FOOTING THE BILL

Fair finance for loss and damage in an era of escalating climate impacts

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The world has entered a new and dangerous era of climate change impacts, causing huge loss and damage and driving up inequality in the world's poorest countries and communities that have contributed least to the climate crisis. New research by Oxfam estimates that funding requirements for UN humanitarian appeals linked to extreme weather are eight times higher than they were 20 years ago, and over the past five years nearly half of appeal requirements have gone unmet. Funding for emergency humanitarian response is piecemeal and painfully inadequate, as is broader support to address loss and damage such as rebuilding homes and vital infrastructure.

Scaled-up financial support from governments, corporations and individuals most responsible for causing the climate crisis, and most able to pay, is an immediate necessity. A new finance facility must be created to help ensure that finance to address loss and damage is accessible and sustained, is additional to adaptation, mitigation and ODA commitments, and is delivered in accordance with the principles of climate justice.

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For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

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Cover photo: Masada Assani in what used to be her family's house in Macomia, Mozambique. Cyclone Kenneth destroyed many houses in the town. Photo: Tommy Trenchard/Oxfam.

SUMMARY

LOSS AND DAMAGE IS ALREADY HERE

At 1.1°C of warming above pre-industrial levels, we have entered a dangerous new era of climate impacts. The sixth assessment report by the Intergovernmental Panel on Climate Change (IPCC) laid bare the 'unequivocal' impacts happening now and the widespread loss and damage people are experiencing.[1] Climate change is a costly and deadly reality that is being felt most acutely by people in lower-income countries, where millions are one drought, failed harvest, flood or wildfire away from poverty, hunger and death.[2]

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In every climate-related disaster, in rich and poorer countries, it is the poorest people who are hit hardest, driving up inequality.[3] Loss and damage is strongly concentrated in poorer populations. Wealth and income inequality intersect with race, gender and ethnicity to create even greater vulnerability to climate impacts.[4] Richer people are less exposed to climate risks and better able to weather disasters. They live in more secure places and have more assets to draw on. Poorer people have less protection and therefore experience greater loss and damage, which accumulates over time. As a result, the gap between those at the bottom and those at the top grows ever wider.[5]

At the same time, richer countries have the public infrastructure, and the financial firepower to recover more quickly. And crucially, more equal countries are better able to mount effective collective responses to disasters, in ways that do not abandon poor people.

An important indicator of rising climate impacts and associated loss and damage is increasing humanitarian need. New Oxfam research reveals that funding requirements for UN humanitarian appeals linked to extreme weather are eight times higher today than they were 20 years ago.[6] As climate change escalates, the humanitarian system is being put under increasing strain and is unable to adequately respond. Oxfam research also estimates that over the past five years, UN humanitarian appeals linked to extreme weather were only 54% funded on average, resulting in an estimated funding shortfall of $28–$33bn.[7]

While alarming, these numbers do not even come close to reflecting the full scale of climate-induced loss and damage.[8] Flooding in Europe in 2021 caused $45.6bn in losses, while in 2017 Hurricane Maria caused damage equivalent to 226% of Dominica's GDP.[9] The true scale of loss and damage goes beyond humanitarian appeals, and is rising. Estimated costs of loss and damage by 2030 range from $290bn to $580bn.[10] Non-economic loss and damage is also profound and far-reaching, encompassing loss of life, cultural identity, Indigenous and local knowledge, human health, biodiversity and territory.

The costs of climate impacts will continue to skyrocket with every fraction of a degree of warming. Emissions are rising and temperature increases are on track for 2.4°C, if not more.[11] Even with ambitious action to cut emissions and adapt, further consequences of climate change are no longer avoidable – and failure to slash emissions means that far worse may be to come.

POLLUTERS HAVE A DUTY TO PAY

There is no question who is most responsible for driving climate change. Rich countries have contributed an estimated 92% of excess historical emissions, and are responsible for 37% of current emissions (despite being home to only 15% of the global population).[12] Between 1990 and 2015 the carbon emissions of the richest 1% of people globally were more than double the emissions of the poorest half of humanity,[13] and 71% of emissions since 1988 can be traced to just 100 fossil fuel producers.[14]

Low-income countries are hardest hit by climate change but have contributed very little: Africa's current emissions are less than 4% of the global total, (despite being home to 17% of the world's population). Kenya, Ethiopia, Somalia and South Sudan are together responsible for a mere 0.1% of global emissions.[15]

But rich countries, corporations and individuals most responsible for climate change are failing to pay for the harm they are causing. As a result, the world's poorest countries and communities are paying the price of a climate crisis they are least responsible for.

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Global cooperation on climate change includes agreement that developed countries will provide finance to developing countries[16] to reduce their emissions (e.g. by connecting homes to renewable energy), and adapt to a changing climate (e.g. by making homes flood-resistant). But if these same homes are destroyed by a climate-related disaster, developed countries have no financial commitments or clear obligations to help pay for the damage.

Within the UN climate negotiations, rich countries have fiercely resisted progress at every turn, despite calls for loss and damage finance going back 30 years. At COP26, developing countries' proposal for a finance facility to address loss and damage was rejected in favour of a three-year Glasgow Dialogue to discuss funding arrangements.[17] If the Dialogue is to be more than a talking shop, it needs to facilitate meaningful COP outcomes, including agreement to establish a finance facility and advance new, innovative sources of finance alongside rich-country contributions. Harm done to communities facing the worst impacts of climate change can no longer be ignored.

NEW ARRANGEMENTS FOR FINANCE TO ADDRESS LOSS AND DAMAGE

Existing arrangements to address loss and damage mainly comprise humanitarian and development aid and insurance. Based on the principles of charity and enlightened self-interest (and sometimes overt geopolitics), the foundations and functioning of the current aid system are misaligned with principles of climate justice. As the lead negotiator for the Alliance of Small Island States protested at COP26, when climate-related disasters occur, climate-vulnerable countries should not be held 'hostage to random acts of charity'.[18]

The 'disaster begging bowl' needs to be replaced with a fair and automatic mechanism for financial support – rooted in the principle that those who have contributed most to the climate crisis pay for the damage it causes in countries least responsible and hardest hit.

Humanitarian and development spending is to address human suffering and to promote development - it is not designed for the purposes of addressing loss and damage and ensuring those who cause harm pay. A mechanism where contributions are mandated, not voluntary and not charitable, is what is required for finance that represents reparations for victims of climate change.

A NEW FINANCE FACILITY TO ADDRESS LOSS AND DAMAGE

An effective system to address loss and damage must include a new finance facility to govern action. Reform of existing humanitarian and development institutions remains crucial, as these will continue to play a role, both in building resilience to climate shocks and saving lives in the wake of climate-linked emergencies.

A facility is vital to ensure financing is not business as usual. It must be additional to aid budgets, automatic and based on the 'polluter pays' principle. A facility is also needed to elevate political attention, drive greater action and bolster coordination across a fragmented and disparate landscape of relevant institutions. After years of stalemate, the establishment of a finance facility would also help developing countries trust that fair and far-reaching reform has begun.

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NEW SOURCES OF INNOVATIVE FINANCE

As well as the responsibility, rich nations have the resources to fund this new facility – even more so if they tax polluting companies and individuals fairly and fully, a move that could raise billions of dollars.

This report also sets out potential new innovative sources of money that could provide other stable and significant automatic streams of finance for loss and damage, additional to non-voluntary contributions of rich nations. These could include a levy on international shipping emissions and a tax on fossil fuel extraction. Many of these new sources would embody the polluter pays principle and can be implemented equitably, placing the highest burden on those most responsible and most able to pay.

OXFAM DEMANDS FOR COP27 AND BEYOND

BY COP27 ALL GOVERNMENTS NEED TO:

- **Resubmit enhanced Nationally Determined Contributions** (2030 emissions targets) in line with their fair share, to limit the global temperature increase to 1.5˚C and avoid the worst impacts of climate change and associated loss and damage.

BY COP27 DEVELOPED COUNTRIES NEED TO:

- **Pledge bilateral finance** to explicitly address loss and damage that is additional to existing climate finance and ODA commitments.
- Commit to 50% of their climate finance being for adaptation and composed of grants, and demonstrate that they are on track to meet the COP26 commitment to **double adaptation finance** by publishing a delivery plan ahead of COP27. This

finance will contribute to minimizing and averting loss and damage by enabling greater anticipatory action to reduce risks and adapt to climate impacts.

