

Negotiator Briefing: A Needs-based Approach to Loss and Damage

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+ Introduction

A needs-based approach is rooted in the recognition that adequate climate action has context-specific requirements and that identifying and addressing these is necessary to enable implementation efforts towards diverse climate goals. In this approach a need is anything that is concretely required to enable adequate and timely climate action in ways that align with commitments towards achieving universal access to sustainable development, which is itself necessary to building the required adaptive and mitigative capacity. Needs may include finance but *finance is a means and not an end in itself*. Many other needs – including institution building, political mobilization and capacity building – are also required to actually enable climate action on the ground and will be dependent on the specific requirements experienced in each locale.

A needs-based approach is appropriate for guiding loss and damage in the Global Stocktake and beyond because it prioritizes the protection of those vulnerable to climate change and recognizes the specific contextual factors facing particular people, communities, and Parties. This approach focuses attention on the concrete requirements for action adequate for meeting the objectives of the UNFCCC and the Paris Agreement and addressing the very real implications of already existing and mounting loss and damage from climate change. A needs-based approach is also inherently sensitive to uneven access to sustainable development, as what is required to address climate change and reduce poverty will vary.

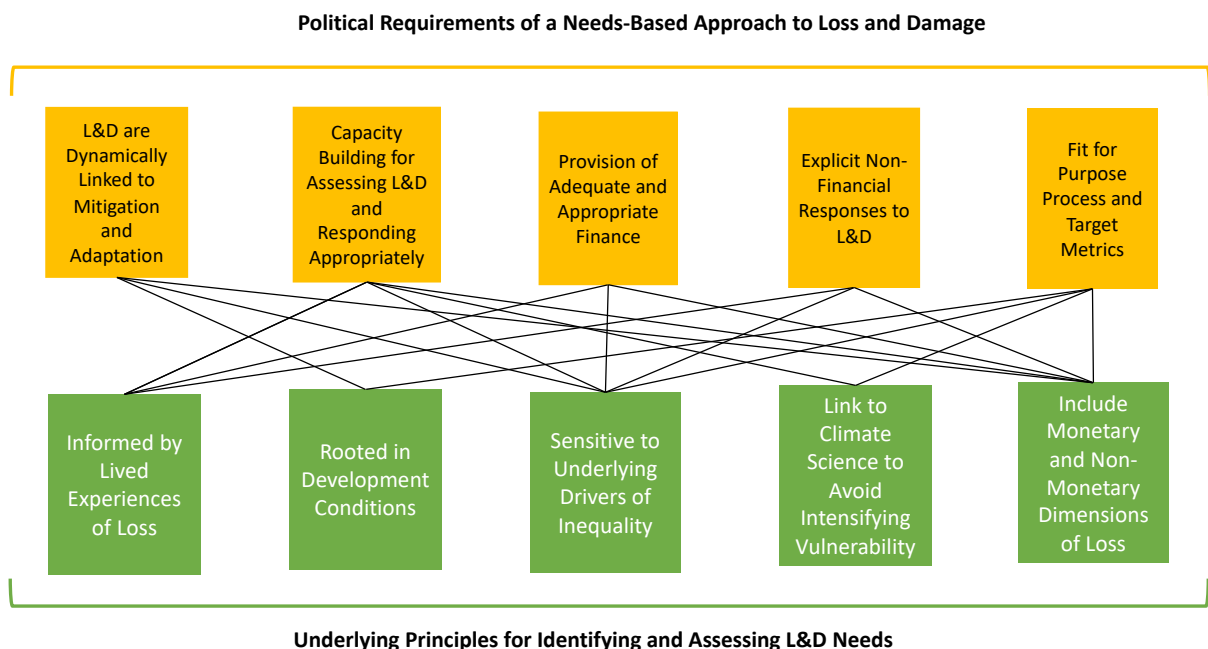


Figure 1: Political Requirements and Underlying Assessment Principles for A Needs-Based Approach to Loss and Damage

The needs-based approach is directly in line with the mandate of the Global Stocktake to assess progress towards the Paris Agreement in light of equity using the best available science (Athanasidou et al. 2022). As summarized in Figure 1, the application of a needs-based approach to loss and damage within and beyond the GST has five political requirements within the international regime. These requirements would be necessary for operationalizing this approach within the first GST and setting the scene for subsequent stocktakes. Underpinning these requirements are a set of principles about how to identify and assess loss and damage. Each of these principles is directly related to the best scientific, policy and technical evidence currently available. Both the political requirements and the principles of assessments are outlined in the sections below, starting with the political requirements.

