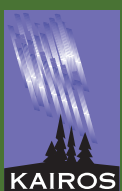




Addressing Ecological Debt: Equity and Justice for Climate-related Loss and Damage



**KAIROS: Canadian
Ecumenical Justice Initiatives**

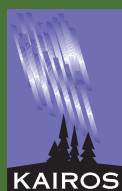
80 Hayden Street, Suite 400
Toronto, ON M4Y 3G2
416-463-5312 | 1-877-403-8933

www.kairoscanada.org

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ABOUT KAIROS



KAIROS unites ten churches and religious organizations in a faithful ecumenical response to the call to “do justice, and to love kindness and to walk humbly with your God” (Micah 6:8). We deliberate on issues of common concern, advocate for social change and join with people of faith and goodwill in action for social transformation.

Authors: Randolph Haluza-DeLay, in consultation with Ivonne Yanez (Acción Ecológica) and Noble Wadzah (Oilwatch Africa)

Editors: Rachel Warden, Beth Lorimer, Cheryl McNamara

Design by: Cathy Vandergeest, R.G.D.



Impacts of Cyclone Idai in Mozambique in 2019 **Credit:** Rodrigo Zaim/R.U.A Foto Coletivo

Executive Summary

An international agreement on loss and damage for climate-vulnerable countries may be a gamechanger for climate justice. **If it is done right.**

For many observers, announcing a preliminary agreement to establish a Loss and Damage Fund (LDF) was the most significant result of the United Nations Framework Convention (UNFCCC) COP27, which was held in 2022 at Sharm el-Sheikh, Egypt. This development was the result of three decades of advocacy by climate-vulnerable countries and civil society organizations (CSOs).¹

Loss and damage (L&D) highlights that a changing climate causes damage that would not otherwise occur, and many types of losses that exceed a country or community's capacity to adapt. Estimates of climate-related damage borne by lower-income countries are expected to reach \$1 trillion dollars by 2050.²

Funding to compensate for climate-caused losses and assist recovery from climate-caused damage is needed. A climate justice approach recognizes that those who contributed the least to the climate emergency should not bear the burdens. When this inequity coincides with inadequate resources, the injustices are compounded.

In this report, we highlight the analyses of KAIROS' global partners related to L&D. Additional detailed background material is included to support discussions in KAIROS' constituencies and advocacy. The report concludes with recommendations at international and Canadian governmental levels.

In considering climate justice, three key questions should be asked related to L&D:

- Who is the perpetrator or has caused the climate crisis, and therefore, who is to pay?

¹ The official announcement from the UNFCCC: <https://unfccc.int/news/cop27-reaches-breakthrough-agreement-on-new-loss-and-damage-fund-for-vulnerable-countries>

² Markandya, A., González-Eguino, M. (2019). "Integrated Assessment for Identifying Climate Finance Needs for Loss and Damage: A Critical Review." Pp 343-362 in *Loss and Damage from Climate Change. Climate Risk Management, Policy and Governance*, Mechler, R., Bouwer, L., Schinko, T., Surminski, S., Linnerooth-Bayer, J. (eds). Springer, https://doi.org/10.1007/978-3-319-72026-5_14. Open Access book at: <https://link.springer.com/book/10.1007/978-3-319-72026-5>.

- Who are the victims? Who will receive compensation?
- What has been lost and who decides what counts as loss?

KAIROS' global partners speak of the increasingly damaging effects of climate change on their communities and countries. Additionally, all climate policies and programs must address phasing out fossil fuels. Not doing so merely perpetuates loss and damage.

Drawing on the concept of ecological debt – when some nations benefit from the excess use of nature such as the burning of fossil fuel to the detriment of others – funding is required to help redress this debt's harm. The term "climate reparations" is presented as a more accurate rationale for financing climate-related L&D. The term "reparations" refers to financial payment for harms done in the recent or long-term past. L&D funding is a form of repayment to people marginalized by a global economic system that has created both economic subordination and the climate crisis.

This report also provides background on Canada's "fair share" of historic emissions, which puts a moral duty on Canada to redress the damages caused to others. A history of the process of United Nations Framework Convention on Climate Change negotiations on L&D is provided along with details of the work conducted through August 2023. Further information follows on Canada's climate financing and considerations for climate justice.

The report concludes with 16 recommendations for the Canadian government and the international community, noting that Canada has membership in the Transitional Committee on Loss and Damage, which is developing a plan to present in November 2023 at COP28 in Dubai. The recommendations are as follow:

Recommendations for the Canadian government:

1. Explicitly recognize Canada's historic role in climate-change-causing emissions, followed by a robust commitment to provide money and assistance to an adequate LDF.
2. Commit new and extensive public funds for loss and damage in the Global South that is not part of current official development assistance.
3. Increase climate finance commitments (for mitigation and adaptation) to the Global South from \$5.3 billion over five years to at least \$1.8 billion annually. Ensure that this funding:

- prioritizes grassroots women's and Indigenous organizations through grants-based, non-multilateral funding mechanisms,
- is gender-responsive and supports the leadership of women in climate decision-making,
- supports racial justice,
- addresses mitigation and adaptation equally.

4. Pair efforts to secure loss and damage funding with ongoing efforts to transition away from fossil fuels and develop regenerative, resilient economies.
5. Develop a Canadian vision for L&D mechanisms which is gender-responsive, locally driven, drives racial justice, and validates the roles of Indigenous people.
6. Create a dedicated, debt-free finance facility to fund loss and damage, ensuring that those communities and groups most impacted by the climate crisis, particularly women, Indigenous peoples and youth, are involved in decisions about these funds. Maintain a gender analysis focus in Canadian contributions to L&D.

Recommendations for the International Community and UNFCCC

1. Ensure climate justice is central to coordination and operation of the Loss and Damage Fund.
 - Focus on funding drawn from those who bear historical responsibility for climate emissions.
 - Set up criteria that prioritize the most severe losses and most vulnerable and poorest nations of the Global South. Ensure that decision-making is done by inclusion of a wide range of people who experientially understand what is being lost to changing climates.
 - Empower local communities to identify what has changed over recent decades to inform the reporting of climate-related losses and damages.
2. Create an LDF that is of sufficient size to make a difference, especially given the high costs of L&D as currently estimated.
3. Validate different types of L&D (rapid onset, slow onset, and non-monetizable losses). Create eligibility criteria that allow for the complex losses requiring agility and a broad mandate in the LDF.

