An African Perspective on Loss and Damage

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Executive summary

African countries are already incurring significant costs and experiencing both economic and non-economic losses as a result of unavoidable climate impacts. Loss and damage has been described as the so-called third pillar of climate change; however, it has often been overlooked in negotiations. The most recent COP26 in 2021 was no different, where a fragile and much criticised agreement was brokered to undertake further dialogue on the question of loss and damage finance. For more than a decade, African countries and regional bodies have sought to champion the issue of loss and damage at negotiations, arguing for this to be addressed with greater urgency, as separate to adaptation and in need of accessible and sizeable levels of finance. Developed countries have been reluctant to accede to these requests, not least because of a concern that it would impute legal liability for climate change. Recent developments have created impetus for this position to change, propelled by initiatives of civil society and the rise in climate litigation. In the lead-up to the upcoming COP27, to be held in Egypt in 2022, we discuss these developments and offer an African perspective on potential implications and the priorities to pursue in the intervening period.

Introduction

African countries are already encountering significant losses and incurring costs as a result of unavoidable climate impacts.\(^1\) It is anticipated that these ‘residual’ costs will be twice the amount required for adaptation between 2030 and 2050.\(^2\) In the developing world, annual loss and damage finance needs will reach $200–580 billion by 2030.\(^3\) Although the term has been variously defined, ‘loss and damage’ is often referred to as the impacts of climate change that cannot (or have not) been avoided through mitigation or adaptation.\(^4\) Some have also framed it as ‘climate reparations’.\(^5\) It can take the form of sudden onset events such as hurricanes or floods, or slow onset events such as sea-level rise, which impose both economic costs (such as loss of income) and non-economic losses (such as loss of life, cultural heritage and ecosystem services).

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1 Submission by the Republic of Mali on behalf of the African Group of Negotiators, ‘Views and Relevant Inputs on Possible Activities for the Five-year Rolling Workplan of the Executive Committee of Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts’, March 10, 2017.
4 Erin Roberts and Mark Pelling, ‘Climate Change-related Loss and Damage: Translating the Global Policy Agenda for National Policy Processes’, Climate and Development 10, no. 1 (2018): 4-17. The IPCC defines it as the ‘political debate under the UNFCCC following the establishment of the Warsaw Mechanism on Loss and Damage in 2013’, which is to ‘address loss and damage associated with impacts of climate change, including extreme events and slow onset events, in developing countries that are particularly vulnerable to the adverse effects of climate change.’ See the IPCC Glossary (2018): https://www.ipcc.ch/sr15/chapter/glossary
5 Chloé Farand, ‘Climate reparations become a crunch issue as Cop26 goes into overtime’, Climate Change News, November 12, 2021.
Loss and damage is the so-called third pillar of climate change, alongside adaptation and mitigation, under the UN Framework Convention on Climate Change (UNFCCC). It has, however, often been overlooked in negotiations. Most recently, the attempts by the G77 and China at the 26th Convention of the Parties (COP26) in 2021 to establish a mechanism for financing loss and damage failed as a result of opposition by developed countries. It was also sidelined in the COP Presidency’s agenda and treated as a subset of adaptation.

Guinea, representing the developing-nation group, expressed ‘extreme disappointment’ at the negotiated outcome, which agreed to commence a dialogue to engage on ‘arrangements for the funding of activities to avert, minimise and address loss and damage’. Commenting on this, Mohamed Adow, representing African think tank PowerShift Africa, stated that it was nothing more than a ‘never-ending talk shop in the name of “dialogue”’. These developments, coupled with the escalating deaths and rising climate response costs accruing in the preceding years, have propelled loss and damage into becoming one of the most contentious aspects of the global climate negotiations, and it will undoubtedly remain so at COP27 in Egypt in 2022.

As countries prepare for COP27, this paper considers how the issue of loss and damage has particular resonance for Africa, and what steps are needed to achieve a just, practical and equitable outcome on loss and damage at COP27.

African priorities for loss and damage

For African countries, loss and damage represents an exceptional economic and political challenge. Studies suggest that losses and damages from climate change, relative to population and GDP in Africa, are likely to be considerable, with adverse effects manifesting across economies, including in relation to food security, human health and water resources. Some African countries have even gone so far as to prioritise the issue and estimate losses in their Nationally Determined Contributions (NDCs) under the Paris Agreement. For example, Kenya’s revised NDC contains detailed provisions on loss and damage (coupled with adaptation), whereas Mozambique’s includes estimates on loss and damages from climate hazards.