+ Political Requirements for Building a Needs-Based Approach to Loss and Damage

Building a Needs-Based Approach to loss and damage within the UNFCCC would require, at minimum, five political requirements as identified in Figure 1 (see above):

1. **Recognition that the best available science indicates climate induced losses are already occurring, and will intensify without rapid, ambitious mitigation and adaptation.** As indicated in the IPCC's 1.5°C report and clearly re-iterated in the AR6 reports, some climate impacts are already being experienced and have been responsible for causing loss and damage, and there are significant increases of risks associated with increases in global temperature of 2°C compared to 1.5°C (IPCC 2018, IPCC 2022). These risks include increased heat and precipitation events, increased stresses on ecosystems, and increased risks of triggering irreversible changes to marine ice cover and associated implications for sea level rise (IPCC 2018, IPCC 2022). Accordingly, the extent of loss and damage is dynamically determined by how much mitigation and adaptation have been achieved. Avoiding 'dangerous' climate change, as agreed to in the Convention (UNFCCC 1992), necessarily entails explicit international cooperation designed to address the needs of those suffering from those ongoing climate change-induced dangers and experiencing loss and damage, in addition to supporting and enabling the actions already being taken to mitigate climate change and facilitate adaptation where possible.
2. **Active commitment to capacity building to conduct appropriate loss and damage assessments and to design, implement and evaluate response strategies.** The dynamic and unfolding nature of loss and damage, in conjunction with its interaction with pre-existing inequalities in access to sustainable development (Birkmann et al. 2022, 8), imposes particular capacity building requirements. Currently, assessment capacity for loss and damage needs, both globally and in-country, is inadequate (New *et al.* 2022). Central components of capacity building for loss and damage would include:



- a. Support for the development of in-country capacity to collect and effectively use disaggregated data to identify vulnerable populations, any experiences of loss and damage, and their needs. Aggregation can mask inequities and hide the extent of needs. This includes the establishment of assessments informed by diverse lived experiences of loss, which will necessarily require participatory and inclusive processes (see “Fit for Purpose Assessments” below).
 - b. Support for the development of long-term in-country expert teams and institutionalized strategic processes capable of identifying bottom-up needs stemming from loss and damage as they emerge and as they are identified by local communities experiencing them, linking this to climate science, and connecting this to domestic and international policy processes.
 - c. Support for the creation of appropriate in-country institutions capable of guiding responses to loss and damage. Institutional capacity has long been identified as a crucial component of adaptive capacity and extends beyond project-based support (Field *et al.* 2014).
 - d. The creation of assessment processes and metrics – including process and target metrics – appropriate to identifying loss and damage, guiding processes of envisioning, designing, implementing and assessing responses to it, and evaluating progress on the creation of the needed institutions themselves. Guidelines for such assessment processes based on the best available science are included below.
3. **Provision of Adequate and Appropriate Finance:** Climate finance is required to address monetary and non-monetizable loss and damage and both should be included in needs-based assessments. For instance, the loss of life and health is a non-monetizable loss and damage, but finance will be needed to support public health systems, create systems that support survivors, and develop the infrastructure required to avoid future similar losses. Loss and damage finance must not intensify indebtedness (see our briefing on a needs-based assessment of climate finance, Ngwadla *et al.* 2023), and indeed must recognize that existing indebtedness often acts as a hindrance to effective responses. Key components of finance for loss and damage include the following:
- a. **Adequate quantities of finance:** Estimated climate finance needs for loss and damage vary but will be substantial. One estimate is that with a 2.5-3.4°C temperature increase by 2100 these losses, not including non-economic losses, could be in the range of \$116–435 billion in 2020, rising to \$290–580 billion in 2030, \$551–1,016 billion in 2040 and \$1,132–1,741 billion in 2050 (Markandya and González-Eguino 2019). These numbers will change depending on levels of global mitigation and adaptation achievements and will necessarily require regular updating. Such estimates are also sensitive to the assumptions used to aggregate the data. Ongoing studies should be done with explicit articulation of which assumptions were used, and which kinds of needs are and are not included in them, in a manner consistent with a comprehensive needs-based assessment.