4. Enable the fund to reach a wide range of recipients, including civil society organizations, in a timely manner and with flexibility. Technical assistance may be useful but should not be in the form of onerous oversight or a narrowed set of conditions that reduce the flexibility to handle complex L&D circumstances.
5. Ensure that the LDF's governance structure is broad, and representative of the diverse global community. Seats at the governance table should include governments as well as civil society organizations that represent local communities, Indigenous peoples, women and girls, people living in poverty and other marginalized groups.
6. Ensure that the fund's disbursements are in the form of grants or other forms of support that do not need to be repaid. Eliminate all loans; shift all existing loans to concessional funding with low interest rates.
7. Mandate that the LDF must not redirect existing development funding envelopes. More funds for either adaptation or loss and damage should be in addition to, and not at the expense of, funds for mitigation. The funds should be in addition to those already designated for the Global South.
8. Align the governance and the structure of the Fund to reach people affected by loss and damage or civil society organizations that support them.
9. Allow recipient governments and communities to determine what to do, based on what works locally, with few conditions on the funds.



Whole communities are submerged, and populations have been displaced in Ghana from flooding caused by dam spillage. The excess water in the dam occurred as a result of erratic rainfall. **Credit:** Akukorku Media Consult, Oilwatch Ghana rep.

Introduction

Human-caused climate change is already having a profound impact on global human society and planetary health. These losses and damages are key factors in global climate injustice because of inequity in who has produced the greenhouse gas emissions, and is benefiting from it, and who is being burdened by changing climates due to these emissions.

The climate crisis disproportionately impacts the lives of women and girls, Indigenous peoples, and those who are marginalized, have less money or other resources, or have weaker access to democratic participation. KAIROS aims to center the voices and experiences of those who are most impacted by climate change, least responsible for it and most likely to have effective and sustainable solutions because they are living and adapting to it. KAIROS' climate justice work is rooted in recognition of Indigenous rights, decolonization and racial justice.

L&D has been called the “third pillar” of the climate policy architecture, along with *mitigation* and *adaptation*. Prior to COP27, high-emitting countries had refused to help climate vulnerable nations address the damages that have occurred due to changing climates. Instead, high-emitting countries have primarily emphasized mitigation of emissions (without necessarily providing funding or technology transfer), even for Global South countries that have produced fewer historical emissions. To a lesser degree, wealthy countries have funded some projects for adaptation to a climate-altered world. Mitigation and adaptation programs are inadequate for the current climate emergency and climate-related L&D is increasing. The cost of climate-related L&D was estimated at between US\$ 290 billion and US\$ 580 billion per year in 2018, and was expected to reach \$1 trillion by 2050.³

³ Markandya, A., González-Eguino, M. (2019). “Integrated Assessment for Identifying Climate Finance Needs for Loss and Damage: A Critical Review.” Pp 343-362 in *Loss and Damage from Climate Change. Climate Risk Management, Policy and Governance*, Mechler, R., Bouwer, L., Schinko, T., Surminski, S., Linnerooth-Bayer, J. (eds). Springer, https://doi.org/10.1007/978-3-319-72026-5_14.

The agreement at COP27 sets out a process for developing the initial details for an LDF. There are many aspects that need to be addressed: who will pay or contribute, how much will they contribute, who can claim L&D from the fund, and under what criteria will claims be judged? More important questions are how the fund will be governed and who will have agenda-setting and decision-making power and voice in its management. These are all considerations of global, ecological justice. At COP27, high-emitting countries finally recognized the loss and damage that other, lower-emitting countries, are experiencing, and which will only increase because of inadequate emissions mitigation. This recognition was a positive step but much more is needed.

Several KAIROS partners were interviewed, or their organizational materials reviewed in producing this report. Many of them were part of the joint KAIROS and For the Love of Creation delegation to COP27. KAIROS' global partners ask important questions that will orient the structure and operations of the LDF towards climate justice.⁴ They have specific recommendations for an LDF, which can supplement the many recommendations from other voices from vulnerable countries and CSOs in the Global South. They emphasize the need to phase out fossil fuels. They also place climate action, L&D, development, and other such concerns in a bigger narrative of globalization, colonialism, extractivism, and capitalism. Finally, they identify L&D payments as a form of climate reparations.

⁴ Note that the UNFCCC and Intergovernmental Panel on Climate Change (IPCC) do not have a general orientation to "justice" or "equity." These are contested topics. One study provided a word count for select terms across the six IPCC assessment reports (AR) from 1990 to 2022. The word "justice" first appeared in the 6th AR and then it showed up 47 times. "Equity/inequity" appeared 2-4 times in most of the 5 reports, and then 40 times in AR6. "Gender" appeared 4 times in AR5 (2014) and 17 times in AR6. "Losses and damages" only appeared in AR6 (17 times). See page 551 in Orlove, Ben. (2022). "The Concept of Adaptation," *Annual Review of Environment and Resources*, 47:1, 535-581. <https://doi.org/10.1146/annurev-environ-112320-095719>



Impact of storm surge in Southeastern coastal areas in Ghana. Credit: Joel Deque

KAIROS Partners on a Loss & Damage Fund

QUESTIONS FOR CLIMATE JUSTICE

Ivonne Yanez from Acción Ecológica says there are three important questions about climate justice and how to achieve it. The first question is **who is the perpetrator or has caused the climate crisis, and therefore, who is to pay?** There are numerous ways of attributing causation related to historical emissions and other contributions to climate change, and there are several ways to produce a calculation of how much each nation should pay. The “Detailed Background” section provides more detail about the concept of “fair shares” and who is responsible.

The second question is **who are the victims? Who will receive compensation?** This is proving contentious. A recommended strategy is to focus on levels of climate vulnerability. Options for this determination are also outlined in the “Detailed Background” section.

It will be especially challenging to decide what natural disasters, ongoing crises and social consequences will be considered as losses and damages brought by climate change. Therefore, the most important question according to Yanez is **what has been lost and who decides what counts as a loss?** The reason that these two questions are combined is that different actors will perceive potential losses differently. Therefore, affected communities, social groups and vulnerable nations need to have decision-making power within the coordination of an LDF.

WHAT PARTNERS THINK ABOUT CLIMATE CHANGE

“Climate change is a phenomenon that catastrophically affects all of humanity. This world

cannot bear any more extractivism⁵ and excesses of our lifestyle. And it is also a crisis scenario that acts in a differentiated way on Global South countries and specific communities, aggravating social inequality and the violation of human rights” writes Kelly Campo of Organización Femenina Popular⁶ (OFP – a KAIROS partner) in Colombia.⁷

Noble Wadzah of Oilwatch Africa⁸ (a KAIROS partner) in Ghana asserts that global climate policy and negotiations have replicated existing political and economic systems of power. He recommends that democratic ideals be institutionalized in the LDF and L&D programs to help them operate effectively. “It’s very important that developed countries that are the big contributors to the climate crisis recognize [the impact of] their role [in causing climate change],” Wadzah says.