AT COP27 ALL GOVERNMENTS NEED TO AGREE TO:

- Establish a **finance facility to address loss and damage** under the UNFCCC to coordinate an effective and equitable global response to climate-induced loss and damage.
- Agree to establish a **system of financial support** for action to address loss and damage that involves annual country contributions based on the UNFCCC principle of common but differentiated responsibilities and respective capabilities.
- Focus the **Glasgow Dialogue** on establishing a finance facility and defining its governance and delivery structure, and identifying funding needs and resource mobilization, including from innovative sources.
- National loss and damage finance needs becoming a core element of the UNFCCC **Global Stocktake**.
- Loss and damage being included in the **new quantified climate finance goal** post-2025 under the Paris Agreement.
- **Mainstream gender** by making loss and damage a core element in the UNFCCC's Gender Action Plan, including ensuring all action has an explicit gender lens so it does not exacerbate existing inequalities.
- Loss and damage becoming a **standing agenda item for future COPs**, so there is a guaranteed negotiating space to advance action each year.

1 A NEW ERA OF LOSS AND DAMAGE

The IPCC's sixth assessment (WG2) report laid bare the 'unequivocal' impact climate change is having around the globe.[19] Described by the UN Secretary-General Antonio Guterres as an 'atlas of human suffering and a damning indictment of failed climate leadership',[20] the report revealed that nearly half of humanity is now living in places that are highly vulnerable to climate impacts.[21] Significantly, the assessment is the first to highlight the 'substantial damages and increasingly irreversible losses' being experienced around the world, to which lower-income countries are acutely vulnerable.[22]

THE SCIENCE IS CLEAR

We are now in an era of escalating climate impacts. Loss and damage linked to climate change is a costly and deadly reality. At 1.1˚C of warming above pre-industrial levels, all regions of the world are already affected. As events of the past 12 months have shown, profound climate impacts are being felt in loss of life, land, culture, homes and livelihoods; damage and disruption to agricultural systems; and an increase in displacement and food insecurity (see Figure 1). These climate impacts are increasing inequality, as people in poverty are worst hit and find it far harder to recover than wealthier people.

Profound climate impacts are being felt in loss of life, land, culture, homes and livelihoods; damage and disruption to agricultural systems; and an increase in displacement and food insecurity.

As temperatures have risen, so have the frequency and intensity of extreme weather events. Once-in-a-decade heatwaves are already nearly three times more likely – and at 1.5˚C of warming, this is expected to increase to four times (see Table 1). Analysis by Save the Children suggests that a child born in 2020 will on average witness twice as many wildfires, nearly three times more river floods and crop failures, and 2.6 times more droughts than someone born in 1960.[23]

Table 1: Increased frequency of once-in-a-decade weather events

	Temperature above pre-industrial levels and increase in frequency of once-in-a-decade events			
	+1.1˚C (today's temperature)	**+1.5˚C** (in 6–11 years)	**+2˚C** (in about 30 years)	**+4˚C** (unlikely this century)
Heatwaves	2.8x	4.1x	5.6x	9.4x
Droughts	1.7x	2x	2.4x	4.1x
Extreme precipitation	1.3x	1.5x	1.7x	2.7x

Source: IPCC (2021)[24]

There is no internationally agreed definition of 'loss and damage' under the United Nations Framework Convention on Climate Change (UNFCCC), but collectively the term refers to the consequences and harm caused by climate change where adaptation efforts are either overwhelmed or absent. These impacts are both economic and non-economic, resulting from both slow-onset processes and weather events, such as sea-level rise, glacial melt, gradual temperature increases and drought, as well as sudden extreme weather events, including storms and heavy rainfall.

JANUARY

Cyclone Ana, Fiji:
10,000 evacuated.

MARCH

Floods, Eastern Australia:
$2.1bn in losses.

APRIL

Cyclone Seroja, Indonesia:
Over 22,000 displaced.

MAY

Cyclone Tauktae, India, Maldives and Sri Lanka:
$1.5bn in losses. Over 198 killed.

Cyclone Yaas, India and Bangladesh:
$3bn in losses. 1.2 million displaced.

JUNE

Heat dome, Pacific Northwest:
595 killed.

JULY

Floods, Western Europe:
$45.6bn in losses. 227 killed.

Floods, China:
$30bn in losses. 545 killed.

Typhoon Fabian (In-fa), Japan, Philippines, China:
$2bn in losses.

AUGUST

Hurricane Ida, USA:
$75.3bn in losses. 96 killed.

OCTOBER

Monsoon floods, India and Nepal:
150,000 evacuated and 115 killed.

Floods, South Sudan:
850,000 people affected.

NOVEMBER

Flooding, Canada:
$2.4bn in losses.

DECEMBER

Drought, East Africa:
As of May 2022, 6 million in Somalia, 3.5 million in Kenya and 7.2 million in Ethiopia face severe food insecurity.

Super typhoon Rai, Philippines:
405 killed.

Figure 1: 2021 – a year of extremes

A timeline of extreme weather in 2021. Source: created by author, building on Christian Aid's 2021 analysis.[1]

References: 1) Cyclone Ana in Fiji: UN OCHA humanitarian update; ; 2) East Australia floods: Aon 2021 Weather, Climate and Catastrophe Insight; 3) Cyclone Seroja: Reuters (2021); 4) Cyclone Tauktae in India, Maldives and Sri Lanka: Aon (2021) Op. cit.; 5) Cyclone Yaas in India and Bangladesh: Aon (2021) Op. cit.; 6) Pacific Northwest heatdome: British Columbia Coroners Service; Scientific American (2021); 7) Western European floods: Aon (2021) Op. cit.; 8) China floods Henan province: Aon (2021) Op. cit.; 9) Typhoon Fabian: Aon (2021) Op. cit.; 10) Hurricane Ida in USA: Aon (2021) Op. cit.; 11) Monsoon floods in India/Nepal: Al Jazeera (2021); 12) S Sudan floods: ReliefWeb (2021); 13) Canada floods: Aon (2021) Op. cit.; 14) Drought in East Africa: ICPAC (2021);15) Super typhoon Rai: Oxfam (2022).

THE INEQUALITY OF RISK

In every climate-related disaster, in both richer and poorer countries, it is the poorest people who are most vulnerable and hardest hit. Climate risks are not shared equally. Loss and damage is strongly concentrated in poorer populations. Wealth and income inequality intersects with race, gender, ethnicity, age and disability to create even greater vulnerability to climate impacts.[25] When Hurricane Sandy hit New York, poor Black residents living in the most vulnerable areas were hit hardest. White rich people, living in more sheltered areas, were far less affected.[26]

Climate risks are not shared equally. Loss and damage is strongly concentrated in poorer populations. Wealth and income inequality intersect with race, gender and ethnicity to create even greater vulnerability to climate impacts.

Richer people are less exposed to climate risks and better able to weather disasters. They live in more secure places and have more assets to draw on. Poorer people have less protection and therefore experience greater loss and damage, which accumulates over time.[27] As a result, the gap between those at the bottom and those at the top grows ever wider. At the same time, richer countries have the public infrastructure and the financial firepower to recover more quickly. And crucially, more equal countries – whether rich or poor – are better able to mount effective collective response in ways that do not abandon poor people.

Women and men do not enter a crisis on an equal footing (see Box 1). With every disaster, women's rights and progress toward gender equality are threatened. According to UN Women, women and children are 14 times more likely to die in a disaster than men.[28] The UNDP has estimated that 80% of people displaced by climate change are women.[29]

Historic patterns of exploitation, not just historic emissions, are also responsible for present-day inequalities that make poorer countries and communities more vulnerable to climate change. Legacies of racism, including slavery and colonialism, have led to the configuration of a deeply unequal world economy. The exploitative dynamics behind colonialism have fuelled climate change and the inequalities underlying it. After centuries of causing harm through colonialism, the excess emissions of rich industrialized countries are continuing those harms as vulnerable countries and communities bear the brunt of climate change.

Box 1: Loss and damage and women

Women's needs not considered in the aftermath of Tropical Cyclone Seroja

Tropical Cyclone Seroja hit Timor-Leste in April 2021, resulting in widespread flash flooding and landslides. As local woman Dilva explains, women's needs were not considered in the emergency relief plans: 'It was particularly difficult for women [...] When I got to the evacuation centre there were some women who were menstruating, but we had nothing to give them. There were even some women who had no clothes.' In the aftermath of extreme weather events, targeted support for women in poverty needs to be a primary concern. Without it, existing structural inequalities risk being further embedded.

Dilva and her child at their temporary accommodation. Photo: Juvencio Madeira.

Women's leadership in addressing loss and damage in Guatemala

Sebol Village in Guatemala was badly hit by storms Eta and Iota in 2020. Women play a central role in recovering from such events and finding solutions to mitigate their impacts. Heidy Ramírez lost everything: her crops, possessions and livelihood. Her community lost its food storage centre, the school and playground. Heidy formed an emergency committee to prepare and organize for future emergencies, but she says that finding resources is a struggle: 'We need waistcoats, life jackets, lamps, radios, backpacks, boats... [but] at the moment we don't have anything.' Support during and after disasters must be targeted in a way that recognizes the often integral role women play in supporting their communities to cope, recover and be better prepared for the next disaster.

Heidy, who set up an emergency committee to help her community recover and prepare. Photo: Carlos Zaparolli.

