

Loss and Damage: Identifying the funding gap



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Summary

This report has been prepared by Work Integrated Learning (WIL) students Madeleine Howle, Lucy Burt, and Alex Graham from the University of Newcastle's Centre for Law and Social Justice in partnership with the Secretariat of the Pacific Regional Environment Programme (SPREP).

The first section of the report outlines the main objective of the research - to highlight the gaps that currently exist at the international policy level to address the loss and damage of the known and lived experiences of Pacific Island nations and communities in the face of climate change. The second section of the report provides a literature review on loss and damage in the Pacific region, focusing on the gaps in translating concepts of non-economic loss into concrete recommendations and considering the key proposals cited by sources for addressing loss and damage. The report's final section provides an outline of the UNFCCC Funding Mechanism, which is analysed to draw out the gaps in funding to demonstrate where loss and damage are not adequately addressed.

This report finds that non-economic loss and damage, particularly cultural loss and damage, is not well recognised and prioritised at the policy level. Loss and damage are often conflated with adaptation and disaster risk reduction, contributing to the funding gap identified in the report's third section. The analysis of the funding mechanism highlights the gaps identified in the literature, namely that there is an overall lack of funding for loss and damage in the Pacific region. This analysis does not extend to adaptation projects that implicitly funded loss and damage. However, data gaps mean an in-depth assessment of the amount of funding directed towards loss and damage is difficult to ascertain. Further, projects that do fund loss and damage are significantly under-funding or not recognising the non-economic or intangible cultural heritage loss compared to other types of loss. Yet non-economic and intangible cultural heritage loss is significant for Pacific Islands communities. SPREP member countries wish to see non-economic and intangible cultural heritage loss included in future climate negotiations.

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1. Purpose of the report

The dramatic impacts of climate change are intensifying worldwide, with increased climate-related extreme weather events and slow onset changes to the environment presenting existential threats to health, livelihoods, culture, identity, and well-being. Pacific Island nations are at the forefront of this variability due to their geographic location and topography, as well as the lasting impacts of economic exploitation on the part of advanced nations.

This report has been prepared to provide supporting research to Pacific Island nations in negotiating for action on loss and damage at the upcoming COP 27. The report supports the assertions of Pacific Island communities concerning the need for a mechanism to address both economic and non-economic forms of loss and damage. In presenting this research, the authors recognise the paramount importance of the known and lived experiences of Pacific Island communities and support placing these communities' knowledge at the forefront of discussion around addressing climate loss and damage. It is hoped that this collaborative research project will contribute to supporting climate justice in the Pacific region.

2. Literature Review

2.1. Overview

The literature review on loss and damage was conducted to demonstrate crucial considerations for Pacific Island nations that haven't been addressed within the current funding framework. The literature review provides evidence of the types of non-economic loss and damage that have not been captured and outlines key recommendations suggested in the literature.

One of the key issues in defining loss and damage is that many sources conflate or combine loss and damage with adaptation and disaster risk reduction measures. This research aims to address the fact that loss and damage is distinct from adaptation and disaster risk reduction and carries its own set of considerations.

This report refers to the term loss and damage as the type of climate change impacts that are not avoided by mitigation, which can be economic or non-economic and can occur from extreme weather events and slow onset climatic processes. Loss and damage in this way is being experienced and responded to by Pacific Island communities but is not fully understood or recognised within international funding mechanisms.

2.2. Search Terms

"Loss and Damage" AND "Pacific SIDS"

Number of articles found: 122

After first screening: 68

After second screening: 36

2.3. Analysis

2.3.1. Regional breakdown

Table 1 Number of papers considering loss and damage by region

Pacific Region	12
Global SIDS	7
Pacific SIDS	10
Fiji	3
Vanuatu	2
Tuvalu	3
Samoa	1

Note: many of these articles provided specific examples from other Pacific island nations. However, this count was concluded regarding the overall focus of each article.