From Ecuador, Ivonne Yanez of Acción Ecológica⁹ (a KAIROS partner) adds, “recognition of L&D implies that Northern countries have an ecological debt with the Global South.” Acción Ecológica defined ecological debt in 1999 as “the debt accumulated by northern industrial countries towards third world [sic] countries on account of resource plundering and use of environmental space to deposit wastes.”¹⁰ L&D results primarily from the excess use of nature by some nations that benefit to the detriment of others. According to Yanez, “Loss and damage is a concept that is usually presented as financial, rather than about *ecological* debt.” Thinking about losses only in a financial framework, however, is not a path towards climate justice, Yanez emphasizes.

Losses and damages from climate change were evident to every one of KAIROS’ partners that participated in the COP27 delegation or other aspects of KAIROS’ climate justice programming. This includes representatives from the Philippines, South Sudan, the West Bank, the Democratic Republic of the Congo, Ecuador, Colombia, Ghana, and

Turtle Island.¹¹ L&D funding is urgently needed and must be sufficient to meet the extent of damages already incurred. Several KAIROS partners noted the need for LDF funds to be disbursed without conditions. All control over the compensatory funds should be local, they say (except that which is required for basic accountability). “The money should be a direct contribution to recovery,” said Yanez, “And it’s up to us to decide who should manage the projects and how.” Acción Ecológica also worries that L&D will be connected to “false solutions” such as carbon offsets or geoengineering. Similarly, Wadzah said “Receiving governments and communities should determine what to do, based on what works locally.”

FOSSIL FUEL PHASEOUT

Fossil fuels are the largest contributing factor to greenhouse gas emissions, contributing approximately three-quarters of human caused climate change. KAIROS’ partners have emphasized the need for an immediate phase-out of fossil fuels. What is the point of compensation for L&D if the root causes of the problem continue? One partner compared this to bandaging the injuries but letting the harm that caused those injuries continue. However, the Paris Agreement does not include the words “fossil fuels,” “oil” or “gas” and there has been no wording in any COP agreement to date regarding the phasing out of fossil fuels.

Indigenous thinker Leanne Betasamoske Simpson recounts the effects of extractivism as an ideology,

“Colonialism and capitalism are based on extracting and assimilating. My land is seen as a resource. My relatives in the plant and animal worlds are seen as resources.... The act of extraction removes all of the relationships that give whatever is being extracted meaning. Extracting is taking... That’s always been a part of colonialism and conquest.”¹²

⁵ This term refers to an ideology that sees no options but the removal of natural resources for economic development with minimal attention to the social, human rights, and ecological costs.

⁶ Organización Femenina Popular, <http://organizacionfemeninapopular.blogspot.com/>

⁷ Read more at KAIROS Blog: Kelly Campo, “On the role of women in climate justice” <https://www.kairoscanada.org/on-the-role-of-women-in-climate-justice>, November 29, 2022.

⁸ Oilwatch Africa, <https://oilwatch.africa/>

⁹ Acción Ecológica, <https://www.accioneologica.org/>

¹⁰ Acción Ecológica (1999) No More Plunder, They Owe Us the Ecological Debt! Bulletin of Acción Ecológica 78 (October) 1999. Acción Ecológica: Quito, Ecuador. Cited by Environmental Justice Organisations, Liabilities and Trade, “Ecological Debt.” <http://www.ejolt.org/2013/05/ecological-debt/>

¹¹ See COP 27 delegation video statements. <https://www.kairoscanada.org/what-we-do/ecological-justice/kairos-for-the-love-of-creation-cop27-delegation>

¹² Klein, Naomi, “Dancing the World into Being: A Conversation with Idle No More’s Leanne Simpson.” <https://www.yesmagazine.org/social-justice/2013/03/06/dancing-the-world-into-being-a-conversation-with-idle-no-more-leanne-simpson>. March 6 2013.

Ivonne Yanez of Acción Ecológica said that COP27 missed this important part of the picture. “The draft text under negotiation had included all possible false solutions to climate change, omitting to highlight fossil fuels as responsible for global warming.”¹³ Oilwatch Africa declares the entire global climate policy architecture to be “damaged and lost” if it does not phase out fossil fuels.¹⁴ “There is a universal recognition that announcing burgeoning producer profits in gleaming corporate headquarters while losses and damage pile up in vulnerable countries that burn the least fossil fuels, is untenable,” writes Avinash Persaud, advisor to the UN and the Prime Minister of Barbados.¹⁵ In this context, campaigns to end the proliferation of fossil fuels, such as the Fossil Fuel Non-Proliferation Treaty, are critical. Oilwatch Africa has actively campaigned to “Keep the Oil in the Soil.”

THE CLIMATE CRISIS IN THE BIGGER PICTURE

The consensus of these KAIROS partners is clear: an LDF will not be just if it does not redress the ecological debt and alter broader structures of global power.

Attention to ecological debt presents Global North nations as debtors to poorer nations in a very different and more profound and existential way, Yanez says.

Both Yanez and Wadzah situate climate-related L&D in the context of globalization and colonialism. “Globalization has had more and more reach since colonial times,” says Wadzah. “So we also need to pay attention to corporations, not just countries.” However, while the UNFCCC is set up around negotiations between national bodies, fossil fuel companies have had an extraordinary influence in that space. COP27 had the largest presence of lobbyists for the fossil fuel industry compared to any

COP before it. While CSOs and corporations can also lobby, the imbalance of resources in this forum is obvious.

The lasting effect of colonialism is one of the driving forces in global inequality and climate change.¹⁷ For KAIROS partners, who have participated in global climate policymaking for years, the system that generates international climate policy is an outgrowth of longstanding power imbalances derived ultimately from European-led colonization, including new forms of colonialism. Such “neocolonialism” is less about direct governmental, military, or bureaucratic control and more about economic control with corporations taking a proxy role of authority.

Another form of neocolonialism is what is called “green colonialism” or “conservation colonialism.”¹⁸ This occurs when transnational environmental non-governmental organizations (ENGOS) – usually based in or dominated by the Global North – exert control over local lands, run debt-for-nature swaps, such as in the REDD+ program¹⁹, and even dispossess local peoples of ecologically-valuable land for protected areas. In this “globalization of conservation,” Wadzah says, “big ENGOS control conservation in much of the Global South.” While conservation colonialism is well documented in Africa and Latin America, it impacts Indigenous communities on Turtle Island as well.

L&D programs must not repeat this neo-colonialism.

Instead, different logics of conservation can be promoted, such as Indigenous Protected and Conserved Areas (IPCAs).²⁰ Sri Lankan post-colonial feminist theologian Anupama Ranawana argues “Indigenous, Black, Global

¹³ Read more at KAIROS Blog: “Blog día ‘Soluciones.’” <https://www.kairoscanada.org/blog-dia-soluciones-17-noviembre-2022>. 17 November 2022. In Spanish, she wrote “el texto borrador en proceso de negociación había incluido todo lo posible como falsa solución al cambio climático omitiendo abordar el abandono a los combustibles fósiles, como responsables del calentamiento global”

¹⁴ Oilwatch Africa, “COP: Damaged and Lost,” <https://oilwatch.africa/2022/11/07/cop-damaged-and-lost/> 7 Nov, 2022.

