Loss and damage is a challenge for human security already today

Based on its experiences from program operations worldwide and in full line with research reports, Bread for the World and ACT consider loss and damage associated with climate change as a key challenge for human security, endangering human rights, leading to migration & internal relocation, and affecting international relations and climate diplomacy. Accordingly, ACT Alliance and Bread for the World expect significant implications for future humanitarian and development work.

We are deeply convinced that the issue of climate induced loss and damage, in particular residual damage, deserves full attention, immediate action and enhanced co-operation of both, individual States as well as the community of States.

Alarming examples from our own work experience like the continuous displacement of several thousand Bangladeshi people per week from the increasingly un-habitable coastal Sunderban area due to salinity, water-logging and rising sea levels as well as the largely unanswered call of almost 3000 Carteret Islanders in Papua New-Guinea to be resettled from their sinking atolls clearly prove: Loss and damage associated with climate change has already become a reality that goes beyond adaptation capacity and that massively threatens lives and livelihoods of vulnerable people, causing forced migration and may demand internal as well as international relocation.

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1 Special report of the intergovernmental panel ‘Managing the Risks of Extreme Events and Disaster to Advance Climate Change Adaptation; the Global Assessment Report on Disaster Risk Reduction and the Global Framework of Climate Services of the World Meteorological Organization’
Both examples also clearly indicate that people affected suffer from severe violations of fundamental human rights (i.e. the rights to life, health, water, and food, as well as housing, land and property rights) leading to humanitarian catastrophe and displacement while the States breach their obligations under international human rights law (e.g. International Covenant on Economic, Social, and Cultural Rights) to provide a maximum of available resources to protect and fulfill the victims’ rights.

**We encourage States to establish an international Mechanism to address loss and damage, fulfilling at least three key functions**

Considering the responsibility of the community of States to act co-operatively to end such severe threats to human security and to prevent other such incidences to happen, whether caused by slow onset events (e.g. sea level rise) or caused by sudden onset events (e.g. cyclones, droughts, floods), Bread for the World and ACT welcome the decision at COP 18 “to establish, at COP19, institutional arrangements, such as an international Mechanism to address loss and damage.”

Bread for the World and ACT call on States in general and on Germany and the European Union in particular to pro-actively work towards the creation of such an international Mechanism and an integrated multiple functional approach, consisting out of

(i) risk assessment, reduction and preparedness
(ii) economic risk compensation and insurance
(iii) and the set up of rules and guiding principles, including implementation Mechanisms, to deal with residual economic and non-economic losses, including rehabilitation.

inspired by a co-operative spirit of solidarity, in line with common but differentiated responsibilities and respective capabilities, and in full coherence with their respective States’ obligations under international law, in particular human rights law.

**Most vulnerable people should be precisely identified and prioritized by a new Mechanism**

In order to fully understand loss and damage, and in compliance with international human rights law, States have to precisely identify vulnerable people's needs in developing countries, being affected or threatened by loss and damage. Hereafter and in order to reduce loss and damage, these people have to be prioritized by any action related to the reduction, compensation or management of loss and damage.

**Financing for loss and damage could fall within the USD 100 billion commitment**

The establishment of an international Mechanism requires new approaches on finance. Para 8 of the Doha decision on loss and damage reads as follows: “(…)requests developed country Parties to provide developing country Parties with finance, technology and capacity-building, in accordance with decision 1/CP.16 and other relevant decisions of the Conference of the Parties.” Further to this, the Doha decision on the agreed outcome of the AWG-LCA reaffirms “…that developed country Parties commit, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing country Parties” (preamble to finance section). Accordingly it could be argued that financing for loss and damage, for the time being, does not come on top but falls within the USD 100 billion commitment of developed countries. Accordingly, Bread for the World and ACT call on States to consider the creation of the necessary financial arrangements to respond to loss and damage under the Green Climate Fund, by creating an own Loss and Damage Fund, or by any other adequate, effective and efficient instruments.