THE WORST IS YET TO COME

The IPCC's sixth assessment warns of drastic changes over the coming decades. Even with ambitious action on mitigation and adaptation, some consequences of climate change are no longer preventable. Emissions already in the atmosphere mean that further heating of the planet and associated loss and damage are unavoidable.

Reducing emissions is the surest way to avoid loss and damage. But emissions are rising and on track for 2.4°C of warming, if not more. This is a disaster; as President Ibrahim Mohamed Solih of the Maldives recently said, even 2°C of warming would be a 'death sentence for the Maldives'.[30]

Loss and damage is accelerating and cannot be wished away. Without urgent and far-reaching action to reduce emissions, much worse is to come.

2 RUNAWAY HUMANITARIAN CRISIS

New Oxfam research shows that UN humanitarian appeals linked to extreme weather have risen significantly over the past two decades. As climate change gathers pace, the humanitarian system is coming under increasing strain and is unable to adequately respond.

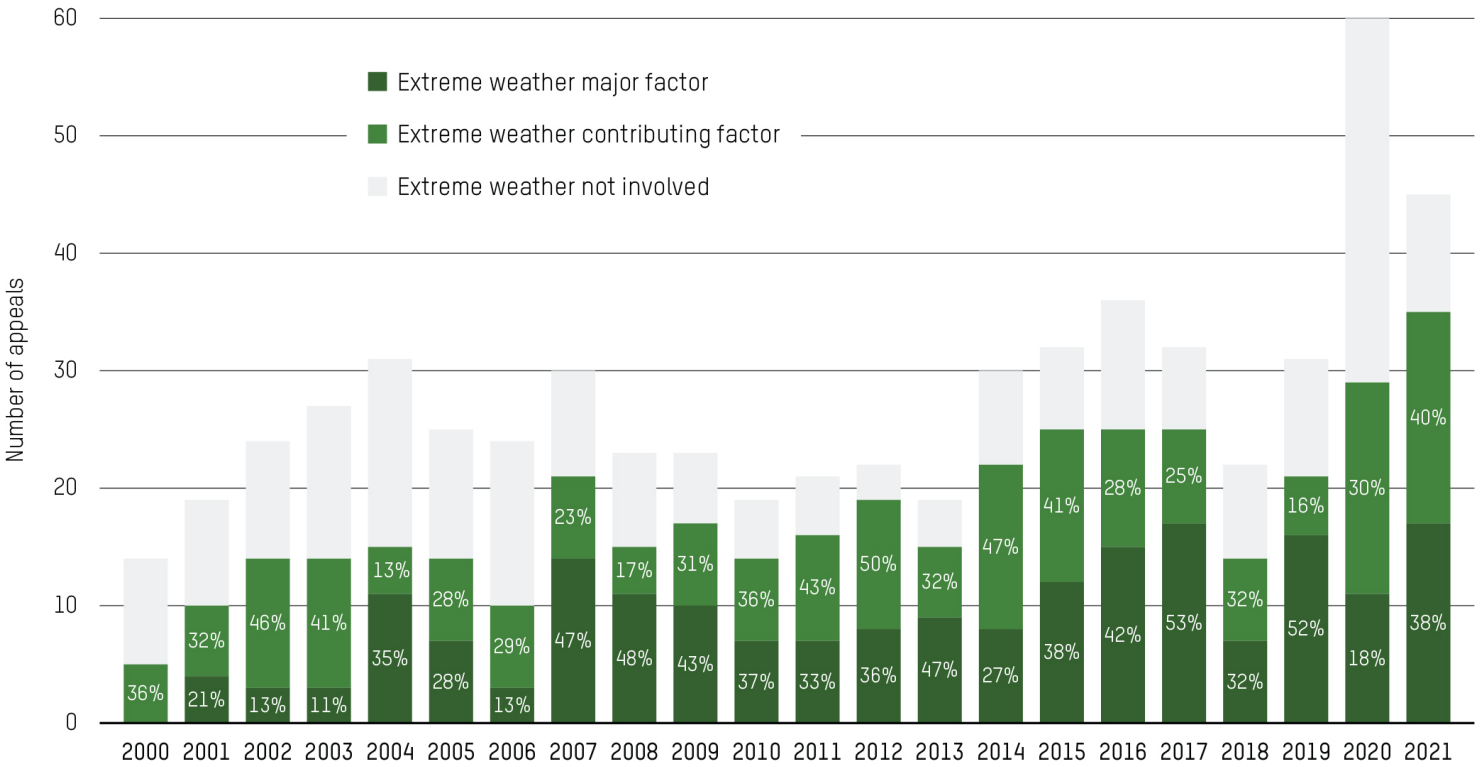
Details of the research methodology are given in Annex I.

HUMANITARIAN NEEDS LINKED TO EXTREME WEATHER ARE RISING DRAMATICALLY

In 2000, an estimated 36% of appeals involved extreme weather; by 2021 this had risen to 78%. Funding requirements for UN humanitarian appeals linked to extreme weather events have surged over the past two decades: the 2019–2021 three-year average is eight times higher than the three-year average 20 years ago (2000–2002).[31]

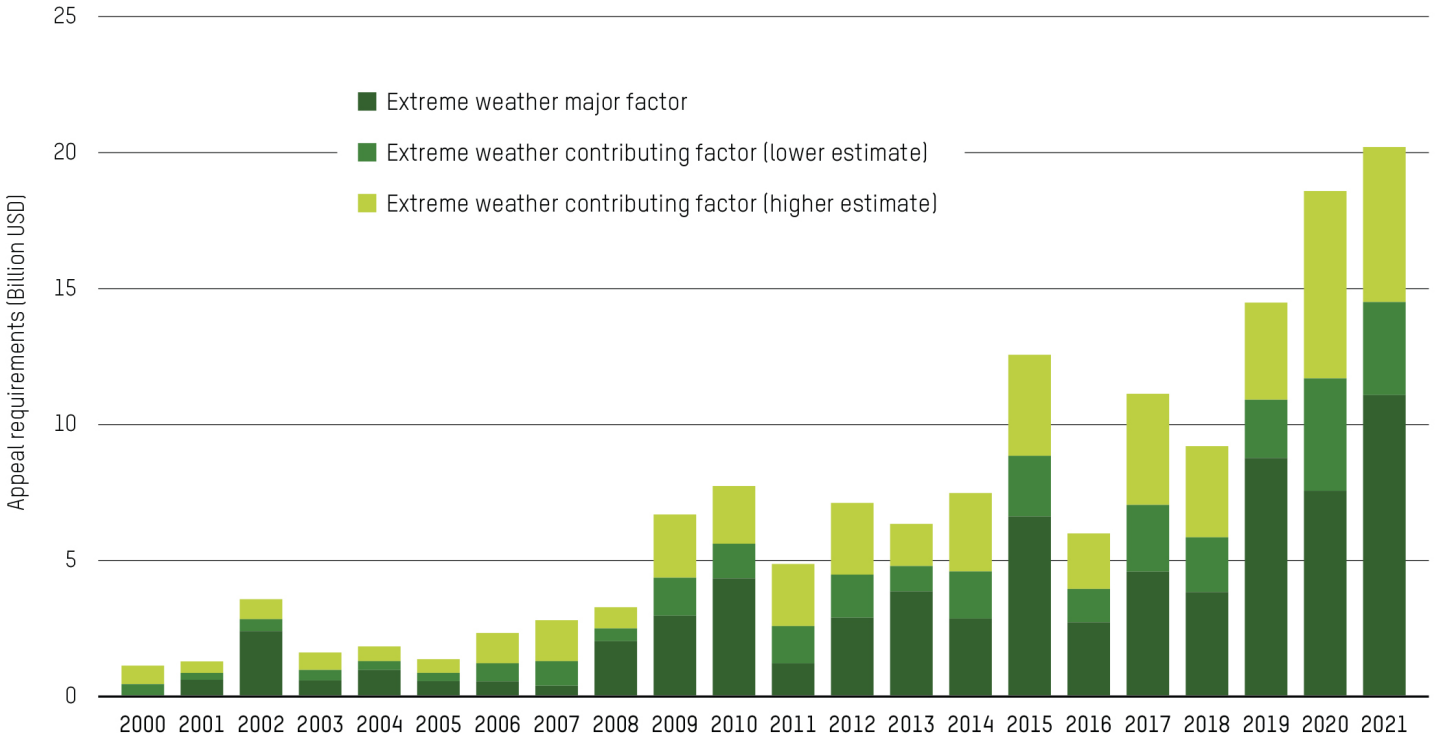
Funding requirements for humanitarian appeals involving extreme weather are eight times higher today than they were two decades ago.

Figure 2: Proportion of UN humanitarian appeals involving extreme weather, 2000–2021



Note that in 2020 a high number of COVID-19 appeals accounts for the spike in non-weather-related appeals.
Appeals involving extreme weather include appeals for which it was either a major or a contributing factor.