¹⁵ Persaud, Avinash, “Breaking the Deadlock on Climate: The Bridgetown Initiative.” <https://geopolitique.eu/en/articles/breaking-the-deadlock-on-climate-the-bridgetown-initiative/>. November, 2022.

¹⁶ Fossil Fuel Non-Proliferation Treaty. <https://fossilfuel treaty.org>; Read more at KAIROS Blog: “Halting the proliferation of fossil fuel bombs.” <https://www.kairoscanada.org/halting-the-proliferation-of-fossil-fuel-bombs>. September 9, 2022.

¹⁷ KAIROS has focused its climate communications on “decolonizing climate action.” See the thematic launch of Climate Action Month in 2022 (<https://www.kairoscanada.org/decolonizing-climate-action>) and the continuation of this theme in 2023 (<https://www.kairoscanada.org/what-we-do/ecological-justice/climate-action-week>).

¹⁸ Survival International. “Indigenous people are the best conservationists.” <https://www.survivalinternational.org/conservation>

¹⁹ World Rainforest Movement. “Ending Colonialism means Ending REDD+,” (April 27, 2022), <https://www.wrm.org.uy/15-years-of-redd-ending-colonialism>; Varansi, Anuradha (September 21, 2022). “How Colonialism Spawned and Continues to Exacerbate the Climate Crisis,” <https://news.climate.columbia.edu/2022/09/21/how-colonialism-spawned-and-continues-to-exacerbate-the-climate-crisis/>

²⁰ Indigenous Leadership Initiative, “Indigenous Protected and Conserved areas. <https://www.ilinationhood.ca/indigenous-protected-and-conserved-areas>

South and racialized communities have long fought with ancestral and innovative knowledge and practice for land rights against large-scale deforestation and resource overexploitation.”²¹ KAIROS supports community-based initiatives by partner organizations. These communities do environmental conservation differently than multinational ENGOs. They often fight for these opportunities with their lives, as thousands of land defenders have risked death for their efforts to protect human and ecological rights.²²

Wadzah emphasizes that we must not separate climate policy and action from decolonization. Furthermore, the L&D program or fund must demonstrate “the essence of democracy – our democratic ideals that are a part of the historical evolution of humanity,” he said. That means that decisions about the structure of the LDF, recipients, and the conditions of funding must be made by climate vulnerable countries rather than the Global North.

LOSS & DAMAGE AS CLIMATE REPARATIONS

The terminology of climate reparations came up with each KAIROS partner. Conceptually, there are several

different types of reparations, but all are based on a public justice principle that includes some form of financial payment for harms done in the recent or long-term past. The term is often used in the context of reparations to victims of crime; even here it is usually viewed as a form of justice or “making right” the wrong done, even though restitution or compensation may be provided by the state rather than the offender. “Loss and damage are in the context of reparations,” Yanez repeats.

Yanez points out that under the principle that this is an ecological debt being repaid, loss and damage funds should operate differently than official development assistance (ODA), which are voluntary commitments in the form of grants or loans for repayment. “This is reparations for the ecological debt,” she states simply.

Legal scholars are beginning to make the case for climate reparations.²³ Climate reparations made the cover of *The New Yorker* during COP26 in Glasgow in 2021,²⁴ and caught the attention of the World Economic Forum in 2022 in an article that uses L&D and reparations interchangeably.²⁵ Climate justice organizations such as KAIROS’ partners are increasingly using the term “reparations.”

²¹ Ranawana, A.M. 2020. *A Liberation for the Earth: Climate, Race and Cross*. London: SCM Press, page 8.

²² Data for 2022 is provided in the following:

Aquino, Lyric, “2022 was a particularly deadly year for land and environmental activists” (April 11, 2023). <https://grist.org/global-indigenous-affairs-desk/2022-was-a-particularly-deadly-year-for-land-and-environmental-activists/>; To read more, especially about 2021 and 2020, see: “UN Day of Peace – Climate Crisis is a peace issue,” <https://www.kairoscanada.org/un-day-of-peace-climate-crisis-is-a-peace-issue>

²³ Sheller, Mimi. “The case for climate reparations”. *Bulletin of the Atomic Scientists*. (November 6, 2020). <https://thebulletin.org/2020/11/the-case-for-climate-reparations/>, AND, Chapman AR, Ahmed AK. Climate Justice, Humans Rights, and the Case for Reparations. *Health and Human Rights*. 23 (2): 81-94. (December 2021). <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8694300/>

²⁴ Starke, Lauren. “On the Cover of New York Magazine: Climate Reparations” (November 1, 2021). <https://nymag.com/press/2021/11/on-the-cover-of-new-york-magazine-climate-reparations.html>

²⁵ World Economic Forum. “Loss and Damage: Why climate reparations are top of the agenda at COP27.” (October 22, 2022). <https://www.weforum.org/agenda/2022/10/cop27-why-climate-reparations-are-one-of-the-biggest-issues/>



Gasflares reflected in an oil spill in the Amazonia in Ecuador **Credit:** Rachel Warden

Detailed Background on Carbon Emissions and Loss and Damage

Climate change puts pressure on natural and human systems and has reached crisis levels. Mitigation (prevention of climate change) has only slightly slowed human-caused climate change. Nevertheless, mitigation efforts must continue, or climate impacts will worsen. Adaptation to climate change is almost taken for granted. Human populations have always adapted to changing environmental conditions. However, the scale and rapidity of human-caused climate change requires considerable effort and funding to build more climate-ready infrastructure and prepare for even more change. The realm of “loss and damage” is *after* climate impacts have occurred – where there are circumstances that are not possible to predict or prevent, when adaptation has not happened or is not possible, and where climate risks compound and magnify.

There are three types of climate related losses and damages.

Rapid-onset L&D is the familiar news reports of climate-related or climate-enhanced natural disasters such as the catastrophic floods in Pakistan in 2022 or drought in the Horn of Africa since 2020. These are often related to extreme weather events. Scientists are increasingly able to attribute the effect of climate change on such events, especially in the way climate change made the situation worse or increased its magnitude.

