



LDC WATCH POSITION PAPER

CLIMATE FINANCE IN THE LDCs: ADDRESSING LOSS AND DAMAGE

SUMMARY

The UN-defined Least Developed Countries (LDCs), which represent 46 countries and are home to nearly one billion people, are placed at the frontlines of the climate catastrophe. Although LDCs have least contributed to climate change, collectively contributing just 1.1% of global emissions, they are disproportionately affected by climate change impacts.

Climate change has gradually undermined the lives of the people of LDCs, also denting their ambitions vis à vis graduation out of the LDC category. Moreover, the impact of climate change is projected to increase in the coming decades and even at 1.5°C of global warming, there will be an increasing number of climate disasters, while at 2°C, heat extremes would more often reach critical tolerance thresholds for agriculture and health. LDCs, therefore urgently require support in regard to climate finance for adaptation, mitigation and loss and damage in terms of pursuing efforts to limit temperature increase to 1.5°C above pre-industrial levels. It is therefore critical that COP 27 ensures the delivery of finance and technology as well as other mechanisms to empower LDCs and its communities to build resilience and deal with loss and damage. In this scenario, we urge all international partners to provide full support to LDCs in keeping with the objectives of the Doha Programme of Action for the LDCs for the decade 2022 - 2031 (DPoA) and the Sustainable Development Goals' (SDGs).

MITIGATION

It is critical that concrete action be taken, especially from rich and industrialized countries, that not only reinforces their own mitigation commitment but can also inspire partner organizations to further their mitigation actions and report on these actions. All major emitter countries need to enhance mitigation ambition and fix the peaking for the least developed, developing and developed countries as we move towards the end of this decade through respective enhanced Nationally Determined Contributions (NDCs). We now, more than ever, urgently call for these countries to take urgent action to reduce their emissions.

CLIMATE CHANGE IMPACTS IN THE LEAST DEVELOPED COUNTRIES

According to the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), LDCs are systematically more vulnerable to climate change impacts and disasters as compared to other countries. Some LDCs in the South Asian region, like Nepal and Bhutan, are facing glacier melt and glacier lakes outburst floods (GLOF). Similarly, the impacts of higher temperatures combined with variable precipitation, more extreme weather events, and sea level rise will likely continue to intensify. In Small Island Developing States (SIDS), comprising numerous LDCs, population and infrastructure are highly exposed to the risk of sea-level rise and increased storm surges. Sub-Saharan African countries, which constitute the majority of the LDCs, are facing cascading effects of climate change, with some areas becoming drier due to more heat and evaporation. Such a situation has increased internal displacement, food insecurity and other humanitarian catastrophe levels in the LDCs.



ADAPTATION

It is imperative that adequate and practical support is mobilized for LDCs' adaptation efforts. Developed countries need to provide sufficient finance for LDCs, as they rightfully deserve, to prepare themselves to adapt to, and build resilience to cope with the adverse effects of climate change. We continue to call on development partners to acknowledge their historical responsibilities and equity under the United Nations Framework Convention on Climate Change (UNFCCC) and provide debt-free climate finance in order for us to adapt to and build resilience against climate change impacts in LDCs.

LOSS AND DAMAGE

The almost decade-old Warsaw International Mechanism (WIM) from 2013 on 'loss and damage' needs to be operational urgently. As of today, only a handful of developed countries have signalled some level of support for loss and damage. Even as early as June 2022, during the Bonn UN climate negotiations, LDCs and developing countries once again elevated the urgent need for funding to help countries ravaged by climate-induced losses and damages and called for immediate solutions. However, developed countries, who are the largest emitters, have utterly failed to clarify what steps they would be willing to take to address the problem. Global fossil-fuel subsidies from 2021 alone reached US\$697 billion. That could pay for the climate-related economic losses suffered by the most vulnerable countries from 2000 to 2019 and still have US\$170 billion in profits left over. It is imperative that LDCs have resources to recuperate the loss and damage caused by climate change impacts.