**Residual loss and damage cannot be dealt by adequately under adaptation**

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2 FCCC/SAWGLCA/2010/l.7 Para 28
3 /CP.16, AWGLCA Para 25
4 Decision 1/CP.16 locks in the Copenhagen financing fast start commitments of USD 30 billion for the period 2010–2012 (paragraph 95) and USD 100 billion per year by 2020 (paragraph 98)
Residual loss and damage cannot be substituted under adaptation but deserves to become an own pillar in forthcoming UNFCCC negotiations and the 2015 deal: The dimensions of economic and non-economic losses include loss of ecosystems, cultural identity, indigenous knowledge and territory. Rising seas are endangering the habitability and the very existence of several small island nations. Humanitarian as well as economic and legal implications are far reaching. If a nation is under water, is it still a state? Does it still have a seat at the United Nations? What becomes of its exclusive economic zone, the basis for its fishing rights? What obligations do other nations have to take in regard to the displaced populations, and what are those peoples’ rights and legal status once they are forced to leave internally or cross an international border? Should there be a new international agreement on climate-displaced people? Do these nations and their citizens have any legal recourse for compensation? Are there any courts that will hear their claims, and based on what legal basis? These and other legal and political questions are of precedent character and deserve utmost attention, whether in the running work program or in any institutional arrangement and Mechanism.

**Bread for the World and ACT encourage States to continue the work program to enhance the necessary understanding of loss and damage in view of unresolved key questions**

In order to adequately prepare the final establishment of an international Mechanism, ACT and Bread for the World encourage States to become pro-active part of the ongoing UNFCCC work program on loss and damage to seek further clarification on some fundamental questions:

Q 1: How to define loss and damage in a complementary and adequate way?

Q 2: How to define the line between adaptation and loss and damage? This is key to defining the scope and scale for a compensation Mechanism.

Q 3: How to attribute or identify the proportion of loss and damage due to human-induced climate change as opposed to other factors like climate variability? For any compensation settlement one would need to differentiate between what fraction of a loss was due to human influence on climate and what fraction might have happened anyway.

Q 4: How to anchor a Mechanism on loss and damage in UNFCCC?

**Bread for the World and ACT expect States to agree on an international Mechanism to address loss and damage at COP 19, to finalize the work program by COP 20 and to fully establish the international Mechanism by COP 21 the latest**

At COP 19, States are called to:

- Agree to establish an international Mechanism as well as on a firm roadmap and the necessary steps leading to the full establishment of a strong and permanent international Mechanism, including its financial basis
- Decide to continue and finalize the current work program by COP 20
- Enhance co-operation with other international entities such like the UN Human Rights Council and the UN High Commissioner for Refugees
- Agree to include loss and damage into the 2015 treaty
- Agree to address the possible impacts of loss and damage on migration

By COP 20 the latest, a common understanding on core questions should be achieved:

* Complementary definition of loss and damage including underlying principles
* Definition of the line between adaptation and loss and damage
* Identify/attribute the proportion of loss and damage due to anthropogenic climate change

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How to anchor an institutional arrangement including functions and modalities inside the UNFCCC and what are possible linkages to arrangements outside UNFCCC

By COP 21 the latest, an international **Mechanism to address loss and damage** should be established, consisting out of an integrated multiple functional approach:
* Risk assessment, reduction and preparedness
* Economic risk compensation & insurance
* Rules and guiding principles, including implementation Mechanisms, to deal with residual economic & non-economic losses, including rehabilitation

Any further institutional arrangement should build on anchoring principles like humanitarian principles, human rights principles, principle of adequateness, principle of inclusiveness, principles of effectiveness and efficiency, principle of subsidiarity and direct access, and polluter pays principle.

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Annex 1

A. The Short History of Loss & Damage in UNFCCC Negotiations

Following a proposal put forward by the Alliance of Small Island States (AOSIS) in 2007 the issue of Loss and Damage was included on the agenda of UNFCCC negotiations.