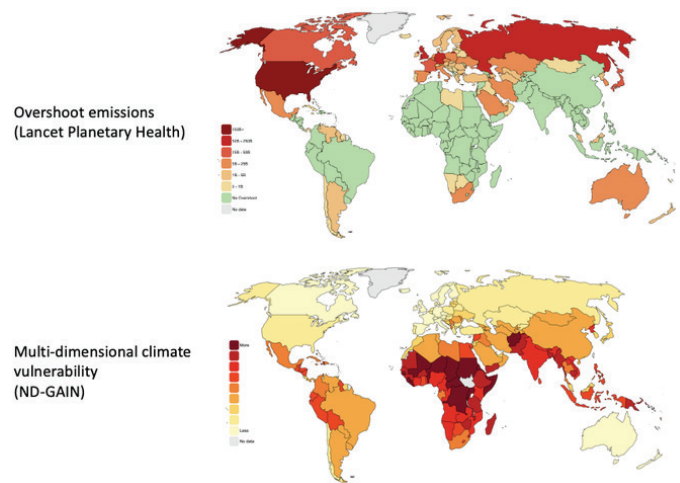
The second type is **slow-onset L&D**, such as rising sea level (which can inundate coastal cities or lead to salinization of low-lying island states) or declining food stocks, such as reduced fish production due to ocean heating or ocean acidification. As approximately three billion humans rely on fish or seafood as a primary source of protein, slow-onset climate-caused ocean heating clearly exacerbates food insecurity.

The third type, **non-economic L&D**, is less tangible but just as significant and defines L&D to culture and identity. It is not easy to calculate, monetize and financially compensate for lost community cohesion, social capital, and multi-generational relationships or for long-range disruption to social infrastructure that climate change can cause. It is more difficult to put a dollar value or even identify precisely the loss of culture or local attachments and ecological knowledge. Such losses and damages show that there are non-monetizable and sometimes incalculable consequences of Global North emissions on human-caused climate crises elsewhere in the world.

FAIR SHARES

The fundamental injustice of the climate emergency is the monumental disjoint between who has contributed to the causes of the climate crisis and who is most affected by the crisis. Figure 1 illustrates this visually. The top map in Figure 1 shows which nations are most responsible for excess emissions. The bottom map shows which nations are most impacted by climate change. The figure was created by Dr. Jason Hickel from data collected for a country-by-country analysis of historical carbon emissions²⁶ and from downloadable data from the University of Notre Dame Global Adaptation Initiative (ND GAIN).²⁷ Describing the map publicly, Hickel said the comparison is clear evidence of the colonial dimensions of climate breakdown.

FIGURE 1: Comparison of climate emissions and climate vulnerability. The contrast between countries that have historically released the most emissions causing the planet to overshoot the safe limits for climate change (top), and a measure of which countries are most vulnerable to climate-caused risks, including losses and damages (bottom).



Climate change is ecologically unequal. A recent analysis published in the British medical journal *The Lancet* calculated the historical responsibility for carbon emissions since 1850.²⁸ The author's methodology for the calculations uses the following reasoning.

The planet has a “safe operating level” for several critical biophysical systems.²⁹ Beyond these levels – nine “planetary boundaries” – cascading system failures could transform global ecosystems beyond the capacity of most life to adjust. Such “great extinctions” have happened five previous times in the deep history of the planet. Climate stability is one of those planetary boundaries that has been exceeded. But as we all know, climate-changing carbon emissions are not equally produced. The concept of a “fair share” means that if everyone on the planet were equal, emissions per capita would also be equal. “Countries whose per capita emissions exceed the global average per capita emissions... are in debt,” Hickel writes.³⁰ Figure 2 represents historical responsibility for climate-change-causing carbon emissions. The many countries of the Global South (including India and China) have released only about 8% of total carbon emissions.

²⁶ Hickel, Jason (2020). “Quantifying national responsibility for climate breakdown: an equality-based attribution approach for carbon dioxide emissions in excess of the planetary boundary.” *The Lancet*, 4 (9), p E399–#404. [https://doi.org/10.1016/S2542-5196\(20\)30196-0](https://doi.org/10.1016/S2542-5196(20)30196-0). Acknowledgement to Dr Jason Hickel for permission to use this map.

²⁷ ND-GAIN can be found at <https://gain.nd.edu/our-work/country-index/rankings/>

²⁸ Hickel, “Quantifying national responsibility for climate breakdown.” The author summarizes:

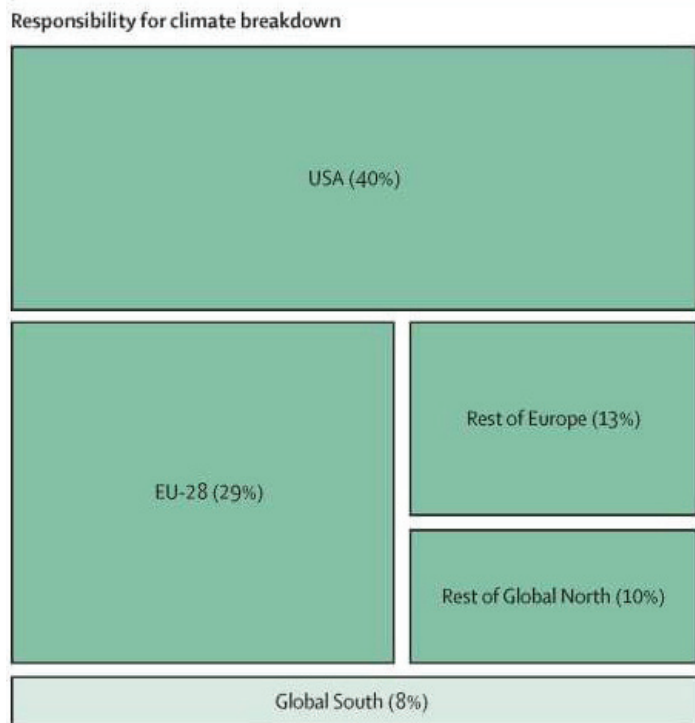
“As of 2015, the USA was responsible for 40% of excess global CO2 emissions. The European Union (EU-28) was responsible for 29%. The G8 nations (the USA, EU-28, Russia, Japan, and **Canada**) were together responsible for 85%. Countries classified by the UN Framework Convention on Climate Change as Annex I nations (ie, most industrialised countries) were responsible for 90% of excess emissions. By contrast, most countries in the Global South were within their boundary fair shares, including India and China (although China will overshoot soon)... Global North refers to the USA, Canada, Europe, Israel, Australia, New Zealand, and Japan.”

²⁹ Stockholm Resilience Centre, “The Nine Planetary Boundaries,” <https://www.stockholmresilience.org/research/planetary-boundaries/the-nine-planetary-boundaries.html>.

³⁰ Hickel, “Quantifying national responsibility,” p. e400. Note that this calculation says nothing about the amount of emissions that the planet can handle, only the simple total of emissions that have been released through 2015. The Intergovernmental Panel on Climate Change (IPCC) projects that not only must countries become net-zero (no emissions) no later than 2050, but carbon must also begin to be withdrawn from ecological systems (atmosphere, oceans and other sinks) in order to prevent further climate change.