Figure 3: Funding requirements for UN humanitarian appeals linked to extreme weather, 2000–2021



USD amounts are in 2021 real terms. The dark green sections cover appeals for which extreme weather was a major factor, and therefore 100% of the appeal requirement is counted. The higher estimate (lightest green) counts 50% and the lower estimate (middle green) counts 30% of the value of these appeals.

Figure 2 shows how the number of appeals involving extreme weather has steadily increased over time. This is against a backdrop of rising humanitarian needs in general, driven by conflict in particular. The most comprehensive recent assessment of humanitarian needs projected that in 2022, one in 29 people will require humanitarian assistance.[32]

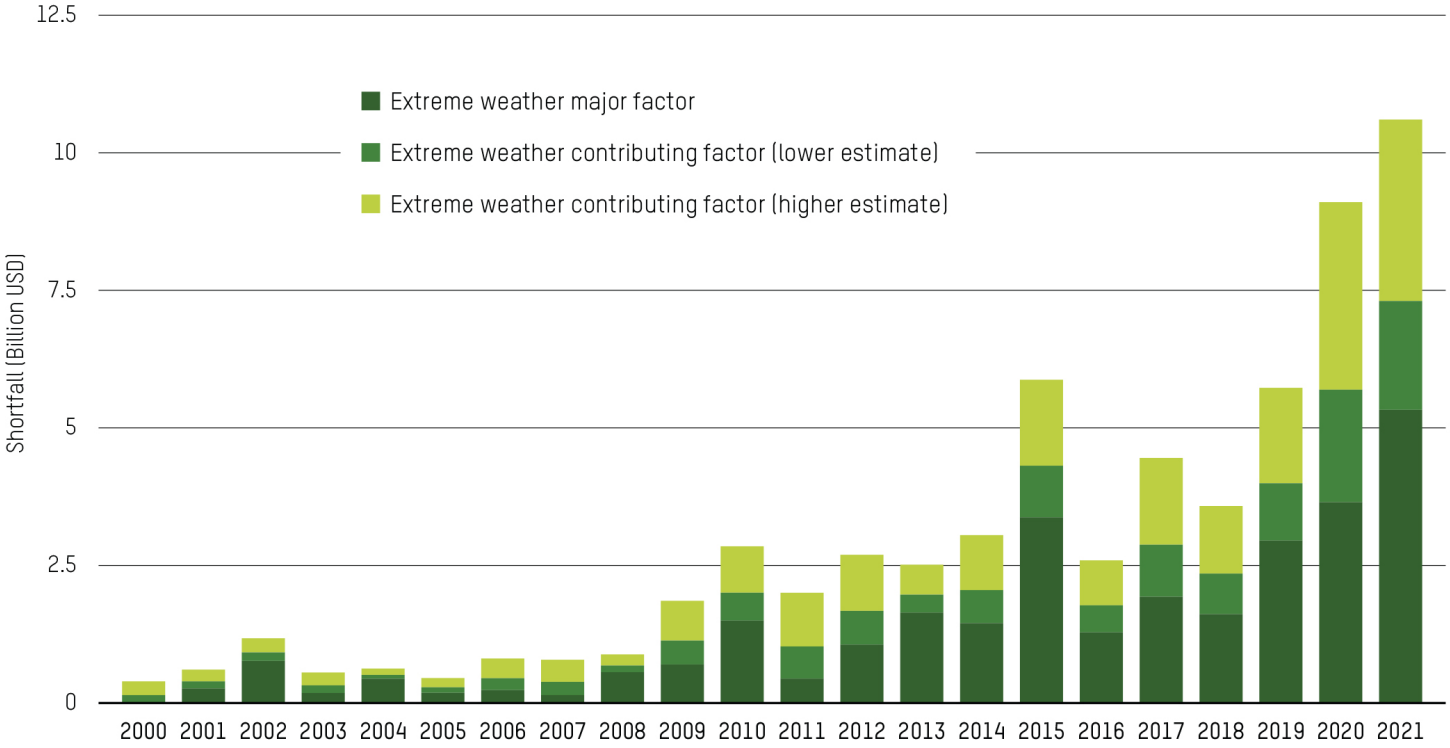
The International Federation of Red Cross and Red Crescent Societies (IFRC) estimates that by 2050, over 200 million people will need international humanitarian aid because of the added pressure of climate change – nearly twice the estimated 108 million people who need help today.[33] Behind these numbers lies the brutal reality of climate impacts: people experiencing hunger and mental and physical harm, women experiencing rising domestic violence,[34] and entire communities being forced to leave their homes.

APPEALS LINKED TO EXTREME WEATHER ARE HUGELY UNDERFUNDED

Estimated funding shortfalls were eleven times higher in recent years compared with two decades ago, rising from the millions to the billions. Over the past five years, appeals linked to extreme weather were only 54% funded on average, resulting in an estimated shortfall of $28–33bn.

Over the past five years, UN appeals linked to extreme weather were only 54% funded on average.

Figure 4: Funding shortfalls for extreme-weather-related UN appeals, 2000–2021



Notes: USD amounts are in 2021 real terms. The dark green sections cover appeals for which extreme weather was a major factor, and therefore 100% of the appeal shortfall is counted. The higher estimate (lightest green) counts 50% and the lower estimate (middle green) counts 30% of the value of the appeal shortfall.

Responding to increased extreme weather events has put further stress on a system that is hugely under-resourced and oversubscribed, resulting in most humanitarian appeals falling far short of the funds they need.[35]

Box 2: Hotspots

From 2000 to 2021, the countries with the highest number of recurring appeals involving extreme weather were Kenya, Burkina Faso, Zimbabwe, Burundi, Niger, Uganda, South Sudan, Chad, Democratic Republic of Congo, Afghanistan, Haiti, Sudan and Somalia. Each has had over 10 appeals involving extreme weather (as a major or a contributing factor) since 2000 and are countries already facing severe crises, such as conflict.[36]

In our research, Somalia had the highest number of appeals involving extreme weather, at 22. On average, these appeals only received 62% of their funding requirements. Today some parts of Somalia are facing their driest conditions in 40 years.[37] Climate change and La Niña are working together to produce prolonged and persistent dryness.[38] Drought and extreme flooding, on top of conflict, social and political unrest, locust infestations and higher temperatures, have devastated harvests and triggered dramatic inflation of food prices. Currently, over 24 million people in drought- and flood-affected areas across the Horn and East Africa do not have enough food, and 45.5 million people are in need of humanitarian assistance.[39]

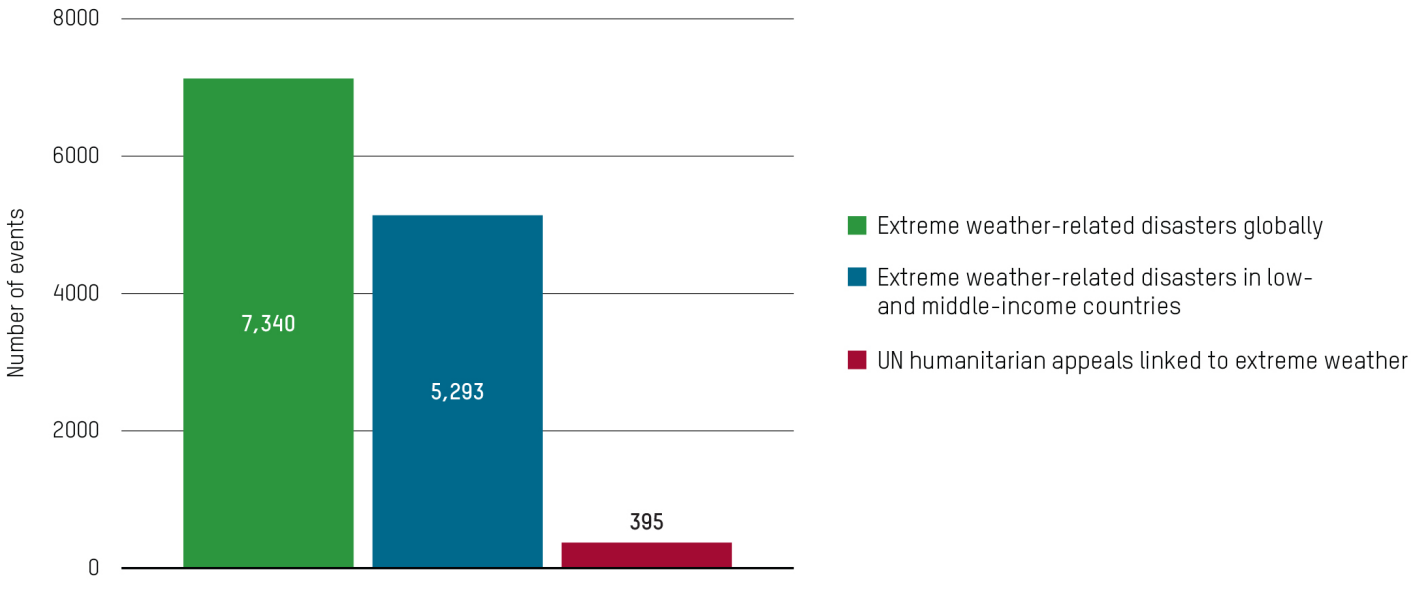
Loss and damage also interacts with and can exacerbate existing crises, such as conflict. For example, in the Horn and East Africa, prolonged drought mixed with extreme floods has been cited as contributing to increased tensions and conflict over limited resources.[40]

Pastoralists in Sincaro village, Somalia, providing water for their livestock. Photo: Abdiaziz Adani/Oxfam.