COP 16 in Cancun, in its decision 1/CP16, decided to establish a Work Program to address the issues related to Loss and Damage in developing countries in a more comprehensive and actionable manner and SBI is mandated to do so.

Further on the issue, the draft decision 7/CP.17, adopted by COP 17 and CMP 7, invites Parties, relevant intergovernmental organizations, regional centers and networks, the private sector, civil society and other relevant stakeholders to take into account three thematic areas when undertaking activities aimed at assisting Parties in enhancing their understanding of, and expertise that will help to address, loss and damage. The thematic areas include:

1. Assessing the risk of loss and damage associated with the adverse effects of climate change and the current knowledge
2. A range of approaches to address loss and damage associated with the adverse effects of climate change, including impacts related to extreme weather events and slow onset events, taking into consideration experience at all levels
3. The role of the Convention in enhancing the implementation of approaches to address loss and damage associated with the adverse effects of climate change

Four regional expert level workshops under the guidance of SBI, referred to in decision 7/CP 17, have been held to generate knowledge, opinion and views on the above thematic areas. These experts meetings have delivered progress in understanding the issues at stake.

COP 18, considering the outcomes of the implementation of the work program, decided “to establish, at COP19, institutional arrangements, such as an international Mechanism to address loss and damage”

Agreement was achieved on the following interim activities:

1. Preparation of technical papers: One on non-economic losses and another on gaps in existing institutional arrangements within and outside of the Convention
2. Organization of an expert meeting to consider future needs, including capacity needs associated with possible approaches to address slow onset events

B. Loss and Damage in International Law

International law imposes legal obligations on States to act to prevent climate change and to address its adverse effects. These obligations are clearly contained in the UNFCCC and the Kyoto Protocol, and can also be derived from international human rights law and the no-harm rule contained in customary international law.

International human rights law contains strong legal foundations for the duty of States to put dangerous climate change to a halt and enable vulnerable States to mitigate the threat to the rights of their citizens. The UN Human Rights Council and other human rights bodies have repeatedly recognized that climate change poses a threat to the fulfillment of human rights, including the rights to life, food and the highest attainable standard of health. These inalienable rights are protected in numerous treaties that have been ratified by most States in the world. States are bound by those treaty obligations to refrain from interfering with, and to take positive measures to respect, protect and fulfill human rights.

Customary international law provides an additional legal basis for states’ obligations to act to prevent dangerous climate change. In accordance with the no-harm rule, states have a duty to ensure that activities within their jurisdiction and control respect the environment of other States or of areas beyond national control. This duty arises where a state is able to prevent the occurrence of trans-boundary environmental harm, or minimize the risk thereof, and foresees or knows that a certain activity could lead to trans-boundary damage. That state must then take preventive measures proportionate to the risk. If a state breaches the no-harm rule, or any other rule, it incurs international responsibility for that breach. The law of state responsibility oblige the state to cease the internationally wrongful act and address the damage or harm caused by the breach. In the words of the International Law Commission, “once a breach has been established, the offending state must cease the act and
make ‘full reparation’ for injury caused, including for ‘any damage, whether material or moral’. Full reparation ‘shall take the form of restitution, compensation and satisfaction, either singly or in combination’.

Legal obligations under the UNFCCC

To ensure achievement of its objective, the Convention establishes a number of important principles, as well as further obligations on Parties, regarding adaptation and support to developing countries. Article 3.1 and 3.2 frame the discussion regarding respective responsibilities.

Article 3.1 establishes the principle that “Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof.”

Article 3.2 further states: “The specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration.”

Obligations regarding adaptation and the provision of means to implement adaptation action – finance, technology and capacity-building – are set out in Articles 4.1(b), 4.3, 4.4, 4.5 and 12.1. Avoidable loss and damage results from a failure of Annex I and Annex II Parties to fulfill these Convention obligations.

