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Opinion

# Bangladesh Ahead of CoP 27 in Addressing Loss and Damage

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## Abstract

The realization to address climate-induced loss and damage brought a paradigm shift in the focus of climate negotiations. Building on the history of the negotiation on loss and damage funding at UN climate talks, this paper contextualized the continued struggle over the issue and analyzed the historic announcement made at CoP 27. This paper also discussed why climate-vulnerable countries like Bangladesh are in need of additional L&D funding. Finally, to inform the national initiative in addressing the issue of loss and damage along with adaptation, the role of Climate Bridge Fund (CBF) Secretariat has been highlighted.

## Introduction

The devastating impacts of climate change result in- the loss of homes, agriculture production, biodiversity and ecosystems, family members, social network, culture, and heritage- that go beyond the adaptation capacity of the vulnerable communities. Mitigation and adaptation alone are not sufficient to address the loss and damage that vulnerable communities incur which is why the last year at CoP 27, the decade-long demand for loss and damage funding was the centerpiece at the negotiation table.

One might question why is it important now? And climate-induced loss and damage was there since inception, why wasn't this never prioritized or treated as a burning issue? Well to answer that we might have to revisit our CoP memories and take a look back at the crucial decisions made over the last 30 years.

## A Look Back and CoP 27 Decision

Pledges made at the negotiation table so far have barely been in accordance with the needs of the frontliners; rather negotiations always overrun, and action points are pushed to the 'next CoP'. The 30-year-old demand-loss and damage funding-is the elephant in the room in the history of climate negotiations. With the growing severity of the climate crisis, it became clearer that mitigation & adaptation efforts-the primary focus of CoP negotiations- fell short to address the residual climate-induced losses and damages. Being most vulnerable to climate change impacts and having limited resources to adapt, the Alliance of Small Island States (AOSIS), a subgroup under G77, has been advocating for compensation funds since early 1990s. But after 16 years, the phrase 'loss and damage' first appeared in a UNFCCC document, as an enhanced action on adaptation, in the Bali Action Plan at CoP 13. Negotiations in the following few years revolved around designing work programs but no decision regarding funding mechanism was agreed upon. Repeated resistance from the rich countries to agree to the fund at the negotiation table was the major setback. Later on, in 2010 at CoP 16 in Cancun, Mexico, the parties recognized the need to strengthen understanding of it instead of "on loss and damage" related to climate change and established a work programme to explore approaches to address loss and damage. The CoP 18 in 2012 acknowledged the implementation of the work programme on loss and damage and also decide to work further to advance understanding on loss and damages. Then in 2013 at CoP 19, the Warsaw International Mechanism for Loss and Damage was established that led to the inclusion of loss and damage article in the Paris Agreement. Further negotiation proceeded through building Santiago Network on Loss and Damage at CoP 25, and forming Glasgow Dialogue on Finance for Loss and Damage at CoP 26. But none of these CoPs could reach a consensus regarding creating separate funding mechanisms. Despite the setbacks, the climate vulnerable countries kept pushing for their demands. Following the outcomes of CoP 26, establishing separate funding arrangements has been the prime focus of this summit's negotiations. Though this CoP has been successful in terms of reaching an agreement for additional L & D funding, it will still take one year or more than that to be fully mandated with further operational details. Nevertheless, the G7 and V20 group of 20 vulnerable countries jointly launched the Global Shield Against Climate Risks with an aim to protect the vulnerable countries from climate-induced risks. Germany, Denmark, Canada, Austria, Belgium, New Zealand and other countries/states/organizations pledged to contribute a total close to half a billion euro to the global shield. As the 30-year-old demand finally got acknowledgement, veteran Dr. Saleemul Huq rightly renamed CoP 27 as CoP 1.

## 'Loss and Damage' Funding for Bangladesh: Need of the Hour

Despite being responsible for emitting a low level of global greenhouse gas emissions, it is ironic that Bangladesh has to pay a huge price in the face of the climate change crisis. Being the 7th most climate-vulnerable country, each year she is confronted with floods, cyclones, storm surges, droughts, and other extreme climate events. As the intensity and frequency of climatic events increases, it is inevitable that the country will continue to suffer from both economic and non-economic loss and damage beyond her capacity to adapt. Given the lack of a dedicated separate funding system for loss and damage, the vulnerable households often have to bear the residual cost. Although CoP 27 ended on the note of establishing a separate funding mechanism for loss and damage in 2022, developing countries like Bangladesh have been bearing the brunt for decades. According to a report published by the Stockholm Environment Institute, hard-hit households in rural Bangladesh spend nearly \$2 billion per year on climate-related damage repair and prevention measures, which is twice the amount spent by the national government and more than 12 times the amount spent by multilateral international organizations on Bangladesh's rural population [1,2] reported that 22 climate-related disasters cost Bangladesh 1.83 billion USD, or 1.16% of GDP, between 1993 and 2012. Later in 2013, a study conducted by Rabbani et al. confirmed that cyclone Aila induced salinity intrusion resulted in an estimated total cost of loss of rice production worth US\$ 1.9 million in the study villages.