2.3.2. Definition of loss and damage among sources

Types of loss and damage considered:

Economic: relating to individual, community, or national economies

Socioeconomic: interaction of social or economic factors

Health: human health, food security and other factors contributing directly to human health

Environmental: relating to the natural world and biodiversity

Cultural: the loss of culture (including place and belonging) and emotional loss and damage

Table 2 Types of loss and damage considered

Economic	33
Socioeconomic	23
Health	19
Environmental	18
Cultural	17

Those sources that consider only economic and socioeconomic types of loss and damage are generally concerned with the correlation between increased intensity and frequency of natural hazards and diminishing resources and livelihoods (Ferris & Weerasinghe, 2020; Nalau & Handmer, 2018; Singh et al., 2022). The prioritisation of livelihoods, land and economic opportunity does suggest recognition of the importance of these as economic factors for individual well-being. However, the articles do not expand an understanding of loss and damage beyond economic to cultural loss, and in fact, one of the key solutions raised by several articles is 'planned relocation'. This is understood as the movement of communities away from areas at increased risk of climate impacts before those areas become inhabitable (Ferris & Weerasinghe, 2020). Whilst this adaptation solution provides a tangible option to combat the threat posed by climate change in many Pacific Regions, it overlooks the importance of cultural and social sensitivities in the adaptation process. Such key sensitivities include loss of land as loss of a critical cultural connection/ relationship, loss of cultural heritage, and loss of place and belonging.

Health and environmental types of loss and damage can be considered to encompass the impacts on human and biodiversity health and well-being that are threatened or diminished by the effects of climate change. Those sources considering loss and damage to health are generally concerned with

health risks and food insecurity (Bambrick, 2018), and those considering environmental loss and damage consider the impact of climate change on natural ecosystems and biodiversity (Climate Action Network, 2022; McMichael et al., 2021). Solutions to climate loss and damage that are economically or financially focused often involve a transformation of livelihoods by improving economic opportunities and developing a community's economic capacity (Saverimutto, 2021). In comparison, projects considering the impacts of climate change on health and the environment recognise the significant effects that poorer health and environmental outcomes have on Pacific Island communities. However, considering only economic, health-related, and environmental loss and damage leads to solutions that prioritise climate-compatible and health-promoting economic development (Bambrick, 2018). Consequently, cultural non-economic loss and damage is still not addressed.

Those sources that do consider culture as loss and damage are limited. They recognise the existential threat to Indigenous culture, identity and connections to land and sea that climate change impacts pose (Farbotko et al., 2018). These types of non-economic loss and damage are diverse amongst different communities, reflecting Pacific Island nations' many different worldviews, knowledge systems and cosmologies (Westoby et al., 2022). Cultural loss and damage is far less accurately defined and recognised in the literature on loss and damage. While the concept of adaptation recognises that the impacts of climate change are leaving some areas inhabitable, sources that do not consider cultural loss and damage overlook the serious effects on Pacific Island communities and their intimate connections with land that come with a place-based history (Thornton, 2021).

2.3.3. Types of loss and damage considered within source recommendations

From the definitions identified in the previous section, sources were searched for which types of loss and damage were translated into the recommendations offered by the article. i

Table 3 Types of loss and damage considered within source recommendations

Economic	30
Socioeconomic	19
Health	14
Environmental	13
Cultural	8

The above figures (Table 3) reflect that cultural, non-economic loss and damage are also far less commonly recognised and translated into tangible policy recommendations. While recognition of

non-economic loss and damage is evident at the definitional level, loss and damage is still frequently being addressed only at the level of loss to economies and livelihoods.

The significant decrease in recognition of cultural loss and damage when translating understandings of loss and damage into policy outcomes reflects the limited knowledge and recognition of non-economic loss and damage in global climate change discourse (Westoby et al., 2022). Solutions to address climate change vulnerability that does not give adequate weight to Pacific Islander cultures, identities and connections to land are at risk of promoting adaptation and mitigation measures that do not match the needs communicated by Pacific Island communities. To adequately address the funding gap for loss and damage, the full extent of non-economic loss and damage must be considered. The following recommendations reflect varying degrees of consideration concerning non-economic forms of loss and damage.

2.3.4. Recommendations emerging from literature sources

The overview at the beginning of this section noted that the literature considers loss and damage within adaptation and disaster risk reduction. This research seeks to recognise and acknowledge that loss and damage are distinct from adaptation and mitigation and carries its own set of considerations. The following recommendations reflect varying understandings of loss and damage, where cultural, non-economic loss and damage is not given equal weight to economic forms of loss and damage.