Climate change is causing serious harm and creating the potential for future harm to countries and their citizens. Developed countries have obligations to act to prevent adverse effects of climate change in other states, including through their own mitigation actions. Countries that do not comply with these obligations are responsible for providing compensation for loss and damage caused by their actions or their inaction through redress or reparations.

C. Institutional leadership and cooperation

The SBSTA could be tasked with providing further support for development of appropriate risk assessment and risk management tools for slow-onset processes. In co-ordination with the United Nations International Strategy for Disaster Reduction (UNISDR), SBSTA could also provide technical support for reducing risks associated with extreme weather events. Scientific understanding of risks is crucial to designing approaches to prevent or minimize them. Through its work under Article 5, SBSTA could undertake studies designed to increase the understanding of slow-onset processes and the measures available to manage and reduce slow-onset risks.

There is a need to involve other regional and international organizations in work on issues such as migration, displacement and relocation, disaster risk reduction, and conflict. But it is important that these efforts are effectively coordinated with loss and damage work under the UNFCCC. Regional and international organizations to be involved should include the International Organization of Migration (IOM), the United Nations Office for Coordination of Humanitarian Affairs (UN OCHA), and the United Nations International Strategy for Disaster Reduction (UNISDR).

Annex 2:

UNFCCC Submission by ACT members Bread for the World (Germany), EED (Church Development Service/Germany) and Dan Church Aid (Denmark) on the Work Program on Loss and Damage (2012): Setting up an appropriate framework for identifying, prioritizing and targeting people most vulnerable towards climate change induced loss and damage.

Please note: This document was written before the fusion of Bread for the World and EED in 2012.

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Submission by “Brot für die Welt” (“Bread for the World”, Germany), EED (Church Development Service, Germany) and “DanChurchAid”, (Denmark)

WORK PROGRAMME ON LOSS AND DAMAGE

Setting up an appropriate framework for identifying, prioritizing and targeting people most vulnerable towards climate change induced loss and damage

Introduction

“Brot für die Welt”, “EED – Church Development Service”, and “DanChurchAid” are church based development NGOs who have been partnering with churches, civil society and community based organizations in developing countries since more than fifty years. Overcoming poverty and injustice, realizing human rights, food security, sustainable development, disaster management and climate change are main areas of intervention on program and policy level. All of us are among the main development organizations in our respective countries. Furthermore, we are members of the world’s second biggest humanitarian network ACT – “Action of Churches Together”, and of the Association of Protestant Development Agencies in Europe, APRODEV.

By this submission we are responding to an UNFCCC\(^1\) call, giving our initial views on key elements of the proposed work program on loss and damage. We particularly argue that the work program should be designed in a way that fulfills a double function:

- To precisely identify those people in developing countries who are most vulnerable towards the adverse impacts of climate change, suffering from or being threatened by loss and damage, in order to understand loss and damage\(^2\)

\(^{1}\) FCCC/AWGLCA/2010/l.7 Para 28)

\(^{2}\) -/CP.16, AWGLCA Para 25
To ensure that those people being identified in the first step, become the main beneficiaries of any further action being taken in the framework of adaptation, in order to reduce loss and damage.

Scale and scope, relevance and definition of loss and damage

It is still scientifically impossible to precisely calculate the negative effects of climate change. But empiric data suggest that growing frequency and intensity of extreme weather events are leading to higher vulnerability and risks of affected populations, in particular in developing countries. Most vulnerable are people living in Least Developed Countries, Small Island Developing States and African countries. In addition, poor and marginalized populations’ lives and livelihoods in climate sensitive regions of other developing countries could be affected as well by both, sudden onset and slow onset impacts of climate change. Their particular risk derives from a combination of high geographical exposure to climate hazards and relatively weak resilience capacities, including low potential to recover from a climate induced disaster.

