope with the impacts of climate change¹¹. More than 200 million euros have already been announced for a first group of very vulnerable countries, including Senegal and Ghana.

Which countries are eligible for the fund?

According to the COP27 decision, all developing countries are eligible for financing from the fund. Initially, the idea was to limit access to the fund to the most vulnerable countries, particularly the least developed and small island developing states. However, the G77 and China were opposed to this. All developing countries are therefore eligible. Nevertheless, the focus will be on the most vulnerable countries. The definition of the notion of climate vulnerability and the determination of a vulnerability threshold will be at the center of the debate in 2023.



How will the fund be accessed? This question is one of the many grey areas surrounding the fund. Answers will be provided by the Transition Committee, which is tasked with proposing recommendations on the structure and governance of the fund as well as the terms of access.

3- WHAT STEPS REMAIN TO BE TAKEN?

In 2023, one of the main steps identified is a series of meetings of the Transition Committee that is responsible for defining and structuring the fund. The first of these meetings took place from March 27-29, 2023 in Egypt. A work plan was adopted, which includes the main steps and actions to be taken in order to present recommendations at COP28¹². A first workshop on loss and damage management will be held on April 29 and 30 in Germany¹³. As part of its work, the Committee also issued a call for case studies on loss and damage financing¹⁴. In June, the Paris Summit initiated by the French President will also allow negotiations to address the issue of financing loss and damage in the framework of the announced New Financial Pact. An intersessional meeting in Bonn (SB58) will take place from June 5 to 15 and will be the framework for negotiations leading to the [COP28](#).

¹ Torre-Schaub, M. & al. (2022). *Dictionnaire juridique du changement climatique*. p. 401.

² Kasito, K. S. (11/11/22). [Want to understand the trauma of climate loss and damage? Listen to the voices of southern africans who are living it](#). *Views & voices, Oxfam*.

³ Kumari, K. & al. (2018). [Groundswell: Preparing for Internal Climate Migration](#). *World Bank, Washington, DC*. 222 p.

⁴ <https://news.un.org/fr/story/2023/04/1134037>

⁵ <https://www.lossanddamagecollaboration.org/>

⁶ Walsh, L. & Ormond-Skeaping, T. (2022). [THE COST OF DELAY: Why finance to address loss and damage must be agreed at COP27](#). *Loss and Damage Collaboration*. 24 p.

⁷ <https://unfccc.int/sites/default/files/resource/Poster%20WIM%20structure%20french.pdf>

⁸ <https://unfccc.int/santiago-network>

⁹ Kasito, K. S. (27/02/2023). [We worked so hard to win the climate loss and damage fund. But will it be an empty bucket?](#) *Views & voices, Oxfam*.

¹⁰ Thissen, R. (28/03/2023). [Pertes et préjudices : un nouveau fonds et des centaines de questions](#). *CNCD-11.11.11*.

¹¹ Observatory of Climate Action in Africa. (2023). [COP27: the 12 initiatives to follow for climate action in Africa](#). *Climate Chance*. 6 p.

¹² <https://unfccc.int/fr/news/le-comite-de-transition-sur-les-pertes-et-prejudices-a-entame-ses-travaux-par-une-premiere-reunion>

¹³ https://unfccc.int/event/TC_wksp1

¹⁴ <https://unfccc.int/transitional-committee-announcements>