DEMANDS AND CALLS OF LDC WATCH

We strongly call for scaled-up climate finance that will provide a separate financial facility dedicated to the Loss and Damage needs of the LDCs. We also condemn the deception, delays and inaction of the governments of rich and industrialized countries of the global north to evade the delivery of their climate finance obligations.

We demand that the available financial mechanisms, the Green Climate Fund (GCF), the Global Environmental Facility (GEF), the Least Developed Countries Fund (LDCF) and Adaptation Fund (AF) are duly accessible for LDCs as much needed resources to support climate action in LDCs. It is imperative that the finance is new, additional, sustainable as well as predictable. The first step should be the delivery of historical promises, such as the \$100 billion annual climate finance related to the GCF, which developed countries were meant to deliver each year from 2020 to 2025, but which so far has not been met.

We call upon LDC negotiators to collaborate, including with other groups of Parties and partners, to ensure the effective implementation of the Paris Agreement. This collaboration should safeguard and preserve the key interests of LDCs along with the various flexibilities provided to LDCs as well as special circumstances recognized in the Paris Agreement.

We condemn the promotion of false solutions packaged under the concept of Net Zero pledges of rich countries. The Net Zero scheme is heavily based on the assumption that unproven technologies and mechanisms can offset continued greenhouse gas (GHG) emissions by removing carbon dioxide from the atmosphere. Instead, we call for radically reducing emissions to Real Zero, which requires rapid and drastic cuts in emissions and challenging economic models and powerful interests that are at the root of the climate crisis.

Key Regional Impacts of Climate Change

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| <p>Africa</p> | <p>Temperature increase, heat waves, extensive floods, tropical cyclones, prolonged droughts; sea level rise resulting in loss of lives, property damage and population displacement.</p> |
| <p>Asia-Pacific</p> | <p>More intense cyclones and droughts, increased stresses caused by rapid and compounded urbanization; failure of subsistence crops and coastal fisheries, losses of coral reefs and mangroves, and the spread of certain diseases; extreme climate events increasingly affecting human health, security, livelihoods and poverty.</p> |
| <p>Small Island Developing States (SIDS)</p> | <p>Sea-level rise; degradation of fresh groundwater by sea water; degradation of coral reef ecosystems affecting island communities and livelihoods.</p> |

CALL FOR ACTION AND WAY FORWARD

It has been 30 years since the United Nations Framework Convention on Climate Change (UNFCCC) was adopted and seven years since the Paris Agreement was agreed at COP21. It is clear that business-as-usual is not producing the outcome that is in any way beneficial for the LDCs. LDC Watch, therefore, advocates for radically transformative actions as it recognizes that the world is now in extraordinarily dangerous territory. Every small delay to proportionate action on mitigation and adaptation is a move closer to irredeemable damage to the climate and its ability to meet human needs.

At COP 26, the Group of 77 (G77) and China proposed a climate loss and damage project, which was sidelined by the US and the EU, in favour of a three year “dialogue”. This is insufficient in every way as we now require actions, not words.

Now, after a year of climate disasters, it is critical from the point of view of the LDCs that this issue be discussed at the advent of the COP 27, otherwise, there is a risk that trust is broken, affecting the rest of the summit. LDC Watch calls on governments to establish a loss and damage fund for LDCs and other developing countries. Research estimates that US\$290 billion to US\$580 billion per year will be needed by 2030.

On the adaptation front, the commitment made in Glasgow to at least double the adaptation finance by 2025 through a system of public grants should be fulfilled urgently. Moving forward, creative funding sources could be explored, such as a carbon-damages tax on fossil-fuel companies. Similarly, other avenues, such as unconditional debt cancellation of LDCs, can also usefully free up fiscal space, which can be channelled towards relieving the most vulnerable people of the world of the now seemingly inevitable climate change impacts.



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