- b. **Appropriate modalities for finance provision and access:** Needs-based loss and damage finance would differentiate between grants, loans, and private finance and preferentially use grant-based resources (HBF 2021). From a needs-based perspective it is essential to avoid further indebtedness for countries already struggling to handle debt loads (Carty, Kowalzig, and Zagema 2020; Slany 2020). In the adaptation context, Article 9.4 agrees to take into account “the priorities and needs of developing country Parties ... considering the need for public and grant-based resources for adaptation (UNFCCC 2015)” Loss and damage should similarly be funded with sensitivity to the implications, unintended and perhaps intended, of different kinds of finance types (e.g. loans vs grants) and institutions. Creating those appropriate modalities might well entail significant and even structural reform of existing institutions, or perhaps creation of new institutions altogether, such as the loss and damage finance mechanism now under negotiations (Ngwadla et al. 2023). The newly established Loss and Damage fund arrangements will have to be fit for purpose.
 - c. **Assessments of contributions that reflect diverse types of costs, including opportunity costs, of countries experiencing loss and damage:** Efforts to address loss and damage will include direct finance, the provision of core services and infrastructure, establishment of adequate medical and mental health care and other related needs. As losses and damages unfold, domestic governments and communities are already forced to bear considerable costs, which can intensify domestic burdens and undermine progress towards sustainable development. For example, in 2015 it is estimated that rural families in Bangladesh spent upwards of \$2 million USD in disaster response measures which was more than 12 times the amount of international assistance provided, and double the spending by the domestic government (Eskander and Steele 2019). Failing to recognize the extent of domestic spending, by both governments and residents, fails to account for the burdens implied by the reallocation of already stretched budgets. Assessments of collective effort should take into account the funds developing countries themselves have reprioritized and/or diverted from other essential services and the implications of these re-prioritizations. Accounting for this reprioritization of funds could include recognizing reductions in spending for categories such as disaster preparedness and existing response post-disaster interventions, ecological resilience and/or restoration, and investments associated with public health, education, or other social services in addition to those intended for areas of climate action such as mitigation or adaptation.
4. **Explicit Provisions for Non-Financial Responses to Loss and Damage:** While aspects of non-economic loss and damage can be addressed through finance, finance alone will be insufficient to address all needs. Lessons from responses to other forms of loss, including those following periods of violence, displacement or other forms of conflict, yield a variety of possibilities for addressing loss and damage that include but extend beyond financial efforts. For example, pulling on transitional justice efforts pursued in diverse countries, some of the following possibilities emerge (Klinsky 2017; Klinsky and Brankovic 2018):



- a. Land and in-kind rehabilitation including land swaps, preferential access to fishing territories (EEZs), or other territorial arrangements;
- b. Changes in institutions facilitating human movement, including expansions of immigration and labor laws and domestic and international humanitarian relief and permanent resettlement programs;
- c. Programmatic institutional support for and cooperation in the provision of long-term services intended to help rehabilitate people and communities such as health (including mental health), education and retraining, enhanced social safety nets, and where possible, ecological restoration;
- d. Efforts to recognize the psychological and cultural components of climate losses and damages through educational or memorialization programs, apologies, or other forms of recognition identified as appropriate by those experiencing the loss;
- e. Collaboration, including in-kind support for, towards capacity building for accurate assessment of loss and damage and identification of appropriate responses.
- f. Guarantees of non-repetition, effectuated through diligent efforts to avoid further loss and damage, through ambitious mitigation and adaptation achievements, paired with efforts to address underlying systemic drivers of vulnerability to climate change, including through poverty alleviation;

In line with capacity building requirements listed above, international and domestic institutions may need to be built that are able to accommodate the range of non-financial responses to loss and damage a needs-based approach is likely to require. This will require finance although finance is not the end goal, but the means for such institutional development. Precedents exist for all of these mechanisms although the best available science with best practice lessons for such institutional design may lay outside the climate context (see examples in Klinsky and Brankovic 2018).