For those high risk groups which have not yet been identified systematically, improved response measures to reduce risks and to compensate unavoidable loss and damage are highly relevant, if not a question of survival. Non-action could even threaten the realization of core human rights standards as being enshrined in international human rights law (i.e. the Covenants on Civil Political and Economic, Social and Cultural Human Rights). Subsequently, non-action could be assessed from a legal human rights perspective as a breach of States’ obligations under the Human Rights Covenants.

Given the very likely fact that even ambitious mitigation and adaptation efforts will not hinder unavoidable loss and damage to take place, risk reduction and compensation need to be developed as a strong pillar within the UNFCCC adaptation framework.

Though loss and damage can be substantially limited by mitigation of greenhouse gases, it still will be significant

Therefore residual damage needs to be part of those calculations, too. This needs to be quantified regionally and locally.

A precise definition of loss and damage must be quite encompassing and inclusive taking into consideration its various aspects: besides direct costs of physical impacts of slow and sudden onset events it should also include indirect costs e.g. loss of productivity and livelihoods, social disruption and relocation. It is likewise important to not only consider public loss (e.g. damage of infrastructure) but also private loss.

Yet, there is no definition of loss and damage being broadly agreed by the parties. UN COP 15, however, did offer a reference to loss and damage in AWGLCA which should be taken as a starting point:

“Social, economic and environmental] loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change, including impacts related to extreme weather events and slow onset events” (In footnote: Including sea level rise, increasing temperatures, ocean acidification, glacial

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3 Para 25

The working program on loss and damage needs to be based on a holistic definition of loss and damage that serves the rights and needs of those being affected and that guides effective and efficient risk reduction, compensation and rehabilitation.

Main thematic pillars of a future SBI work program on loss and damage

A first pillar of a future work program should lead to a better understanding of climate induced loss and damage\(^4\), consisting in

- (i) a typology of (risks for) loss and damage, differentiating between
  - high level risks, associated with sudden and extreme weather events such as cyclones/typhoons/hurricanes, thunderstorms, heavy rainfall and floods
  - medium level risks, associated with extreme weather anomalies such as heat waves, extreme changes in rainfall patterns, huge temperature anomalies
  - longer term foreseeable risks of slow onset changes like sea level rise, salinization, glacier melting, and other irreversible changes in ecosystems

- (ii) a science based system to locate, document, calculate, report and verify loss and damage in order to predict current and possible future risks of loss and damage as precise as possible.

- (iii) a pilot project for national loss and damage inventories, including a risk mapping of locations and people suffering from or being threatened by climate induced loss and damage

A second pillar of a future work program should explore and estimate necessary financing.

Though various financial instruments have been set up either under UNFCCC, or through various other multilateral or bilateral funding channels, none of them already foresees financial means for compensation of loss and damage.

Therefore the working group on loss and damage should (i) estimate funding needs and (ii) explore financing options.

\(^4\) Para 25
A third pillar of a future work program should lead to the development of a climate impact and risk reduction facility\(^5\), consisting in

- the implementation of systematic climate disaster risk and impact assessments for all high risk areas in developing countries, combining scientific desk studies and participatory field work in order to include the people affected, to raise their level of awareness and to mobilize common ownership on strategies chosen

- Develop and implement climate disaster risk reduction management strategies, programs and projects at the different levels, including the community level in those areas which have been identified as high risk areas.

- Establish inventories of successful climate disaster risk reduction projects and facilitate knowledge and technology transfer within and in between countries and regions, wherever appropriate

A fourth pillar of a future work program should lead to the development of a climate risk insurance facility\(^6\), developing options for different types of insurance and micro-insurance mechanisms.

Insurance is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for payment. Accordingly, insurance systems/companies do need quite precise and reliable information about the probability of future risk and its financial implications, not only by examining the current economic costs of natural disasters but also the costs of social losses. Conducting these data assessments in the areas most prone to negative climate change impacts is crucial for further discussion on loss and damage.