## Rising Concerns on Non-Economic Loss and Damage

In 2013, a report by the UN stated that non-economic losses are considered as loss of social capital, cultural loss, stress, anxiety, depression. Unlike economic loss and damage, market price cannot be attributed to non-economic losses and damages [3] have identified three categories of non-economic loss and damage- individual, societal, and environmental. Death of family members, community members owing to climatic events like cyclones take a huge toll on the mental health of the vulnerable communities. As climatic events result into destruction of schools, financial loss, it directly impacts the education of the children causing increased dropout rates and prevalence of child labour. In addition, climate crisis induced forced migration leads to loss of social network, loss of local cultures resulting in stress, anxiety, and depression among the communities. With the increasing rate of climatic events, agro-based livelihoods get disrupted as well. This escalates the suicide rate of farmers which goes unreported, unrecognized, and unaccounted. Another aspect is loss of crucial ecosystem services. For example, Sundarbans acting as a buffer zone have often been acknowledged for shielding the coastal communities, yet mere economic valuation of the unique ecosystem services lost in the process of protecting the coast was conducted. Further, seldom reflection of protecting or even rejuvenating ecosystems were seen in the national policies [4].

## National Response to Loss and Damage Fund

According to a sCoPing study commissioned by a number of non-governmental organizations and research centers, Bangladesh's current frameworks have little room to address climate change induced loss and damage. Though Bangladesh has taken the initiative to set up a national mechanism on loss and damage, the chance of forming a full-fledged system remains skeptical. Lack of existing database to record both economic and non-economic loss and damage, scientific evidence-based policy making are some of the challenges the country is confronted with. Moreover, when the 'loss and damage' funding of UNFCCC will be at operational phase, the country needs to ensure the local empowerment and implementation of locally led adaptation principles through the fund and for that Bangladesh needs to start taking institutional preparation from now.

## Climate Bridge Fund (CBF) is Addressing both Adaptation and Loss and Damage

While the issue of loss and damage is new to many, for countries like Bangladesh it's an old tale. This country and its people have been combating climate-induced loss and damage for decades. Having mere time to quantify the amount of lives lost and damage incurred, saving lives and livelihood with in-house resources often stood as Bangladesh's first priority. For years the country has not only faced huge economic losses but has experienced multiple non-economic losses as well, one of which is widely known as displacement or as experts like to term it "climate-induced migration." In the past few decades, climate change has forced many to migrate from climatic hotspots of Bangladesh towards mega and secondary cities creating unplanned patterns of migration and increasing the pressure on already scarce urban resources. Despite scant resources and lack of access to basic necessities these migrants would still consider living in the informal settlements, as the urban counterparts were considered as safer compared to the rural ones of the climate hotspots. However, with the current rise in frequency and intensity of climate induced disasters the high-land areas or the urban peripheries have become as vulnerable as their rural counterparts, if not more. To minimize such impacts Climate Bridge Fund (CBF) has supported multiple local organizations working to ensure the economic, social and climate resilience of people living in urban informal settlements of climate hotspots of Bangladesh. Established

by BRAC and supported by the German Government through KfW, CBF is a trust fund which works entirely for climate migrants and vulnerable marginalized people. Further, CBF's projects are highly skewed towards a locally led adaptation approach which enables communities/individuals to take ownership of the measures provided. It is one of the very first initiatives solely targeted to people displaced or are at the risk of being displaced due to climate change. Apart from being focused on climate induced migration entirely, CBF's uniqueness also lies in its funding mechanisms, as it is an endowment fund structured to respond to climate change impacts and vulnerabilities [5-9].

## Way Forward

Though the loss and damage fund has been established in CoP27, still there's a long way to go to put the promised actions into words. Adequate mitigation and adaptation funding, additional funding for loss and damage, operationalization of loss and damage fund, developing mechanisms to include non-economic losses in formal accounting processes, ensuring transparency in fund flow through the principles of locally led adaptation are the way forward to deal with the increasing disastrous impacts of the climate crisis. In addition, as the vulnerable communities are exposed to subsequent disasters, a risk financing mechanism is required in all vulnerable countries particularly in Bangladesh to ensure the sustainability of the efforts undertaken which will in turn help to address the issues of loss and damage. Local investment needs to be facilitated through the collaboration with local actors to take up context-specific measures. Based on the experiences and learning, the CBF model would be a highly potential mechanism to address loss and damage in Bangladesh and beyond.

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