This is also an issue that has been prioritised by the Committee of African Heads of State and Government on Climate Change (CAHOSCC) and considered by the African Ministerial

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6 Megan Rowling, ‘Climate change loss and damage earns recognition but little action in COP26 deal’, Reuters, November 14, 2021.
8 Simon Evans et al., ‘COP26 Key Outcomes Agreed at the UN Climate Talks, Glasgow’, Carbon Brief, November 15, 2021.
Conference on the Environment (AMCEN).\textsuperscript{11} Since 2012, the African Group of Negotiators (AGN) has repeatedly sought to affirm that compensation loss and damage is necessary.\textsuperscript{12} The AGN has presented to the UNFCCC a list of actions requiring finance for loss and damage and called for technical support for African countries to be better equipped to face the challenges of loss and damage. It also called on the UNFCCC’s Standing Committee on Finance (SCF) to provide more grant-based funding for loss and damage under the Green Climate Fund.\textsuperscript{13} During the June 2021 intersessional of the UNFCCC Gabon, on behalf of the AGN, it again underscored that loss and damage was a priority issue for the African continent in the lead-up to COP26.\textsuperscript{14} Similarly, in 2018, Gambia, on behalf of least developed countries (LDCs), affirmed the need to promote improved assessments of loss and damage at national/regional and global levels and requested compensation for residual or unavoidable loss and damage.

The push from African countries for more progress on loss and damage comes in response to a failure of the existing mechanisms under the Paris Agreement and the UNFCCC. These include a failure to deliver action and provide relief, the political hurdles encountered in seeking new sources of finance and concerns regarding historical liability, as well as the slippery nature of the concept of loss and damage. We discuss these issues in turn, and their implications for Africa, concluding with a series of recommendations on how African stakeholders and governments may want to prioritise the loss and damage agenda ahead of COP27.

**Perceived ineffectiveness of existing institutions**

At COP19 in Warsaw in 2013, negotiators laboured to agree to the Warsaw International Mechanism for Loss and Damage (WIM). The main function of WIM is ‘strengthening dialogue’ and enhancing ‘action and support’.\textsuperscript{15} To date, its focus has been on promoting understanding and strengthening coordination; it has been criticised for failing to take meaningful action to enhance action and support for existing losses and damages.\textsuperscript{16} In 2015, the Paris Agreement built on WIM by recognising that it operated to enhance ‘understanding, action and support’, with the caveat that the recognition of loss and damage did not impute any liability or provide a basis for compensation.\textsuperscript{17}

\begin{itemize}
  \item \textsuperscript{11} See AMCEN Decision 17/2 African Ministerial Conference on the Environment, 17\textsuperscript{th} regular session, Durban, South Africa, November 14–15, 2019; and Opening Statement by President Cyril Ramaphosa, Committee of African Heads of State and Government on Climate Change, June 8, 2021.
  \item \textsuperscript{12} UNFCCC, ‘Approaches to Address Loss and Damage associated with Climate Change Impacts in Developing Countries That Are Particularly Vulnerable to the Adverse Effects of Climate Change to Enhance Adaptive Capacity’, Subsidiary Body for Implementation, 37\textsuperscript{th} session, Doha, 26 November–1 December 2012.
  \item \textsuperscript{13} In line with previous COP decisions, in particular decisions 3/CP.18 and 2/CP.19.
  \item \textsuperscript{14} Statement by the Republic of Gabon on behalf of the African Group at the Closing Plenary of the 52\textsuperscript{nd} Session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI), June 17, 2021.
  \item \textsuperscript{15} UNFCCC, ‘Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM)’, 2022.
  \item \textsuperscript{17} Article 8 of the Paris Agreement, read with paragraphs 48–52 of Decision 1/CP.21. This prompted several countries to make declarations when they ratified the treaty, declaring that the paragraph did not exclude the applicability of general rules of international law, particularly the rules of state responsibility.
\end{itemize}
More recently, the Santiago Network was conceptualised at COP25 in Madrid, with the purpose of supporting access to and ensuring the availability of technical assistance to developing countries. Its longer-term vision is to support access to planning instruments and solutions, to facilitate knowledge exchange and partnership formation, and to convene organisations and experts to leverage additional resources and eliminate duplicated efforts. At this point in time, the network is simply a website with links to bodies such as development banks that could support loss and damage. The key agenda item at COP26 was to operationalise the Santiago Network, as developing countries felt it had the potential to address the long-overlooked ‘action and support’ element of WIM, particularly when it came to accessing finance. After heated negotiations, it was agreed that the network would identify and connect interested countries with technical assistance, and that further operationalisation would happen at subsequent meetings. It was agreed that funding would be put forward for the network to provide technical assistance, with some funding received from Germany to do so. Although these developments were welcomed by the Global South, the perennial issue of finance for actual sustained losses and damages remain unresolved.

