Loss and damage is a relative newcomer to the climate change agenda. It has the potential to reinvigorate existing mitigation and adaptation efforts, but this will ultimately require leadership from developed countries and enhanced understanding of several key issues, such as limits to adaptation.

In recent years loss and damage has gained prominence in the global climate change arena. At the 18th Conference of the Parties (COP), held in Doha in 2012, Parties agreed to establish institutional arrangements — such as an international mechanism — to address loss and damage under the United Nations Framework Convention on Climate Change (henceforth ‘the Convention’).

As an emerging policy issue ‘loss and damage’ does not yet have a universally agreed definition. A recent literature review defined loss and damage as “the actual and/or potential manifestation of impacts
associated with climate change in developing countries that negatively affect human and natural systems\(^6\). ‘Loss’ was characterized as the negative impacts of climate change that are permanent, and ‘damage’ as those impacts that can be reversed\(^7\). A distinction has also been made between avoidable (through mitigation and adaptation efforts) and unavoidable loss and damage\(^8\). Empirical research has shown that loss and damage is incurred when the costs of adaptation are not recuperated, or when adaptation efforts are ineffective, maladaptive in the long term or altogether impossible\(^9\). Even if current mitigation and adaptation efforts are successful, some residual losses and damages will occur.

Tackling loss and damage has two aspects: first, decreasing avoidable losses and damages by reducing carbon emissions (mitigation) and averting climate change impacts (adaptation and risk reduction); and second, addressing unavoidable losses and damages through risk transfer strategies such as insurance, and risk retention mechanisms (for instance, contingency funds and social safety nets)\(^4\).

**Loss and damage under the Convention**

The concept of loss and damage first appeared in global climate change negotiations in 1991, when Vanuatu proposed an international insurance pool to compensate small island developing states for the impacts of sea-level rise\(^2\). This proposal was ultimately rejected, but the word ‘insurance’ was incorporated into Article 4.8 of the Convention\(^3\). For the first decade of its existence, negotiations under the Convention centred on mitigation but there was a shift to include adaptation in the mid-2000s, when the Fourth Assessment Report of the Intergovernmental Panel on Climate Change made it clear that mitigation efforts were insufficient to avoid all impacts of climate change\(^4\). In 2007 loss and damage re-emerged at COP 13 in Bali with the ‘Bali Action Plan’, which highlighted the need for cross-sectoral collaboration to manage both avoidable and unavoidable loss and damage; strengthen dialogue, coordination, coherence and synergy among relevant stakeholders; and enhance action and support, including finance, technology and capacity building to address loss and damage. Parties agreed to continue the work programme to improve understanding of several key issues, including non-economic losses and slow-onset climatic processes such as sea-level rise\(^5\). After two weeks of intense negotiations a landmark decision was reached in which Parties agreed to establish institutional arrangements to address loss and damage under the Convention at COP 19 to be held in Warsaw in late 2013.

This decision — known as the Doha Gateway — was a surprise to many, and a lot more needs to be worked out in advance of Warsaw. Unfortunately, negotiations on loss and damage stalled in Bonn in June 2013 as Russia, Belarus and Ukraine — citing the need to review procedural matters — refused to accept the agenda for the 38th session of the SBI. Thus Parties could not formally discuss the activities to be undertaken as part of the work programme in 2014, nor begin negotiations on potential institutional arrangements to be established at the upcoming COP. This puts even more pressure on the loss and damage agenda in Warsaw.

**Looking ahead to Warsaw 2013**

Negotiations in Warsaw will focus on establishing institutional arrangements that enable the Convention to fulfil its agreed role. However, the form that those institutional arrangements will take will be the focus of debate. Developing countries will continue to advocate for an international mechanism as an overarching body to address loss and damage under the Convention. Developed countries will resist attempts by developing countries to include compensation as a component in the new institutional arrangements, although for many developing countries — especially for small island developing states — this is an important element of the agenda.

Although there is disagreement over what kind of institutional arrangements should be established, there is widespread consensus on several issues, such as how closely loss and damage is linked to mitigation and adaptation efforts.

Mitigation is the first line of defence against loss and damage, but so far pledges to reduce emissions have been woefully inadequate — and according to a recent report could put the world on a path to warming in the magnitude of 4°C by 2100, which will inflict significant losses and damage across the globe\(^1\). To avoid this scenario, mitigation ambition needs to increase significantly.

However, even if mitigation efforts were increased today, some climate change impacts have been ‘locked in’ by historical emissions. Adaptation can reduce loss and damage through both incremental and transformative change\(^1\). Support for adaptation in developing countries should therefore be enhanced to avoid loss and damage where possible.

Ultimately, loss and damage should reinforce rather than diminish the importance of mitigation and adaptation. Institutional arrangements to address this problem should establish strong linkages with the bodies that are overseeing mitigation and adaptation under the Convention.

That said, eventually limits to what humans can adapt to will be reached, and in fact have already been reached in some parts of the world. As a result, decision-makers are facing critical choices, which have opportunity costs. Developing countries need guidance and support to implement approaches to avoid loss and damage where possible through adaptation, and address those impacts that cannot be avoided with a broader set of tools that may include risk transfer and risk retention measures, as well as policies to promote migration and facilitate resettlement. Institutional arrangements to address loss and damage under the Convention must meet this need.

**Beyond Warsaw**

Although the global climate negotiations take place at the international level, loss and damage is being incurred at the local level. Thus countries will continue to grapple with how to develop policies and frameworks at the national level long after negotiations in Warsaw come to an end. Although the international process can, and should, help countries implement approaches to address the residual impacts of climate change, these efforts will be most successful when supported by institutional frameworks at the national level. National institutions should integrate disaster risk reduction and climate change adaptation policies, and promote cross-sectoral collaboration to manage both avoidable and unavoidable loss and damage. International support will be important, but political will is also an essential element in ensuring that these efforts will be successful.

Providing policymakers with the information they need to make good...
decisions is integral to success, and research can contribute to this knowledge base. In Doha, Parties recognized several research gaps, including the need to better understand non-economic losses, slow-onset processes, and linkages between loss and damage and patterns of migration and displacement. Parties also agreed on the need to enhance coordination, synergy and linkages, strengthen regional coordination and build capacity to address loss and damage. If both developed and developing countries come to the table with those needs in mind they should be able to work together to establish institutional arrangements that best meet them.

Conclusion

For negotiators, Warsaw represents an opportunity to move the agenda forward by creating institutional arrangements that help developing countries to address loss and damage. However, comprehensively tackling this problem will require significant increases in mitigation ambition, support for adaptation and the development and implementation of tools to address avoidable losses and damages. A 4 °C warmer world must be avoided at all costs. This will be difficult given the current state of the global climate talks, but it can be done if developed countries take the leading role that they promised to assume when the Convention was established in 1992.

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