Local and participatory approach

The importance of a locally led and participatory approach is frequently raised, with many sources recognising the need to integrate participatory decision-making at the local level (Westoby et al., 2020; Iese et al., 2021; Nalau et al., 2018; Piggott-McKellar, 2019; McGinn, 2019; Bambrick, 2018; Sharma-Kushal et al., 2022; Westoby et al., 2022). Reframing adaptation projects away from 'community' approaches, in general, to focus on locally-led adaptation is recognised as a means of avoiding perpetuating the idea that communities are homogenous (Westoby et al., 2020). This is particularly pertinent to Pacific Island nations, where different communities are affected differently by disasters, given the region's high geographic and cultural variability (Iese et al., 2021).

Participatory decision-making and implementation of projects at the local level are important, particularly when it comes to recognising loss and damage occurring in marginalised communities or areas that are not equitably represented in the mainstream discourse (Piggott-McKellar, 2019; Sharma-Kushel et al., 2022). This solution is linked to using a bottom-up application of human rights principles to address all forms of loss and damage, including economic and non-economic loss and damage (Farbotko et al., 2018). Ultimately, the importance of locally-led approaches centres around

recognising that Pacific Island communities know what they need and have communicated this to the international community (The Loss and Damage Collaboration, 2021a).

A shift from a deficit discourse to a needs-based discourse

Engagement at the most local level possible has led to recognising a need to shift away from a deficit-based discourse and instead prioritise a needs-based discourse. The importance of local context is that Pacific Island communities know and have communicated what is needed, and this knowledge needs to be amplified in international discussions. Dismantling the deficit discourse to emphasise local context in project development and policy is recognised as being of overarching importance (Westoby, 2020). More specifically, concerning establishing a loss and damage finance mechanism, a needs-based discourse is essential to ensure that finance is directed to the needs identified by Pacific Island communities (Shawoo et al., 2021). Risks and needs assessment, done by communities themselves, would help to inform planning (Loss and Damage Collaboration, 2021a).

A financial mechanism to specifically address Loss and Damage

While the principle of loss and damage is recognised under the Paris Agreement, there is yet to be an internationally agreed-upon definition or a global financial support mechanism specifically designed to address loss and damage (Nand et al., 2020). Within the literature, several sources propose models for a new fund under the UNFCCC mechanism specific to loss and damage (Climate Action Network, 2022; Shawoo et al., 2021; Loss and Damage Collaboration, 2021b). Shawoo et al. (2021) recommend a loss and damage finance mechanism that should not attempt to attribute strict liability or be structured around compensation so that countries do not face higher barriers to accessing funding, and one that must also address non-economic loss and damage, including cultural losses. Addressing loss and damage through a specific international facility would help to address issues relating to the conflation of loss and damage with adaptation and disaster risk reduction at the policy level.

Separating loss and damage, adaptation and mitigation

The overarching priority of needing to separate loss and damage from adaptation and mitigation is raised by many sources, recognising that loss and damage refers to those impacts that haven't been addressed by mitigation and adaptation measures. Addressing loss and damage, particularly with a financial mechanism, calls for moving beyond the scope of adaptation and mitigation and mobilise finance (Sharma et al., 2022).

Shifting away from project-based finance

Recognising the need for a needs-based discourse and a participatory approach provides an opportunity to shift away from project-based finance. Historically, projects that have been loan-based and/or granted to an organisation to implement without the engagement of local communities have led to a mismatch in intention (Sharma et al., 2022). Shifting towards financing methods that allow for greater discretion in how funds are spent is necessary to ensure a participatory approach to financing loss and damage (McGinn 2019). Moving away from the project-based model may also help address non-economic cultural losses, often overlooked by the project-based model of global financing for climate change (Shawoo et al., 2021).