Lack of commitment to finance loss and damage, and limitations of alternative mechanisms

Activities that seek to address loss and damage remain largely unfunded, with the exception of some funds for disaster risk reduction and humanitarian aid. There are multiple reasons for this. Historically, loss and damage has been separated from discussions on climate finance. Finance for loss and damage is not expressly mentioned in the commitments for developed countries to collectively mobilise $100 billion per year to support climate action in developing countries, and typically it is treated as a subset of adaptation. The focus to date has been on identifying possible risk transfer and risk retention instruments to provide the necessary financial support, in the form of insurance

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18 Decision of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, third session, Glasgow, 31 October-12 November 2021, agenda item 7, Warsaw International Mechanism for Loss and Damage Associated with Climate Change Impacts, FCCC/PA/CMA/2021/L.22, December 13, 2021.
19 Evans et al., ‘COP26 Key Outcomes’.
20 UNFCC, Decision -/CMA.3 Warsaw International Mechanism for Loss and Damage associated with Climate Change impacts, 2021.
21 Germany pledged €10 million to support the Santiago Network, with Canada promising to also contribute.
22 See also Zoha Shawoo et al., ‘Designing a Fair and Feasible Loss and Damage Finance Mechanism’ (Stockholm Environmental Institute, 2021).
or catastrophe bonds. (A catastrophe bond is a security or debt instrument that pays the issuer when a predefined disaster risk occurs, such as a tornado.)

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Insurance mechanisms certainly have the potential to fund some forms of loss and damage; for example, covering crop losses. The African Risk Capacity (ARC) Group, a specialised agency of the African Union and ARC Insurance Company Limited, is an example of this. The ARC Group provides both capacity support to governments, and risk pooling and transfer facilities against natural disasters such as droughts and cyclones.

Nevertheless, questions have been raised around equity concerns and the financial ability of African countries to pay the premiums for this insurance (as well as other mechanisms such as catastrophe bonds). It has been argued that insurance is unsuitable for addressing slow onset climate change impacts or non-economic losses and damages, with the same being true for catastrophe bonds. Lastly, there are questions relating to the viability of insurance mechanisms to fund the full scale of anticipated loss and damage as climate events increase in frequency and intensity, with associated increases in insurance premiums. Other proposals to use ‘innovative sources of finance’ for loss and damage have mixed levels of practical feasibility. These include air passenger levies (e.g. an international airline passenger levy, a bunker fuels levy or a solidarity levy on airline travel), a tax on fossil fuel majors, a progressive global carbon tax or a general fossil fuel levy. More importantly, they are all relatively politically unfeasible on multiple levels, not least of which is where it concerns the dedication of collected funds for loss and damage.

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24 See African Risk Capacity, ARC uses satellite weather surveillance and software to estimate the extent of damage arising from a disaster to trigger readily available funds to 35 AU ARC member states. Risk is pooled across member states, meaning that ‘an ARC pool could manage climate risk with fewer funds than if each country financially prepared for its own worst case scenario individually’.

25 Gewirtzman et al., in ‘Financing Loss and Damage’, discuss the ARC fund, noting that it sets out specific parameters that triggers payouts, potentially allowing for payouts on slow onset events. They note the ARC has been accused of applying an inadequate model to famine conditions in Malawi, resulting in late and insufficient payouts.


27 Gewirtzman et al., ‘Financing Loss and Damage’. Catastrophe bonds are also plagued by higher term costs and tend to involve stricter terms and conditions than traditional insurance.