HUMANITARIAN NEEDS GO FAR BEYOND UN APPEALS

Over the past two decades, UN appeals may have only covered around 7.5% of extreme-weather-related disasters in low- and middle-income countries.[41] Since 2000, an estimated 3.94 billion people in low- and middle-income countries have been affected by these disasters, but only an estimated 474 million people have been captured in UN appeals.[42]

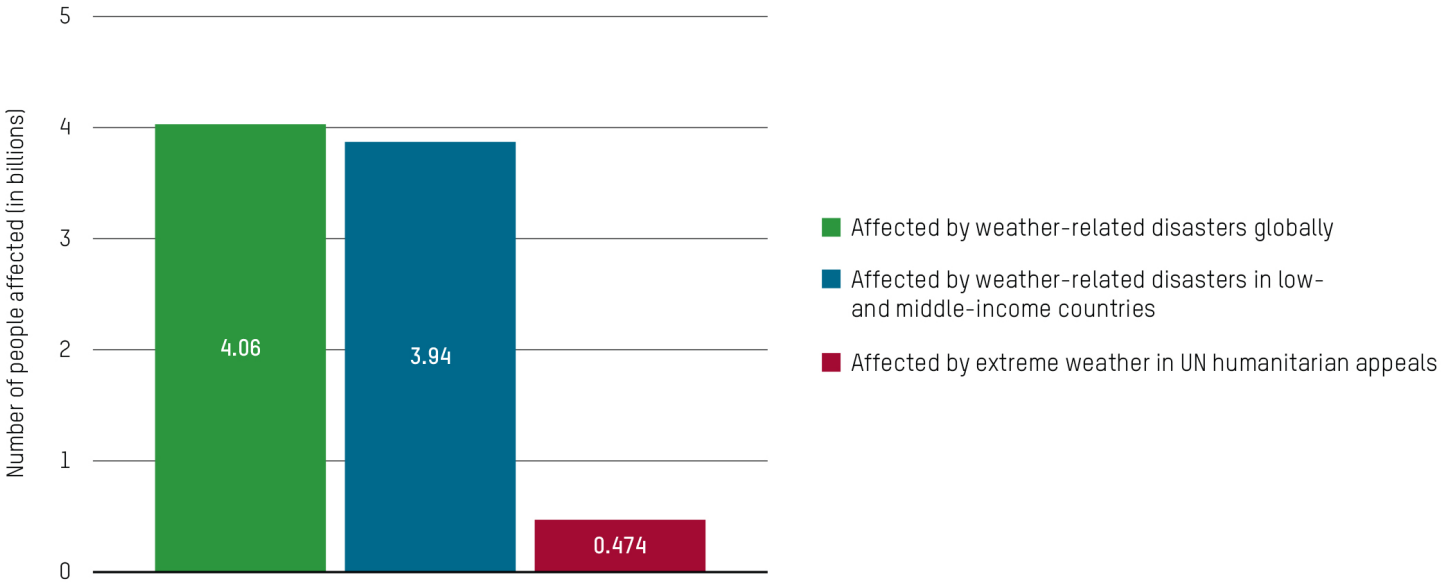
Figure 5: UN humanitarian appeals compared with the number of extreme-weather-related disasters, 2000–2021



Source: Oxfam calculations using EM-DAT database.[43]

Figure 5 compares all extreme-weather-related disasters for 2000–2021 with the number of UN humanitarian appeals over the same period. UN appeals are an important, but by no means comprehensive, measure of humanitarian need, or loss and damage, following a disaster. They focus on the most in-need regions of the world and crises that are beyond the capacity of states to respond, and at times are unable to capture small and medium crises.

Figure 6: Number of people affected by weather-related disasters, 2000–2021



Source: Oxfam calculations using EM-DAT database.[44]

Figure 6 shows that the estimated number of people in low- and middle-income countries affected by extreme-weather-related disasters over the past two decades is an order of magnitude higher than those captured in UN humanitarian appeals. This underlines that fact that fully funding the humanitarian system alone will not come close to addressing the potential impacts of climate-induced loss and damage, which are far greater, increasing, and have finance needs that go beyond humanitarian support.

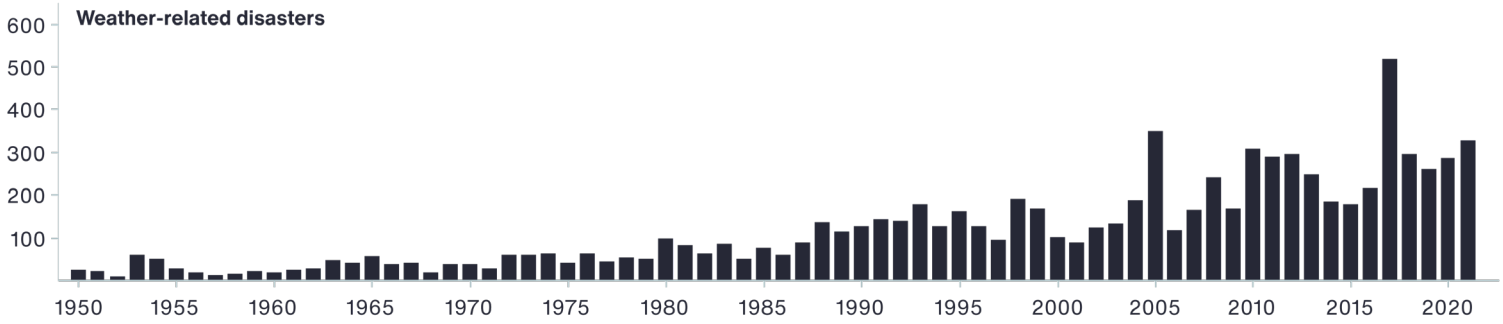
3 COUNTING THE COSTS OF LOSS AND DAMAGE

The costs of climate impacts are already huge and will continue to skyrocket with every fraction of a degree of warming.

There has been a clear increase in economic losses from extreme-weather-related disasters over recent decades, as Figure 7 shows. According to Aon, 2021 was the first year the top four disasters for economic damage were weather-related. Each topped the $20bn economic loss threshold. The total economic cost of extreme weather events in 2021 is estimated at $329bn: the third-highest year on record, behind 2017 and 2005.[45]

Table 2 provides some startling examples of extreme weather events over recent years and their economic impacts at the national level, while Box 3 on Typhoon Rai in the Philippines in 2021 shows impacts beyond the headline numbers.

Figure 7: Aon estimate of global economic losses from weather-related disasters, 1950–2020



Data: Aon (Catastrophe Insight)

Source: Aon (2021) *Catastrophe Insight*. Figures are USD billion in 2021 real terms.

Table 2: Recent examples of extreme-weather-related loss and damage events

Event	Estimated costs
Flooding in western Europe (2021) More than 200 people died.	Losses of **$45.6bn** across Western Europe.[46]
Hurricane Harvey, United States (2017) 13 million people affected; at least 88 people killed.	Costs estimated to be at least **$125bn**.[47]
Hurricane Maria, Dominica (2017) 65 people killed; 80% of the island's population affected.	Total damages of **$931m** and **losses of $382m**, amounting to **226% of GDP**.[48]
Drought in South Africa (2015–2017) Cape Town declared a disaster area after the worst drought in almost a century.[49]	Western Cape agricultural sector estimated to have lost **$432m** and **30,000 jobs**.[50]
Cyclone Pam, Vanuatu (2015) *11 people died and over 65,000 were displaced.*	Total costs were **$449 million**, equivalent to **64% of GDP**.[51]

Box 3: Super-typhoon Rai in the Philippines

Super-typhoon Rai (locally named Odette) made landfall in the Philippines in December 2021. It was the most powerful storm to hit the country that year, killing at least 405 people and resulting in hundreds of millions of dollars in damage, including: $253m in losses to agricultural goods; $75m worth of fishing boats, gear and stock in the fisheries sector; and $561m in damage to homes, roads, electricity and water lines. More than 460,000 hectares of land was lost to flooding, and as many as 1.5m homes were damaged or destroyed. Super-typhoons are set to become more unpredictable and powerful in this region due to climate change.[52]

Toys and household items amidst the destruction caused by Super-typhoon Rai in Malitbog, Southern Leyte. Photo: Deo Mercader/Oxfam.