FIGURE 2: Responsibility for Climate Breakdown.

From Hickel (2020) in The Lancet. The numbers represent the percentage of total carbon emissions each nation or group of countries has released since 1850.



Although lumped together with the rest of the Global North in Figure 2, Canada is responsible for 3% of the historical excess emissions. Comparing emissions on a per capita basis, Canada ranks around 7th among the world's 194 countries for which data can be assessed.³¹ Canada is a "climate economy," that is, an economy that at the present time is very dependent on the types of energy sources and economic activities that produce high levels of carbon emissions.

HISTORY OF THE INTERNATIONAL PROCESS ON LOSS AND DAMAGE

Advocacy for L&D has been ongoing since 1991 when Vanuatu, in its role as the founding presidency of the Association of Small Island States (AOSIS), declared

remuneration for the damage that climate change was then and would later cause. AOSIS was initially focused on sea level rise for these low-lying island states, but L&D was clearly relevant for many other climate-related impacts. The UNFCCC describes L&D as referring to harms resulting from sudden-onset events or slow-onset processes.³² For the most part, wealthy countries have disallowed COP discussions of L&D. These countries have been concerned about liability based on historic responsibility, and the potential financial costs of compensation. In contrast, L&D is a priority for climate-vulnerable countries such as those that are part of the Climate Vulnerable Forum or the Vulnerable Twenty Group (V20).³³

Another step towards L&D was taken in 2013 at COP19 when the Warsaw International Mechanism (WIM) was established. WIM acknowledged that "loss and damage associated with the adverse effects of climate change includes, and in some cases involves *more than that which can be reduced by adaptation*" (italics added).³⁴ Implementation of WIM has been slow. COP21 in Paris resulted in the well-known Paris Agreement. Article 8 specifically refers to loss and damage. However, the documents of the WIM and the Paris Agreement both explicitly state that no liability is to be attributed. Avinish Persaud noted in late 2022,

"Climate-vulnerable countries passionately believe that wealthy nations broke a promise on loss and damage financing offered to gain their support for the Paris Agreement. The Warsaw Mechanism for loss and damage lies empty nine years later."³⁵

At COP26 in Glasgow in 2021, there was a significant push by Global South countries and CSOs for L&D funding. Strong language on L&D appeared in the draft documents, but the final result focused on connecting countries with technical assistance through the Santiago Network rather than finances to address climate-related L&D. The intention of the Santiago Network, created at COP25 in 2019, is to connect vulnerable countries

³¹ For example, Worldometer, "CO2 Emissions per Capita," <https://www.worldometers.info/co2-emissions/co2-emissions-per-capita>.

³² Warner, Koko and Kees van der Geest. (2013). "Loss and damage from climate change: Local-level evidence from nine vulnerable countries." *International Journal of Global Warming*, 5 (4): 367-386.

³³ Climate Vulnerable Twenty (V20) can be found at <https://www.v-20.org>.

³⁴ United Nations Framework Convention on Climate Change, "Report of the Conference of the Parties on its nineteenth session, held in Warsaw from 11 to 23 November 2013." (January 31, 2014). <https://unfccc.int/resource/docs/2013/cop19/eng/10a01.pdf>

³⁵ Persaud, "Breaking the Deadlock."

with providers of technical assistance, knowledge and resources to address climate risks comprehensively in the context of averting, minimizing and addressing loss and damage, according to the UNFCCC.³⁶ How this will occur is still being determined with agreements at COP27 or since, which provide few details.³⁷ Still, connecting countries to technical assistance is not the same as providing recipient-controlled finances to address climate-related damage.

The stage was set for COP27 in Sharm El Sheikh, Egypt. In the run-up to the November meeting, civil society and climate vulnerable countries increased the pressure. Parties to the UNFCCC began to signal acceptance for L&D to be on the official agenda. On the first day L&D was added to the official agenda of COP27. Nevertheless, L&D discussions showed little progress until the surprise announcement at the end of the COP.

WHAT WAS AGREED AT COP27?

During COP27, COP nations agreed to conduct detailed negotiations on L&D before COP28 (November 30 - December 12, 2023, in the United Arab Emirates).

A “transitional committee” of developing and developed nations was established to conduct L&D negotiations, which may result in a Loss and Damage Fund.³⁸ The most obvious decisions will be on target recipients and sources of funding. The committee is tasked to reach consensus on those matters, as well as a governance structure for the LDF, with a plan to present at COP 28.³⁹ The transitional committee has held⁴⁰ August

29-September 1, and shortly before COP 28. Given the slowness of other climate negotiation processes, this seems like an ambitious timeline. There are 24 members (14 Global South countries, and ten high emitting countries, including Canada). Co-Chairs are from Finland and South Africa. Initially there was not much of a mechanism for non-state actors (like civil society) to feed into the process, but after hearing this feedback at the first meeting, the transitional committee committed to improving CSO participation.⁴¹

Canada is among the few countries that took leadership in advocating for the inclusion of L&D and among few that has committed any money to L&D programs, although the amount is paltry. In addition, the funding looks to be redirected from existing climate finance announcements. According to the official blog of the Commonwealth, Canada has dedicated US\$900,000 to support the Santiago Network, and another US\$5.2 million to support a project launched at COP27 by the G7 and V20 countries known as the Global Shield against Climate Risks.⁴² This money comes from the US\$18 million of climate spending previously dedicated to developing countries.⁴³

There have been numerous contentious issues, chiefly how to determine eligibility for L&D funding. The sources of the funding are also challenging. Climate vulnerable countries and CSOs oppose the shifting of any funds from existing – and currently insufficient – climate finance, and vehemently oppose the use of loans or other financial instruments that would increase debt burdens.

³⁶ United Nations. “Santiago Network.” <https://unfccc.int/santiago-network>

³⁷ International Institute for Environment and Development. “Interview: How can the Santiago Network for Loss and Damage meet the technical needs of communities vulnerable to climate change?” (September 29, 2022). <https://www.iied.org/interview-how-can-santiago-network-for-loss-damage-meet-technical-needs-communities-vulnerable>

³⁸ Panwar, Vikrant and Emily Wilkinson. “Operationalising the new ‘Loss and Damage’ fund: six questions.” (December 8, 2022). <https://odi.org/en/insights/operationalising-the-new-loss-and-damage-fund>.

³⁹ UNFCCC “Transitional Committee on Loss and Damage.” <https://unfccc.int/topics/adaptation-and-resilience/groups-committees/transitional-committee>

⁴⁰ UNFCCC “Transitional Committee on Loss and Damage Holds Second Meeting in Bonn” (June 1, 2023). <https://unfccc.int/news/transitional-committee-on-loss-and-damage-holds-second-meeting-in-bonn>.