It needs to be stressed that insurances are based on the presumption that the cause of a disaster cannot be ascribed to a culprit – they are based on risk sharing between different groups. Premiums are paid by potential victims. Loss and damage in the light of climate change is different though since climate change is basically caused by developed countries and their green house gas emissions, causing global warming and leading to negative climate change impacts for AOSIS and LDCs; amongst others. Therefore potential causers of harm should be held liable to provide means not only for adaptation but also for compensation in affected areas.

Approaches to dealing with victims of catastrophes can be mainly based on insurance solutions or can be organized on an ad hoc basis. But reliable systems are mostly elaborated in developed countries only. Even there poor people might only have limited access to voluntary private insurances. Therefore market based for-profit insurances are unlikely to be a feasible instrument to address poor peoples’ needs in developing countries – even micro-insurances might not be able to adequately meet up with community needs, as first experiences in different countries (e.g. Ethiopia) suggest. **Insurance based solutions can help to address loss and damage** as promising proposals like the ones made by the

\(^5\) Para 28b
\(^6\) Para 28a
Munich Re Climate Insurance Initiative or AOSIS indicate. They should be further assessed and elaborated in order to establish innovative mechanisms for risk transfer and risk sharing. **However, insurance schemes are not a “stand alone” solution and need to be accompanied by other instruments of equal importance.**

**A fifth pillar of a future work program should lead to the development of a compensation and rehabilitation facility**

**Compensation and rehabilitation mechanisms** need to be established that explicitly address the most vulnerable and quite often extremely marginalized people, including people without land or property entitlements and – in the extreme – climate induced migrants within and in between countries who need to be relocated and rehabilitated. Due to the adverse impacts of climate change many of these people have been or are threatened to be deprived from the enjoyment of fundamental human rights like the right to food, the right to water, the right to housing, the right to health, or even the right to life. States parties and the community of States are obliged under international human rights law (CPCR, CESCR) to facilitate and fulfill the realization of human rights of these people; they should further develop and establish the necessary mechanisms to compensate and rehabilitate these people.

It is a fact in many countries that in cases of climate catastrophes support for the victims is not being provided immediately – and it is hardly being guaranteed in advance. Emergency response instruments as established by the UN suffer by scarce resources. Even when funds are pledged they are often not put into effect. Therefore the working group on loss and damage should focus on how to link to and strengthen existing UN mechanisms like the Central Emergency Response Fund as well as conceptualize new instruments. Collecting lessons learnt and building on a partnership to advance understanding and prove solutions to address climate risks from macro to micro-level is crucial.

**Addressing loss and damage as consequence of climate change does need a strong reference to the principle of state responsibility to be coherent and legally sound.** States have the responsibility or even obligation to ensure that activities under their jurisdiction or control do not cause damage to the environment of other states or areas beyond national jurisdiction (Principle 21 of the Stockholm Declaration; Principle 2 of the Rio Declaration). Where there is a breach of this international obligation, there is a duty to cease and to make reparation.

Principle 13 of the Rio Declaration states that states shall cooperate in an expeditious and more determined manner to develop further international law regarding liability and compensation for adverse effects of environmental damage caused by activities within their jurisdiction or control to areas beyond their jurisdiction. Furthermore a legally sound concept of loss and damage needs to reflect the Polluter Pays Principle as well as the acknowledgement of common but differentiated responsibilities and respective capabilities.

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7 Para 28c
A sixth pillar of a future work program should lead to the adequate engagement of stakeholders\textsuperscript{8} by approaching a wide range of relevant expertise at international, regional, and national level, including government representatives, specialized experts (meteorology, finance, insurance, disaster risk management, human rights, international law, community development etc), insurance companies, academia, and civil society, including community representatives; as loss and damage first and foremost affect vulnerable people who are quite frequently suffering from different types of exclusion (i.e. political, ethnical, socio-economic, gender, race, religion) it is extremely important to ensure that they will not be excluded again when it comes to risk reduction, adaptation, rehabilitation or compensation measures.

\textsuperscript{8} Para 28d