5. **Fit for Purpose Assessment of Progress will Require Both Target Metrics and Process Metrics:** Losses and damages will unfold dynamically depending on mitigation and adaptation achievements which means that, unlike mitigation, establishing *a priori* targets is not appropriate. The international regime will need to develop and use fit-for-purpose metrics that adequately reflect the characteristics of loss and damage and that can provide useful insights about the extent of progress towards adequately responding to these losses and damages as they emerge. At a minimum this will require using a combination of process and target metrics, specifically:
 - a. **Process metrics that provide information about the extent of progress made towards the development of functional processes capable of setting and correcting course as the loss and damage context inevitably shifts.** Process metrics would focus on progress towards efforts such as the establishment of domestic and international institutions and/or institutional pathways for guiding loss and damage decision-making; progress towards capacity building intended to enable identification of and response to loss and damage; or other long-term process-oriented commitments. Reporting on such processes could be quantified

for ease of inclusion in global stocktaking. For example, reporting could take account of the number of countries that have established in-country loss and damage expert committees, published climate-sensitive disaster preparedness plans; created early warning systems; or implemented other projects or programs that emerged from institutional processes established to address loss and damage locally or nationally.

- b. **Target metrics for assessing progress could assess the extent to which loss and damage needs have been met and could include both financial and non-financial components.** For example, once the loss and damage funding facility is established, target metrics could report on the proportion of necessary finance that has been received by those experiencing loss and damage. A parallel non-financial metric could be an assessment of how many communities are served by rehabilitation programs and what losses and damages such programs have been able to address.
- c. Clear development and use of both process and target metrics will need to be built using the underlying principles for identifying and assessment loss and damage needs discussed below, and will have to continue to shift based on the best available science.

+ Underlying Principles for Identifying and Assessing Loss and Damage Needs

The UNFCCC does not currently have a process capable of assessing needs or identifying the adequacy of responses to loss and damage, nor do most Parties. Establishing such a process is critical and pressing, even if comprehensive approaches cannot be fully developed and implemented during the current first GST. It will require learning-by-doing in any event, and would enable the assessment of progress in a second round of the GST (and already during the intra-GST period) and contribute to domestic capacity to track and respond to loss and damages. Due to the diversity of lived experiences and differential vulnerabilities, and their intersections with climate impacts, the following principles are foundational to the development of needs-based approaches to loss and damage assessments:

1. **A needs-based approach to loss and damage must be informed by lived experiences of loss.** Focusing on needs inherently must be informed by the elicitation and documentation of lived experiences of loss because the essence of what a loss is resides in the values, worldviews, and embodied realities of those actually experiencing them (Tschakert et al. 2019). Accurate identification of loss and damage depends on knowing what the loss means to those who are experiencing it which will require deeply inclusive and participatory methodologies of assessment (Barnett et al. 2016; McNamara and Jackson 2019). High-level assessments, like modeling, can help link lived experiences of loss to climate change processes but must be connected to assessment processes that fully engage with the actual realities of those most immediately affected. Losses and damages from both slow-onset and extreme events will occur and the needs of those experiencing them may overlap and



vary, which means that appropriate systems for identifying diverse bottom-up losses have to be established (van der Geest and van den Berg 2021). A needs-based approach informed by lived experience is necessarily participatory and sensitive to diversity at all scales. As such, this approach strongly resonates with existing guidance for processes such as National Adaptation Plans, and National Adaptation Programs of Action.