⁴¹ For a summary of the first meeting of the Transitional Committee, see The Third World Network (sic), “Transitional Committee on Loss and Damage Fund launches work” (April 4, 2023). <https://www.twn.my/title2/climate/info.service/2023/cc230401.htm>

⁴² German Ministry for Economic Cooperation and Development. “Global Shield against Climate Risks” <https://www.bmz.de/en/issues/climate-change-and-development/global-shield-against-climate-risks>

⁴³ The Commonwealth. “Blog: Loss and Damage Fund - Size, design and agility are essential.” <https://thecommonwealth.org/news/blog-loss-and-damage-fund-size-design-and-agility-are-essential>. (December 5, 2022). In comparison (all amounts in US\$), the following countries also committed funds immediately following COP 27: New Zealand (\$12 million through 2025); Austria (\$52 million over 4 years); Denmark (\$13.7 million); Ireland (\$10.4 million), and Germany (\$177 million). See also Government of Canada news release: <https://www.canada.ca/en/environment-climate-change/news/2022/11/with-climate-finance-front-and-centre-at-cop27-canada-helping-to-respond-to-priorities-of-developing-countries.html>

At this point, it is unclear how existing climate institutions might relate to L&D funding or an LDF. By the second transitional committee, the Santiago Network was being considered as integral to the implementation, and existing institutions were being sought to host or fund L&D. It remains unclear how the Global Shield, the Warsaw International Mechanism, Glasgow Dialogue, Santiago Network, and even the Global Climate Facility (GCF – the main climate finance vehicle) interrelate.

REVISITING THE QUESTIONS FOR CLIMATE JUSTICE

Who has caused the climate crisis, and therefore, who is to pay?

There are numerous ways of attributing causation related to historical emissions and other contributions to climate change, and there are several ways to produce a calculation of how much each nation should pay. The point of the *Fair Shares* section above is to show that Canada has a responsibility under a fairness principle, regardless of how emission contributions are calculated.⁴⁴ However, this still lets non-state actors such as corporations off the hook. Fossil fuel corporations have had windfall profits in the past year, and in recent decades.⁴⁵ According to a report by the V20, climate change wiped out one-fifth of vulnerable countries' wealth over the last two decades.⁴⁶ Worried about the financial implications associated with climate liability, high emitting countries will likely contribute to L&D finance voluntarily.

This is a troubling prospect. Canada, like other developed nations, must step up with a robust contribution to a dedicated Loss and Damage Fund.

Who are the victims? Who will receive compensation?

One strategy is to focus on levels of climate vulnerability. Several systems identify such vulnerability. An obvious starting place are the countries that are part of the Vulnerable Twenty Group (V20). Another option is to use the UN list of 46 nations identified as "least developed countries" (LDCs).⁴⁷ Even now, such countries receive paltry amounts of adaptation and mitigation funding, according to the Canadian Coalition on Climate Change and Development (C4D).⁴⁸ Only 22% of Canadian climate finance from 2015-2021 went to LDCs. At the same time, 32% of the money went to upper-middle income countries. Also vulnerable are Small Island Developing States (SIDS) which have advocated for L&D for three decades since the AOSIS was formed. The Organization for Economic Cooperation and Development (OECD) reports that SIDS "make up two thirds of the countries that suffer the highest relative losses—between 1% and 9% of their GDP each year—from natural disasters and are acutely vulnerable to the impacts of climate change."⁴⁹ Another option is to use the UN High Level Panel on Multidimensional Vulnerability Index (MVI), which began development in February 2022.⁵⁰ The Commonwealth Universal Vulnerability Index was announced a year earlier.⁵¹ At the first two transitional committees and related meetings, the MVI seemed to be gaining traction as a means of determining L&D funding eligibility.

⁴⁴ Climate research findings became clearer from the IPCC's first AR in 1990 to the present. The contribution of fossil fuel emissions as 75% of the human causes of climate change is now listed as "very high confidence" – the highest possible level used by IPCC-associated scientists. The effect of industrial emissions on global heating was hypothesized as early as the 1860s, and research into their role on temperature increase in the atmosphere began in the 1890s, with briefings and reports delivered to the United States president and other heads of state from the 1960s onward. Even scientists at fossil fuel companies like Exxon during the period of the 1960s-1990s briefed the highest levels of management, who then decided to engage in misinformation campaigns and helped postpone effective action on climate change. McCarthy, Alice. "Exxon disputed climate findings for years. Its scientists knew better." (January 12, 2023). <https://news.harvard.edu/gazette/story/2023/01/harvard-led-analysis-finds-exxonmobil-internal-research-accurately-predicted-climate-change/>.

⁴⁵ Milman, Oliver. "Monster profits' for energy giants reveal a self-destructive fossil fuel resurgence." (9 Feb 2023) <https://www.theguardian.com/environment/2023/feb/09/profits-energy-fossil-fuel-resurgence-climate-crisis-shell-exxon-bp-chevron-totalenergies>.

⁴⁶ Climate Vulnerable Twenty. "Climate Vulnerable Economies Loss Report: Economic losses attributable to climate change in V20 economies over the last two decades (2000-2019)." (June 2022). <https://www.v-20.org/our-voice/news/press-releases/climate-change-wiped-out-fifth-of-vulnerable-countries%E2%80%99-wealth-over-last-2-decades-report-v20-group-of-55-economies-reinforce-demands-for-international-funding-for-loss-and-damage>

⁴⁷ The United Nations designates 46 "economies" (sic) as least developed countries (LDCs). This designation is intended to entitle them to "preferential market access, aid, special technical assistance, and capacity-building on technology among other concessions." UN Conference on Trade and Development, *List of Least Developed Countries*, <https://unctad.org/topic/least-developed-countries/list>.

⁴⁸ The Canadian Coalition on Climate Change and Development (2022) report "Ensuring Effective Climate Finance: Key Indicators of quality in Canada's climate finance." <https://climatechangeanddev.ca/about>

⁴⁹ OECD. "Small Island Developing States – SIDS." <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/small-island-developing-states.htm>

These options have several problems. Most significant is that they all focus on the national scale, and not how communities or regions within a nation are differentially impacted. In Canada, the Arctic is impacted more by climate-induced damage than its southern regions, and marginalized communities like Indigenous peoples also experience compounded climate risks and losses. Second, the focus on quantification – especially through an index – is problematic because of the potential to fail to measure losses important to a particular community. Third, being identified as particularly climate-vulnerable might lead to a retreat of investment as funders or corporations may judge the risk to be too high in a climate-constrained environment.

