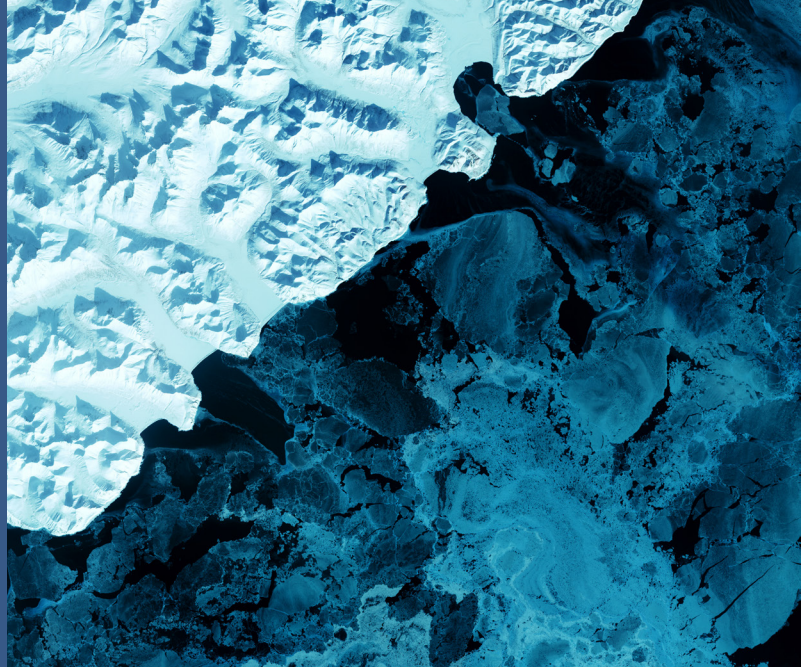




Project description

– Loss and Damage Financing Solutions – Mapping & Feasibility Study

10th June 2023



The Nordic Council of Ministers' Working Group for Climate and Air (NKL) has commissioned a project in which the main objective is to map, identify and further develop solutions for financial support to developing countries that are particularly vulnerable to climate change induced loss and damage (L&D). This objective is achieved through a series of outcomes, including a study/report on the issue, a public webinar/workshop on 14th September 2023 in which the findings of the report will be presented and discussed with experts and stakeholders, and a side event on L&D financing solutions in the Nordic Council pavilion at COP28.

What is L&D?

The Earth's climate is becoming increasingly more unpredictable due to climate change. As more severe and frequent disasters and increased heat and sea level rise continue, adverse effects on humans, biodiversity and the built landscape get harder to avoid. Even when efforts to reduce vulnerability, enhance resilience and increase adaptive capacity are successfully undertaken, these actions are increasingly becoming insufficient.

When natural or man-made systems are meeting soft or hard adaptation limits it

leads to economic and non-economic L&D. L&D is unequally distributed, affecting the most vulnerable and least developed countries the worst, many of which have miniscule emissions and have contributed the least to climate change globally. This puts already strained developing countries' economies worse off and has led the global community to come together under the UN climate negotiations to support these developing countries financially.

Financial Support for L&D

The discussions on financing L&D have been with the Parties since the drafting of the UN Framework Convention on Climate Change (UNFCCC). The call for addressing L&D was first brought forward by the Association of Small Island States. Since then, steps have been taken to strengthen the global response to avert, minimize and address L&D, culminating in a breakthrough decision on financing for L&D at COP27 last year.

In Sharm-el Sheikh, the discussions on L&D resulted in a decision to establish new funding arrangements responding to L&D, including a fund with focus on addressing L&D for developing countries that are particularly vulnerable to the adverse effects of climate

change. The funding arrangements and the fund will be operationalized at COP28 in Dubai later this year. A Transitional Committee has been established to put forward recommendations on how to operationalize the funding arrangements and the fund, with meetings and workshops held throughout the year. In addition, the parallel process under the Glasgow Dialogue gives the Parties and non-Party stakeholders additional space to discuss financing for L&D.

The decision on financing for L&D necessitates a deeper dialogue on how to ensure new, additional, predictable and adequate finance for responding to and addressing L&D.

Expected Outcome and Results

Parties have agreed that finance for addressing L&D is insufficient, and public sources of funding are falling short of what is needed. This project aims to deepen the knowledge and understanding of financing solutions and sources for responding to and addressing L&D, including from public, private and blended sources of finance. A key outcome includes to move the discourse forward with concrete and workable solutions, opening for greater ambition in financing L&D. It is also meant to feed into the ongoing work of the Transitional Committee and the Glasgow Dialogue.

More specifically, the project will assess the potential for using taxation and/or levies from international shipping and passenger air travel; utilizing the voluntary and non-voluntary carbon markets; potential of insurance instruments; and solutions for climate-related debt instruments and other financing solutions. The project will result in a report, which will be subject to in-depth discussion in an online webinar/workshop 14th September 2023, and the findings will be presented at COP28.

Project organisation

The project is led by Ms. Cathrine Wenger (Wenger Law), and the project team includes renowned experts in climate change, L&D finance and innovative climate solutions, hereunder Mr. Rawleston Moore, Mr. Sönke Kreft, Professor Christina Voigt, Mr. Manuel Bueno and Professor Nicola Tollin. In addition, the project will also draw extensively on a wide range of experts and stakeholders across the Global North and Global South. The project's steering group consists of Nordic national experts from Finland, Sweden, Norway, Denmark and Iceland, coordinated by Ms. Anna Gran from the NKL.

About the Nordic Council of Ministers and the Nordic Working group for Climate and Air (NKL)

The Nordic Working Group for Climate and Air (NKL) is part of the Nordic Council of Ministers (NCM). The vision of the NCM is to make the Nordic region the most sustainable and integrated region in the world by 2030. As part of the vision, the NCM aims to contribute to the positive development of international co-operation on the environment and climate, hereby to contribute to ambitious and solutions-oriented outcomes within the international climate change negotiations. The support to this project is expected to support this purpose.

Project Lead Contact Details

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