2. **An assessment of loss and damage must take existing developmental conditions into account.** The best available science repeatedly finds that existing contexts, including development stresses and conditions, significantly shape people's vulnerability to climate impacts (Birkmann et al. 2022; Field et al. 2014; McCarthy, Canziani, et al. 2001). Any assessment of climate action from a needs-based approach would recognize the scope of currently existing unmet development needs and the potential for climate related loss and damage to exacerbate these. Adequately reflecting developmental conditions will require attention to the systemic factors that are continuing to shape differential access to sustainable development generally (Birkmann et al. 2022), thus undermining the creation of adaptive and mitigative capacity. This could include systems-wide assessments of services such as health and education, infrastructure and safety including adequate housing, political voice, access to humane and sustainable services such as sanitation and waste management, and access to finance from the household to national scale.
3. **Needs assessments must be sensitive to underlying drivers of inequality which includes taking a gender, cultural, social and ecologically informed approach.** The last three assessment reports of the IPCC have clearly recognized that persistent drivers of inequality, including discrimination and marginalization on the basis of race, gender, ability, age, or other aspects of identity can result in uneven vulnerabilities to climate impacts (Birkmann et al. 2022; Field et al. 2014; McCarthy, Canziani, et al. 2001). Participatory, gender-sensitive, and locally resonant processes are already recognized as best practice within UNFCCC guidance for similar processes such as NAPs and could be adapted for the loss and damage context. This highlights the importance of creating and maintaining long-term, country-driven needs-assessment capacity so that emerging needs can be identified, tracked, and appropriately addressed over time, bearing in mind drivers of variation at the local and domestic level.
4. **A needs-based assessment must be linked to the best available climate science to prepare for future losses and damages and avoid intensifying vulnerability.** As repeatedly noted in the IPCC reports, including the 1.5°C special report and in AR6, climate impacts are expected to intensify depending on mitigation achievements (IPCC 2018, 2022). Simultaneously, an adaptation gap has persisted (UNEP 2022) and will also shape the extent of loss and damages. As more severe climate impacts mount, limits to adaptation will be reached, leading to losses and damages (IPCC 2022). A needs-based assessment must recognize the dynamic nature of loss and its relationship with the extent of mitigation and adaptation achievements. Predictive climate modeling and attribution studies could be used to establish linkages between current and future losses and climate change (Mechler et al. 2019). Failing to integrate

climate science with loss and damage assessments could result in the misidentification of needs or of response actions. For example, addressing losses from extreme events as “one off” occurrences without exploring their link to climate change could miss changes in risk and could lead to maladaptive efforts that intensify vulnerabilities long-term. The risk of maladaptive responses highlights the need for capacity development to conduct climate science and link it to the appropriate domestic policy arenas.

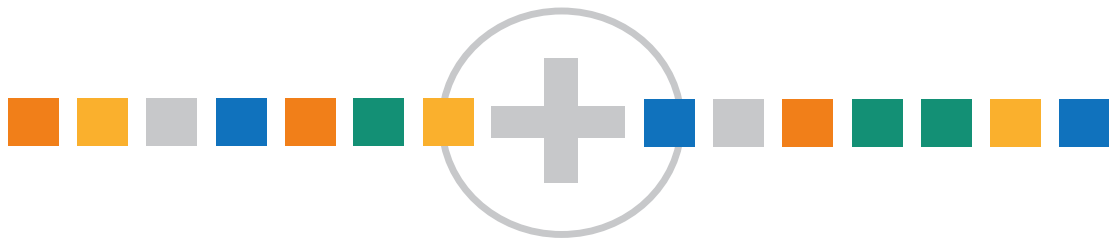
5. **Losses are multifaceted. Both monetary and non-monetary dimensions of losses and damages will need to be identified and addressed.** Losses emerge when there is a lived experience of deprivation of something that is considered important or valuable, and both monetary and non-monetary aspects of loss must be included. For example, monetary and non-monetary components can be expected simultaneously within losses such as: social-psychological losses (e.g., loss of place and community, sense of roots), ecological loss, loss of livelihoods, loss of life, health impacts, loss of mobility, loss or erosion of statehood, as well as cultural impacts such as loss of heritage and knowledge systems or losses of sacred sites (UNFCCC 2013). The diversity of forms of losses and damages has already been recognized. For instance, Article 8.4 of the Paris Agreement recognizes that actions and support are needed to address non-economic losses that generate permanent impacts (UNFCCC 2015) and an expert group on non-economic losses has been established under the Warsaw International Mechanism.



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Contact Us:

This brief is intended to contribute to ongoing learning-by-doing efforts to conduct the Global Stocktake in the manner most effective for generating its mandated outcome, to help Parties in updating and enhancing, in a nationally determined manner, their action and support, while at the same time foregrounding the needs of Parties and communities.

Please do not hesitate to contact us for further discussion of these ideas. All errors and omissions are the authors' responsibility.

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