28 Gewirtzman et al., ‘Financing Loss and Damage’.

Funds could also potentially come from existing sources such as the Green Climate Fund (GCF). Some traction was achieved in Madrid in 2019 where a COP decision called for better clarity on how to access funding for loss and damage via the GCF. In response to this call, an expert group has been established under WIM in collaboration with the GCF. Implementing such changes to the GCF and other major climate funds would mean significant reform to the international climate finance architecture, which operates on a project-based approach. There are also concerns that using existing funds such as the GCF would mean that the funds for loss and damage are not additional (i.e., over and above existing commitments for mitigation and adaptation) and would reduce the already inadequate finance available for adaptation.

Given the constraints of the alternatives, it is unsurprising that G77 and China made an express and urgent call prior to COP26 for a dedicated source of finance in the form of the Glasgow Loss and Damage Facility. This was supported by calls by more than 300 civil society organisations for exclusive loss and damage finance, at the scale needed to meet the needs of developing countries and in addition to the $100 billion in climate finance support to developing countries that had been pledged by developed countries.

Although the proposed loss and damage facility was not agreed to, a weaker compromise was reached, establishing the Glasgow Dialogue as a platform to discuss arrangements for funding to avert, minimise and address loss and damage. The Dialogue is set to take place over a two-year period, concluding in June 2024. In their statements at COP26, African countries such as Kenya reiterated that although they acknowledged support for technical purposes, ‘what we have in mind [for the Glasgow Dialogue] is not giving money to consultants to fly around the globe and teach us about what loss and damage is, what we are talking about is a dedicated facility’.

Reflecting on the outcome of COP26, Chikondi Chabvuta, the Southern Africa Advocacy Lead at CARE International, noted that:

We had hoped for a real plan, but instead developed countries only agreed to a vague two-year dialogue on arrangements for loss and damage funding without a clear outcome in sight. We welcome progress on the Santiago Network on loss and damage for technical assistance, but in light of the scale of the threat, it falls far short. When in my country of Malawi we are still picking ourselves up and trying to recover from the devastation of Cyclone Idai, it’s been very hard to witness countries trying to push hard for weaker text right up to the final hours.

31 @LossandDamage, Loss and Damage Collaboration, live tweeting statements by Kenyan representatives at COP26, 2021, https://twitter.com/LossandDamage/status/1459161560073372357.
Concerns about liability

One of the main issues that has hindered progress on loss and damage is a concern by developed countries that providing any form of finance would amount to a concession of liability for causing climate change. In its original conception, loss and damage was framed as a form of compensation in the call by the Alliance of Small Island States (AOSIS) in 1991, and in the eyes of many developing countries and small island states since then, it has retained this moral character. Developed countries have consistently resisted these claims, partially out of a concern that conceding to financial demands for loss and damage would amount to a concession that they are liable for causing climate change and associated damages. For this reason, the accompanying text on the dedicated loss and damage provision in Article 8 of the Paris Agreement expressly eschews the possibility that it could be used as a basis for any liability for climate change and associated compensation in future. The legality of this position remains in doubt, and it has been suggested that all it does is outsource the question of liability and compensation to international, regional and domestic courts.

And this is exactly what is taking place, with a proliferation of climate litigation worldwide. At present, more than 1,841 climate-related court challenges have been filed across the globe, a handful of which have been brought by vulnerable countries, NGOs and affected communities, exploring legal avenues to obtain recourse for loss and damage. The Intergovernmental Panel on Climate Change (IPCC) has predicted that this form of litigation will increase as ‘improved understanding of impacts and risks as climate science

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33 Roberts and Pelling, 'Climate Change-related Loss and Damage'.
36 Article 8 of the Paris Agreement read with paragraphs 48–52 of Decision -/CP.21.
39 Toussaint, ‘Loss and Damage and Climate Litigation’.
At present, there are no dedicated cases brought by African countries against the Global North or the ‘carbon majors’ seeking compensation for loss and damage, but this may well change. Recently, Vanuatu announced plans to seek an advisory opinion from the International Court of Justice on the right of both present and future generations to be protected from the impacts of climate change. Moreover, at COP26, the government of Antigua and Barbuda, and Tuvalu announced the establishment of a joint commission which will, among other things, request advisory opinions from the International Tribunal for the Law of the Sea (ITLOS) on the legal responsibility of states for carbon emissions, marine pollution and rising sea levels.

Litigation and the provision of advisory opinions from international tribunals may potentially render developed countries more amenable to discussions on loss and damage finance during negotiations. They also offer a more immediate potential solution to developing countries seeking financial compensation for loss and damage associated with climate change.