Canadian climate financing has been assessed as problematic in terms of equity by C4D. Among the climate finance disbursements by the Canadian government during the period 2015-2021, only 4.6% went to civil society organizations.⁵² C4D's primary climate finance recommendations are for Canada to be more generous (Canada only allocates two cents out of every \$100 of its wealth), issue more grants (54% of Canadian climate adaptation finance was in the form of loans) and "prioritize supporting the poorest and most vulnerable" as per the government's stated objectives. This means actively and transparently directing more money to LDCs and SIDS, local communities, and civil society organizations. C4D showed that 95% of Canadian climate funding has at least one gender indicator but recommends that it establish a fuller commitment to gender equality.

Many donor countries have shifted climate finance commitments between mitigation and adaptation, or carved climate-associated funding from regular

development budgets – often with announcements that make it appear that new funding is approved rather than just shifting from one priority to another. For this reason, L&D funds should be standalone and not associated with current development funding envelopes. C4D recommends that funding agencies engage a diversity of partners to maximize the beneficiary results of climate finance. As L&D is intended for vulnerable and climate-exposed situations, it is imperative that it include a diversity of organizational participation.

What has been lost and who decides what counts as loss?

Different actors will perceive potential losses differently. L&D can be limited to specific damage easily calculable in financial terms, like damaged infrastructure. More difficult are calculations about slow onset losses (especially if criteria are developed by LDF contributors requiring difficult attribution studies to determine the role of climate on these losses). But as already noted, other losses may not even be monetizable – and not everyone will agree to consider some of these as climate-caused loss or damage. Yanez asks "How do we include culture lost, or nature? Do we get into the financialization of nature even more?" A trend in recent years has been to place a dollar value on "ecosystem services" such as the ability of wetlands to clean water of toxins. But is this really the sole value of a wetland? The social process and differences can be astounding, as Yanez points out for Ecuador. "These [social dimensions] are complicated. For example, in Ecuador we have 14 Indigenous peoples, and other groups like mestizos, campesinos, and so on - and all of them have different evaluations of something like nature and what it does." Therefore, KAIROS partners reiterate, it is vital that the LDF is set up properly with fair means of participation and an effective democratic process.

⁵⁰ United Nations. Multidimensional Vulnerability Index. <https://www.un.org/ohrrls/mvi/hlp>. Centre for Strategic and International Studies. "The Case for a Globally Accepted Vulnerability Index." (July 20, 2022). <https://www.csis.org/analysis/case-globally-accepted-vulnerability-index>

⁵¹ The Commonwealth. "New global index seeks to transform how developing nations are supported." (June 24, 2021). <https://thecommonwealth.org/news/new-global-index-seeks-transform-how-developing-nations-are-supported>

⁵² C4D. "Ensuring Effective Climate Finance."



Families in Garissa, Kenya are losing their livestock and are at risk of losing their lives due to the prevailing drought. **Credit:** Alexon Mwasi /FCA

Recommendations About Loss and Damage Funding

KAIROS' normal principles are to lift the voices and experiences of global partners, Indigenous Peoples on Turtle Island, women and girls, migrant workers and people who live in poverty or experience other forms of marginalization. Addressing these inequities remain at the forefront of KAIROS' climate justice work. KAIROS promotes decolonizing climate action.⁵³ It emphasizes participatory processes rather than technocratic and expert-driven programs. It listens to the recommendations of its partners from Turtle Island and the Global South. Also, it urges Canadians and others to heed the recommendations presented in this report, communicating them to elected officials, especially since Canada has membership in the Transitional Committee.

RECOMMENDATIONS FOR THE CANADIAN GOVERNMENT

1. Explicitly recognize Canada's historic role in climate-change-causing emissions, followed by a robust commitment to provide money and assistance to an adequate LDF.
2. Commit new and extensive public funds for loss and damage in the Global South that is not part of current official development assistance.
3. Increase climate finance commitments (for mitigation and adaptation) to the Global South from \$5.3 billion over five years to at least \$1.8 billion annually. Ensure that this funding:

⁵³ Read more at KAIROS Blog: "Decolonizing Climate Action." (September 2, 2022). <https://www.kairoscanada.org/decolonizing-climate-action>

- prioritizes grassroots women's and Indigenous organizations through grants-based, non-multilateral funding mechanisms,
 - is gender-responsive and supports the leadership of women in climate decision-making,
 - supports racial justice,
 - addresses mitigation and adaptation equally.
4. Pair efforts to secure loss and damage funding with ongoing efforts to transition away from fossil fuels and develop regenerative, resilient economies.
 5. Develop a Canadian vision for L&D mechanisms which is gender-responsive, locally driven, drives racial justice, and validates the roles of Indigenous people.
 6. Create a dedicated, debt-free finance facility to fund loss and damage, ensuring that those communities and groups most impacted by the climate crisis, particularly women, Indigenous peoples and youth, are involved in decisions about these funds. Maintain a gender analysis focus in Canadian contributions to L&D.
2. Create an LDF that is of sufficient size to make a difference, especially given the high costs of L&D as currently estimated.
 3. Validate different types of L&D (rapid onset, slow onset, and non-monetizable losses). Create eligibility criteria that allow for the complex losses requiring agility and a broad mandate in the LDF.
 4. Enable the fund to reach a wide range of recipients, including civil society organizations, in a timely manner and with flexibility. Technical assistance may be useful but should not be in the form of onerous oversight or a narrowed set of conditions that reduce the flexibility to handle complex L&D circumstances.
 5. Ensure that the LDF's governance structure is broad, and representative of the diverse global community. Seats at the governance table should include governments as well as civil society organizations that represent local communities, Indigenous peoples, women and girls, people living in poverty and other marginalized groups.
 6. Ensure that the fund's disbursements are in the form of grants or other forms of support that do not need to be repaid. Eliminate all loans; shift all existing loans to concessional funding with low interest rates.
 7. Mandate that the LDF must not redirect existing development funding envelopes. More funds for either adaptation or loss and damage should be in addition to, and not at the expense of, funds for mitigation. The funds should be in addition to those already designated for the Global South.
 8. Align the governance and the structure of the Fund to reach people affected by loss and damage or civil society organizations that support them.
 9. Allow recipient governments and communities to determine what to do, based on what works locally, with few conditions on the funds.

RECOMMENDATIONS FOR THE INTERNATIONAL COMMUNITY

Since Canada has membership in the Transitional Committee on Loss and Damage, these recommendations are especially relevant.

1. Ensure climate justice is central to coordination and operation of the Loss and Damage Fund.
 - Focus on funding drawn from those who bear historical responsibility for climate emissions.
 - Set up criteria that prioritize the most severe losses and most vulnerable and poorest nations of the Global South. Ensure that decision-making is done by inclusion of a wide range of people who experientially understand what is being lost to changing climates.
 - Empower local communities to identify what has changed over recent decades to inform the reporting of climate-related losses and damages.