STAGGERING FUTURE COSTS

Estimates of future costs associated with loss and damage range from $290bn to $580bn (see Table 3).[53]

These figures are high. But the costs are dwarfed by the billions in subsidies the fossil fuel industry receives and the profits it makes. In 2021, 25 oil and gas companies made $205bn in profits.[54] The UNDP estimates global fossil fuel subsidies are $423 billion per year.[55]

Loss and damage events are happening all over the world, but climate-vulnerable low-income countries lack the safety nets and resources to cope, compared with rich countries. The difference was exemplified by former German Chancellor Angela Merkel announcing a reconstruction fund of €30bn just weeks after the 2021 summer floods.[56] By contrast, Vanuatu's public debt has doubled in recent years, largely due to rebuilding after 2015's Cyclone Pam.[57]

Loss and damage events are happening all over the world, but low-income countries lack the safety nets and resources to cope, compared with rich countries.

The impact of climate change on debt distress and sovereign credit ratings is a serious concern for countries on the frontlines of the climate crisis. Countries with higher climate risks, particularly low-income and small island developing states, are already paying more to access finance.[58] Thus, countries which have contributed least to climate change will pay the most to finance their response to it. Accounting for climate-related risks in the financial system remains crucial, but unintended harms such as this must be remedied.

Table 3: Estimated future costs of loss and damage

Source, year	Estimated costs
IFRC 'The cost of doing nothing' (2019)[59]	2030: humanitarian funding requirements for climate-related disasters could grow to $20bn per year.
Economist Intelligence Unit (2019)[60]	Measuring each country's direct exposure to loss from climate change and extreme weather events found that by 2050, GDP at risk could be: Africa (most vulnerable) 4.7% Latin America 3.8% Middle East 3.7% Eastern Europe 3% Asia Pacific 2.6% Western Europe 1.7% North America 1.1%
Markandya and González-Eguino (2018)[61]	Total annual residual damages for developing countries: 2030: $290–$580bn 2040: $551bn–$1tn 2050: $1.1–$1.7tn
Climate Analytics (2015)[62]	Projected macro-economic damage of climate change for developing countries: 2030: $400–$431bn 2050: $1–$1.8tn
Deloitte (2022)[63]	3°C trajectory could cost the U.S. economy $14.5 trillion by 2070.

NON-ECONOMIC LOSSES

Loss and damage goes beyond what we can quantify or put a price on. Non-economic loss and damage is profound and far-reaching, encompassing loss of life, cultural identity, Indigenous and local knowledge, human health, biodiversity and territory. Provisions to address this crucial element of loss and damage are vital, including financial compensation to recognize the harm caused and support future wellbeing.

Loss and damage borne by women is often a blind spot. For example, women's unpaid care and domestic work, which is likely to increase in the aftermath of a disaster,[64] often fails to feature in loss and damage assessments. While it is not easy to quantify women's contribution to a household, failure to recognize it can result in impacts on women being marginalized in loss and damage finance discussions.

Loss and damage goes beyond what we can quantify or put a price on. Non-economic loss and damage is profound and far reaching, encompassing loss of life, cultural identity, indigenous and local knowledge, human health, biodiversity and territory.

4 CURRENT FINANCE IS NOT FIT FOR PURPOSE

Existing funding arrangements to address loss and damage mainly comprise humanitarian and development aid and insurance. But as set out below, these arrangements are misaligned with the fair and automatic system of support needed for loss and damage, where finance is provided as a matter of justice on the basis of responsibility.

Box 4: What is finance to address loss and damage?

UNFCCC agreements refer to financial support for action to 'avert, minimize and address loss and damage'.[65] *Avert and minimize* covers action to reduce impacts and loss and damage occurring, such as mitigation, disaster risk reduction and adaptation. Finance to *address* loss and damage covers action to deal with impacts after a disaster has occurred.

'Finance for loss and damage' is often used as shorthand for finance to address loss and damage – which is a major blind spot – following impacts which would not have happened in a world without climate change, and which cannot (or have not) been adapted to. Under the UNFCCC there are currently no collective commitments by developed countries to provide finance to address loss and damage, as there are for mitigation and adaptation in the form of the $100bn goal.[66]

Some action to address loss and damage in developing countries is currently funded through the humanitarian system, development finance, social protection, insurance and beyond. However, humanitarian and development aid is not designed to address loss and damage from the climate crises. The aims of the current system are to meet humanitarian needs after a crisis and help countries develop and recover – they seldom include a restorative element to compensate people for what they have lost.

In the absence of sufficient international support, a great deal is being financed domestically. And existing international finance flows that address loss and damage are not explicitly defined as such, and nor are they additional to aid.

Funding for action to *address* loss and damage can be divided into the following broad categories:[67]

Emergency response – humanitarian and other relief immediately following an emergency to provide temporary and transitional assistance.

Recovery and rehabilitation – rebuilding economic, physical, social, cultural and environmental assets, systems and activities, aligning with the principles of sustainable development and 'build back better' to avoid or reduce future climate risk.[68]

Financial protection measures – insurance, social protection and other safety nets to help manage the risks of extreme weather events.

Measures to address migration – finance to support safe and dignified movement of people forced to move due to climate change, including both planned relocation and displacement.

Measures to support alternative livelihoods – to build new skills, opportunities and resources to establish alternative livelihoods.

Measures to address non-economic losses – including reparations to help ensure future wellbeing following loss, and investment in cultural heritage.

There is some limited overlap between some areas listed and adaptation, e.g. measures to support alternative livelihoods can be an adaptation strategy, and in cases of dramatic climate impacts can also be a response to loss and damage. Overall, the overlap is marginal and is not a basis for asserting (as many rich countries have tried to) that distinct finance to address loss and damage is not needed.

CONTRIBUTIONS ARE AD HOC AND NOT LINKED TO RESPONSIBILITY

Current North-South flows of finance to address loss and damage are provided firmly within the normative framework of aid, mainly in the form of development and humanitarian finance and insurance. Based on the principles of charity and enlightened self-interest (and sometimes overt geopolitics), aid provision is mostly ad hoc and voluntary.

While there are some international obligations on states to provide aid, aid is typically not linked to responsibility for harm caused, as it is assumed to come from third states who are not involved in the crisis. Humanitarian principles that govern how humanitarian response is carried out – especially that of independence – require such separation from parties involved in the harm.[69] This is quite different from the climate crisis, where polluting states are directly involved, and continue to contribute to the harm suffered by states needing financial support to address loss and damage.

Provision of aid is thus at odds with the principle that finance to address loss and damage should be provided as a matter of justice, on the basis of responsibility by the wealthiest and highest-emitting countries, corporations and individuals. Rich industrialized countries are most responsible for causing climate change, contributing an estimated 92% of excess historical emissions and 37% of current emissions (despite being home to only 15% of the global population).[70] Lower-income countries that are hardest hit by climate change impacts and have low capacity to cope have contributed least. For example, Africa's current emissions are less than 4% (despite being home to 17% of the world population), and Kenya, Ethiopia, Somalia and South Sudan are together responsible for a mere 0.1% of global emissions.[71]

Finance to address loss and damage should be provided as a matter of justice, on the basis of responsibility by the wealthiest and highest-emitting countries, corporations and individuals.

When climate-related disasters occur, climate-vulnerable countries should not be held 'hostage to random acts of charity', as the lead negotiator for the Alliance of Small Island States protested at COP26.[72] The 'disaster begging bowl' needs to be replaced with a fair and automatic mechanism for financial support, rooted in the principle of responsibility.

DISTRIBUTION DRIVEN BY DONORS

Aid is still too often based on voluntary contributions of rich countries, and dependent on the preferences and geopolitical concerns of donor governments and levels of concern among their populations.[73] Politically strategic countries and disasters that attract significant public sympathy get more money – though still never enough – while smaller disasters and those that do not hit the headlines are neglected.

INADEQUATE SCALE AND SCOPE

Finance under the UNFCCC to address loss and damage is extremely limited, and mainly restricted to insurance instruments. Outside of the UNFCCC, international flows of humanitarian and development assistance that address loss and damage are grossly underfunded, and most donors are failing to meet their ODA commitments.[74]

As a result, the world's poorest countries and communities are paying the price of a climate crisis they did least to cause. They are smallholder farmers who have no support or recompense when crops fail due to climate-induced drought. They are coastal communities forced to relocate due to sea-level rise. And they are countries like Mozambique, forced to take out an IMF loan after being hit by one of the worst tropical cyclones on record.[75]

Major and persistent financing gaps exist. Even where humanitarian support covers immediate emergency disaster response to keep people safe and alive, finance for reconstruction to rebuild homes and infrastructure is inadequate and slow to arrive (See Box 3).