Definitional challenges

Definitional disagreement regarding what loss and damage represents has hindered progress in negotiations. Generally, developing countries consider loss and damage as something beyond adaptation, referring to those impacts that can no longer be addressed by mitigating emissions or helping countries to adapt. In contrast, developed countries, in addition to the GCF, deny that it is qualitatively different from adaptation, maintaining

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The term ‘carbon majors’ refers to 90 large oil, coal and gas producers across the world who are responsible for about 63% of global emissions.

At present, most litigation in Africa focuses on actions against African governments, seeking to compel them to take more climate action; see Olivia Rumble and Andrew Gilder, ‘Climate Change Litigation on the African Continent’ (Konrad-Adenauer-Stiftung e. V., 2021).


There are multiple procedural challenges to overcome, as discussed in Toussaint, ‘Loss and Damage and Climate Litigation’.

Calliari, ‘Loss and Damage’.
that it falls directly within its scope. This has led to a high degree of politicisation, such as conflicting interpretations of what constitutes adaptation and what is already funded through climate and development finance. If loss and damage is treated as a component of adaptation, it would mean that funding for loss and damage would draw from existing finance for adaptation, as well as post-disaster humanitarian aid, as opposed to new and additional finance (which developing countries argue for).

**Recommendations and conclusion**

In the end, strong opposition from developed countries has seen the issue of a Loss and Damage Finance Facility largely delayed until COP27 this year, despite some progress being achieved on the provision of technical support. Although successive submissions have been made over the past decade by the AGN to the UNFCCC on the topic of loss and damage, the nature of the issues to be addressed has evolved, particularly in relation to the level of detail and breadth of the matter. Moreover, the influence of other stakeholders such as civil society, local government and the private sector has heightened in recent years.

Although there are many elements to the discussion, there is a need for an updated, transparent and inclusive African position on some of the defining and most contentious elements of loss and damage, in particular:

- the ideal form, function and mandate of a potential Finance Facility or mechanism for loss and damage, including rules on how developing countries can access it; the role of national systems to ensure in-country ownership and modalities to ensure that the funds can be equitably accessed; and fast disbursement mechanisms to facilitate post-disaster access to support;

- the quantum of a loss and damage financial target, the nature of the finance and its additionality to other forms of finance, as well as the need for a resource mobilisation strategy;

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47 Calliari, Loss and Damage; see also Shawoo et al., ‘Designing a Fair and Feasible Loss and Damage Finance Mechanism’.
48 Gregor Vulturn and Marion Davis, Defining Loss and Damage: The Science and Politics around One of the Most Contested Issues within the UNFCCC (Stockholm Environment Institute, Discussion brief, 2016).
49 Toussaint et al., ‘Loss and Damage and Climate Litigation’.
the specific implications, limitations and possibilities of the so-called ‘innovative instruments’ to fund loss and damage in African countries, including the payment of insurance premiums, catastrophe bonds or special levies/taxes and the extent to which these are feasible and fit-for-purpose for African countries;

the importance of having loss and damage as a stand-alone agenda item during COP27. This ties in with the call by African think tanks and the civil society organisations of developing countries to establish loss and damage as a permanent stand-alone agenda item under the UNFCCC’s subsidiary bodies;\(^5\)

the review and update of African NDCs, to the extent practically and financially feasible, to include needs assessments for countries facing losses and damages, treated separately from adaptation, including how these could be funded and national, regional and local mechanisms for funding distribution; and

the inclusion of an assessment on the progress of loss and damage in the Global Stock Take in 2023.

African governments and stakeholders should also explore the use of climate litigation against carbon majors and developed countries as a means to obtain recourse for losses and damages sustained as a result of climate change, including potential regional collaborations similar to those between Tuvalu, Antigua and Barbados.

Given the momentum to date, COP27 presents a watershed moment to transcend the political challenges relating to loss and damage and to make meaningful progress. Building on this impetus, it is crucial for African countries, and the various stakeholders within them, to both articulate and clarify their positions on loss and damage, and to advance these robustly at negotiations and in the media.

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Cover image

This aerial view shows the destruction at Umdloti beach north of Durban, on April 14, 2022. Victims of South Africa’s deadliest storm on record scrambled to get help as relief teams struggled to cross bridges and roads wrecked by floods and landslides. At least 341 people died when the heaviest rainfall in six decades swept away homes and destroyed infrastructure in the city of Durban and KwaZulu-Natal province (Marco Longari/AFP via Getty Images)