Social protection is a core element of an equitable and sustained response to loss and damage.[76] But according to the International Labour Organization's most recent estimate, more than four billion people do not have it.[77] Added to that, few countries have access to robust contingency funds that can be quickly invoked when loss and damage occurs.

There is little to no funding for dealing with non-economic losses, such as loss of health or cultural heritage. Such losses are incredibly difficult to quantify but are deeply felt by the people experiencing them.[78]

Box 5: Flooding in the Kasese district, Uganda – finance to rebuild slow and inadequate

The community of the Kasese district in Western Uganda has been subject to repeated floods which have caused widespread damage to homes, schools, bridges and roads. Behind Kasese are the Rwenzori mountains, known as 'place of snow' in the Bakonzo language. In recent decades, the ice on these mountains has melted at an alarming rate,[79] contributing to sudden floods, such as those in 2020 which displaced thousands and forced the Kilembe community to relocate their hospital.[80] Children are still receiving education in tents as they try to find funds to rebuild schools. While the Kasese district received immediate assistance following the disaster, medium-to-long-term finance to rebuild infrastructure or provide social support to disrupted communities has been seriously inadequate.

A school destroyed by River Nyamwamba flooding in Kasese District. Photo credit: Elizabeth Nakiru/Oxfam.

INSURANCE DOMINATES DESPITE SHORTCOMINGS

Insurance solutions have dominated discussions on loss and damage finance to date, as well as the actions of many rich countries. As part of broader efforts to manage and reduce risk, insurance can play a role in helping countries to respond quickly to disasters. But the focus on insurance has often been at the expense of other more equitable and effective measures, without enough recognition of its limitations. It is too often based on an overly rosy view that financial markets will be a quick fix which means rich nations can avoid putting money on the table.[81] At best, insurance is a partial solution. At worst, it is a distraction.

For people in low-income countries, insurance has a patchy record on paying out quickly, predictably and adequately. In 2017, Dominica suffered catastrophic loss and damage from Hurricane Maria, estimated at $1.37bn (or 226% of its GDP). Insurance under the Caribbean Catastrophe Risk Insurance Facility provided just $19.3m, or 1.5% of the cost incurred.[82] Malawi was hit by a once-in-500-years flood in 2015, causing $366m in loss and damage. Insurance from the African Risk Capacity paid out a mere $8.1m, nine months after an emergency was declared.[83]

Insurance needs to be designed with appropriate triggers, terms and coverage to provide the protection needed.

Insurance is generally not cost-effective for more frequent disasters, which in a rapidly warming world are increasing.[84] Nor is it very effective in managing the slow rise in sea levels or other gradual impacts of climate change that are a certainty rather than a risk.[85] As climate-related risks increase, premiums are rising; in some instances previously insurable assets are becoming uninsurable.[86] In poorer countries and communities in particular, scaling up coverage to a level that would provide a viable response would make premiums prohibitively expensive. In low-income countries, evidence suggests that other options may be more effective and equitable, such as publicly funded social safety nets and cash transfer programmes.[87]

Finance from a loss and damage finance facility should provide support for the costs of insurance, so that smallholder farmers, low-income country governments, and others least responsible for the climate crisis are not saddled with the costs (see section below). Such a facility should also finance vital non-insurance solutions for vulnerable countries and populations.

5 NEW FUNDING ARRANGEMENTS TO ADDRESS LOSS AND DAMAGE

As the climate crisis enters a dangerous new phase of warming and extreme weather, governments urgently need to agree new funding arrangements to address rising loss and damage in developing countries.

Two essential elements of an effective and comprehensive system for loss and damage finance are the establishment of a finance facility to govern action to address loss and damage, and new, innovative sources to generate finance at scale, in addition to contributions from governments.

PRINCIPLES FOR LOSS AND DAMAGE FINANCE

Rooted in the UNFCCC's foundational principles of equity, justice and fairness, adhering to aid and development effectiveness principles,[88] and learning lessons from good practice in climate finance spending, the following core principles must underpin the provision of finance to address loss and damage.

Table 4: Principles for finance to address loss and damage[89]

Resource mobilization	
Responsibility for harm caused	Contributions linked to responsibility for historic and current emissions – in line with the UNFCCC's CBDRRC principle (Common but Differentiated Responsibilities and Respective Capabilities). This is rooted in the polluter pays and no harm principles, which mean states must address environmental damage outside of their jurisdiction. Rich industrialized countries (and corporations) that have contributed most to the climate crisis are responsible for a substantial share of costs to address loss and damage in climate-vulnerable countries that have contributed least. CBDRRC also applies within states, whereby wealthier populations who generally emit more should contribute most.[90]
Capability	Contributions are also linked to states' respective economic capabilities (after providing their citizens with sustainable and universally accepted minimum living standards).
Adequate scale	Existing finance falls well short of existing let alone future needs, and must be scaled up by an order of magnitude. Annual flows of hundreds of billions of dollars are needed.
Predictable	Multi-year commitments of finance are necessary to ensure funding is secure and predictable.
Additional	Finance must be additional to adaptation and mitigation finance, and to ODA commitments – not displacing other vital climate, humanitarian and development spending. To ensure this, separate accounting is needed at the global level, though funding may overlap at implementation level.
Governance	
Gender balance and equitable representation	Governing bodies need to ensure gender balance and equitable representation of low-income countries (more than 50%).
Transparency and accountability	Transparency and accountability in line with standardized monitoring, reporting and verification of loss and damage finance provision (contributions and implementation). Designed to allow local communities and officials to monitor and manage loss and damage finance.
Disbursement	
Free from interests of contributors	Allocation of finance according to need, insulated from the interests and preferences of contributing countries.
Automatic rapid response	Includes some level of specified automatic finance based on trigger events within agreed parameters (weather-related and/or impact measures such as % of GDP loss) to deal with immediate response.
Multiple channels	Finance channelled through relevant institutions covering the full spectrum of action to address loss and damage, rather than a single new dedicated entity.
Implementation	
Immediate and sustained support	Immediate emergency response as well as sustained support for medium- to long-term action, such as rebuilding and investment in social protection.
Country- and locally led	Decentralized, local and community-based mechanisms to identify and prioritize loss and damage needs, as well as plan and implement action. Significant role for national and local entities to identify needs and coordinate local activities in addition to directly accessing finance, as an alternative to multilateral development banks, UN institutions and other multilateral implementers.

Gender equality	Action and allocation of finance to take account of gender-differentiated needs and capacities to ensure that women, men and marginalized gender groups benefit equally and finance contributes to transformative change. Requires mainstreaming gender across all aspects of planning and implementation, monitoring and evaluation, and ensuring women are adequately represented and there is a focus on women's empowerment in decision making.
Accountable to vulnerable populations	National and local systems must include accountability mechanisms to ensure that fund disbursement prioritizes vulnerable and marginalized populations, including women and Indigenous peoples, in decision making and implementation.

NEW LOSS AND DAMAGE FINANCE FACILITY

> *There is no better measure that the world is still failing to understand the climate crisis than its failure to fund the mechanism for loss and damage.*
>
> *– Mia Mottley, Prime Minister of Barbados, COP26*

An effective and comprehensive finance system to address loss and damage must include a new finance facility to help ensure that provision of finance is adequate, effective, fair and guided by principles of climate justice. It could be set up as a new, separate entity or as part of an existing UNFCCC financial mechanism.

Reform of existing humanitarian and development institutions remains crucial, as many of these bodies are likely to continue to play a role. But reform alone will not bring about a radical reorientation at speed and scale in the way finance is mobilized, governed and disbursed, and action implemented. It is also unlikely to raise political attention and drive greater action in the way that is needed, and build the trust of developing countries in the equity and effectiveness of action.

Governing and coordinating loss and damage finance requires an elevated central co-ordinating institution that is able to work across other relevant institutions and global governance spaces. The new facility should also be set up in a way that it is able to capture and allocate flows from innovative sources of finance, thus helping ensure differentiation and additionality of finance.

The purpose and functions of a finance facility would include:

- **Housing a new fund** that provides a dedicated funding stream, through non-voluntary contributions from states and others based on principles of solidarity and CBDRRC; and through flows of finance from new innovative sources (see section below).
- **Governing the disbursement of finance** in a way that:
  - Has **equitable representation** of recipient countries and is gender-balanced.
  - Ensures finance is **demand-driven and reaches those who need it most**, not guided by the preferences of contributors.
  - Helps ensure clear differentiation and **additionality** of funding streams at a global level from mitigation, adaptation and ODA commitments, by channelling finance through a central pot – including new innovative sources – bypassing government treasuries.
  - Provides both **rapid response** finance based on trigger events within agreed parameters so countries can respond quickly in times of crisis, and medium- to long-term **sustained finance**.

    - Prioritizes **national and local implementing entities**, where they are best placed to respond, through direct access modalities.
- Enhancing and leading **political and institutional coordination** across a diverse and broad set of multilateral, national and local actors working to address loss and damage (humanitarian response, migration, development, etc.) to align delivery with the principles in Table 4, improve coherence, avoid duplication and address gaps.
- Helping to **standardize and oversee monitoring, reporting and verification** of loss and damage finance provision, as part of the UNFCCC's transparency framework.

NEW SOURCES OF INNOVATIVE FINANCE

Non-discretionary finance from government budgets is essential and just. But new, innovative sources of finance also have a vital role to play in generating finance at scale in a way that is fair and equitable.[91]

Table 5 sets out a number of potential innovative sources that could provide stable and significant finance for loss and damage that is additional to ODA commitments. Many embody the polluter pays principle by deriving finance from taxes on high-carbon activity.

Innovative sources can and must be equitable, placing the highest burden on those most responsible and most able to pay – such as finance from a wealth tax or a levy on frequent flyers, which would disproportionately affect richer populations. It is both feasible and just for the richest to pay.

Innovative sources also provide a crucial means to force corporations to pay for the damage their products cause. A tax on fossil fuel extraction (known as a Climate Damages Tax) or a tax on the profits of fossil fuel companies could generate billions of dollars annually for victims of climate change impacts. An example of this approach is the International Oil Pollution Compensation Fund, which receives contributions from international oil tanker companies and makes payouts to any coastal community affected by an oil spill.[92]

Table 5: Potential innovative sources of finance for loss and damage

Source	Brief description	Revenue estimates
Tax on international shipping emissions (bunkers)	Shipping emissions are a massive contributor to global emissions, yet are barely regulated. A 'bunkers' tax would levy a **carbon price per tonne of emissions** produced.	A carbon price of around $25 per tonne on shipping emissions could raise **$25bn** per year.[93]
Climate Damages Tax (CDT)	A charge on the **extraction of coal, oil and gas** based on how much CO2 equivalent is embedded. To be equitable, it is proposed that 50% of revenue in high-income countries contributes to loss and damage; low-income countries would keep all revenues, with a scale in between.	At $5 per tonne of CO2 equivalent, the CDT could raise around **$210bn** in its first year.[94]
Carbon markets, e.g. the EU ETS	The EU Emissions Trading System (ETS) allows companies to buy (and sell) permits to produce CO2, and member states have spent the majority of revenues on energy and climate-related activities.	Between **2013–2019**, the EU ETS raised **€49bn**, a portion of which could be allocated to loss and damage.[95]

Domestic taxes, e.g. a frequent flyer levy	A frequent flyer levy would progressively tax flights, meaning price increases with each flight taken in a year.	In the UK, one estimate puts progressive frequent flyer levy revenues at **$5bn** per year.[96]
Wealth tax	A tax based on a **person's assets** targeted at those in the highest percent of net wealth.	Oxfam estimates that a one-off 99% emergency tax on new, pandemic-era billionaire wealth of the top 10 richest men would raise **$812bn**, a share of which could be spent on loss and damage.[97]
Special Drawing Rights (SDRs)	SDRs are an international reserve asset, created by the IMF to supplement member countries' official reserves. These can be exchanged with other countries to use on loss and damage finance or used to free up other funds, which could then be channelled to address loss and damage.[98]	In 2021, the largest ever SDR allocation of about **$650bn** was approved, a share of which could be allocated to addressing loss and damage.
Redirecting fossil fuel subsidies	These generally take the form of tax breaks and direct payments for producers or subsidies to reduce the price of fossil fuels for consumers. Finance spent on subsidies could be shifted to supporting people with loss and damage.	The UNDP estimates global fossil fuel subsidies are **$423 billion per year**.[99]

6 RECOMMENDATIONS

RICH COUNTRIES: STOP HARMING, START HELPING

Low-income countries and small island states have been calling for finance to address loss and damage for over 30 years. Yet nearly 10 years on from the establishment of the Warsaw International Mechanism for Loss and Damage, and six years since loss and damage became an article in the Paris Agreement, meaningful progress remains elusive.

Rich countries have fiercely resisted progress at every turn.[100] Global cooperation on climate change includes agreement that developed countries will provide finance to enable developing countries to reduce their emissions (e.g. by connecting homes to renewable energy), and adapt to a changing climate (e.g. by making homes flood-resistant). But if homes are destroyed by a climate-related disaster, rich countries have no financial commitments or obligations to help pay for the damage.

At COP26, developing countries' proposal for a finance facility to address loss and damage was rejected in favour of a three-year Glasgow Dialogue to discuss funding arrangements.[101] If the Dialogue is to be more than a talking shop, it needs to facilitate meaningful COP outcomes, including agreement to establish a new facility and advance new innovative sources of finance alongside rich-country contributions.

Failure to respond to the climate reality the world now faces calls into question the legitimacy of the UNFCCC process. The UN climate negotiations cannot

continue to ignore the harm done to communities facing the worst impacts of climate change.

OXFAM DEMANDS FOR COP27 AND BEYOND

BY COP27 ALL GOVERNMENTS NEED TO:

- **Resubmit enhanced Nationally Determined Contributions** (2030 emission targets) in line with their fair share, to limit the global average temperature increase to 1.5˚C and avoid the worst impacts of climate change and associated loss and damage.

BY COP27 RICH COUNTRIES NEED TO:

- **Pledge bilateral finance** to explicitly address loss and damage that is additional to existing climate finance and ODA commitments.
- Commit to 50% of their climate finance being for adaptation and composed of grants, and demonstrate that they are on track to meet the COP26 commitment to double **adaptation finance** by publishing a delivery plan ahead of COP27. This finance will contribute to minimizing and averting loss and damage by enabling greater anticipatory action to reduce risks and adapt to climate impacts.

AT COP27 ALL GOVERNMENTS NEED TO AGREE TO:

- Establish a **finance facility to address loss and damage** under the UNFCCC to coordinate an effective and equitable global response to climate-induced loss and damage.
- Agree to establish a **system of financial support** for action to address loss and damage that involves annual country contributions based on the UNFCCC principle of common but differentiated responsibilities and respective capabilities.
- Focus the **Glasgow Dialogue** on establishing a finance facility and defining its governance and delivery structure, and identifying funding needs and resource mobilization, including from innovative sources.
- National loss and damage finance needs becoming a core element of the UNFCCC **Global Stocktake.**
- Loss and damage being included in the **new quantified climate finance goal** post-2025 under the Paris Agreement.
- **Mainstream gender** by making loss and damage a core element in the UNFCCC's Gender Action Plan, including ensuring all action has an explicit gender lens so it does not exacerbate existing inequalities.
- Loss and damage becoming a **standing agenda item for future COPs,** so there is a guaranteed negotiating space to advance action each year.

ANNEX 1: METHODOLOGY

Full results and details of the research methodology can be found in the accompanying technical note.

The research underpinning section 2 of this report was developed using OCHA's financial tracking service database and CRED's international disasters database, EM-DAT. The sources of information for UN humanitarian appeal details were Humanitarian Response Plans (HRPs).

In this research, 'extreme weather' is used as a catch-all term to include the three categories of weather and climate events used by the IPCC. A keyword list was developed from this, and using this, the HRPs were searched to determine if extreme weather was involved in the appeal, and whether it was a major or contributing factor. Extreme weather was deemed a major factor if it was mentioned as a key crisis factor or priority response, and a contributing factor if it was only referenced throughout the plan. Where extreme weather was a major factor, 100% of the appeal value was counted; where extreme weather was a contributing factor, we counted 50% of appeal value in our upper-end estimate and 30% in our lower-end estimate.

EM-DAT was used to cross-reference the extreme weather events detailed in the HRPs and gain an understanding of the numbers of people impacted by such events between 2000 and 2021.

It must be noted that not all extreme weather over this period can be attributed to climate change. But in recent years, in line with higher warming levels, extreme weather events linked to climate change have increased in frequency and intensity, and it is the effect of this on UN humanitarian appeals that this research sought to understand.[102]

NOTES

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6 Three-year averages at the beginning and the end of the two decades were compared to estimate the overall trend and iron out year-to-year variability. See link to technical note in Annex 1 for a full breakdown of the figures.

7 See section 2 and link to technical note in Annex 1.

8 UN appeals only cover crises that governments declare are beyond their capacity to respond to. Oxfam estimates that over the past two decades, UN appeals may have only covered around 13% of extreme-weather-related disasters. See section 2.

9 See Table 4.

10 See Table 3.

11 See Climate Action Tracker, which estimates that 2030 climate targets amount to 2.4°C of warming, while existing policy and action could amount to 2.7°C: https://climateactiontracker.org/about/

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15 Population data from worldometer: https://www.worldometers.info/world-population/africa-population/; emissions data from Our World in Data: https://ourworldindata.org/

16 Oxfam is moving away from terms like 'developed countries' and 'developing countries', but since these country categorizations are enshrined in the commitments and obligations under the UNFCCC we have used them where relevant.

17 UNFCCC COP26 decision text on the Glasgow Dialogue. https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf

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