Use of legal instruments

The use of legal instruments to compensate or manage loss and damage has drawn attention, with scholarship on the idea referencing similar principles to those considered important for a loss and damage funding mechanism. Among sources that looked specifically at legal mechanisms, corrective justice, a human rights framework, and the 'polluter pays' principle were generally emphasised as key motivators (Mead et al., 2021; Thornton, 2021; Nand et al. 2020; Philip, 2018). Climate litigation and loss and damage compensation are recognised as principles that might have the potential to be less reactive than adaptation measures and an option for country leaders who are looking outside the climate treaty regime (Mead et al., 2021).

The willingness of courts and similar bodies to recognise and embrace corrective justice concerning climate change is a key challenge. However, justice-based discourses are considered important in garnering global support (Thornton, 2021). However, Wewerinke-Singh et al. (2020) caution that legal action may not be an ideal strategy for addressing loss and damage, given the significant costs involved, noting that it does not substitute an effective multilateral agreement. Nonetheless, legal action premised on the notions derived from the law of nations, human rights principles, and corrective justice is a valuable facet to addressing loss and damage.

Regional Level Framework

Developing a regional-level framework for addressing loss and damage is referred to as being of importance for coordinating approaches across Pacific Island nations. It is important to note here that this should not overshadow the importance of recognising that communities across the Pacific Islands are not homogeneous. Nonetheless, developing a regional framework is referred to as a means of facilitating the making of international agreements in the context of climate-induced displacement (Thomas & Benjamin, 2017). However, the complexities and sensitivities around this should not be overlooked.

Solidarity based

A solidarity-based model for addressing loss and damage is recognised as an important factor in garnering global support. In particular, the global solidarity displayed during the COVID-19 crisis and other disaster events demonstrate the impact of solidarity on the global community (Loss and Damage Collaboration, 2020). Addressing non-economic loss and damage, particularly cultural losses, may be better addressed when approached with a sense of solidarity from other nations experiencing climate impacts (Westoby et al., 2022). For those who can draw on negative emotions of grief and anxiety to incite change, values of justice and solidarity are also important in gathering broader support (Clissold et al., 2022). The concept of solidarity for addressing loss and damage also draws on the principles of historical responsibility and 'polluter pays' (Sharma et al., 2022).

Long-term commitment and further research

Finally, longer-term commitment, monitoring, and further research are frequently cited as necessary to learn from past experiences and identify potentially unforeseen outcomes (Piggot-McKellar et al., 2019; Thomas & Benjamin, 2017; Kumar-Jain et al., 2022). Long-term monitoring and evaluation are important in getting a complete picture of project success but are often not funded (Piggott-McKellar et al., 2019). Finance associated with loss and damage is not currently tracked and reported as a distinct category, making it challenging to identify which areas of loss and damage might be being funded indirectly (United Nations, 2019). This might be owing to a lack of a common globally understood definition of loss and damage. However, more thorough evaluation and monitoring may help in addressing this gap.

3. UNFCCC Funding Analysis

3.1. Objective of the UNFCCC funding analysis

The various climate finance mechanisms within the UNFCCC have the purpose of financing mitigation and adaptation efforts. However, loss and damage is distinct from these concepts and should be referred to and funded in its own right. The following sections highlight that loss and damage are frequently funded implicitly under the broader umbrella of adaptation. This minimises the recognition of the profound effect that loss and damage has on the Pacific Islands and fails to direct an appropriate volume of funding to this area. In this analysis, we sought to understand the nature of climate funding in the Pacific region to date and the place of loss and damage within it.

3.2. UNFCCC Funding Framework

This section of the report draws data from various financial mechanisms under the United Nations Framework Convention (UNFCCC) Funding Mechanism. The Financial Mechanism is established under Article 11 of the UNFCCC intended to provide financial resources to address the adverse effects of climate change through mitigation and adaptation measures (UNFCCC, 1992). The Financial Mechanism is accountable to the Conference of Parties (COP) and was partly entrusted to the Global Environment Facility (GEF) under article 21.

The Kyoto Protocol came out of the COP3 and recognised under its article 11 the need for the financial mechanism to fund developing country parties' activities. The Adaptation Fund was created under the Kyoto Protocol in 2001, emphasising financing adaptation measures in developing country Parties with particular vulnerabilities to the adverse effects of climate change. Since the ratification of the UNFCCC, the parties have established the Special Climate Change Fund (SCCF) and the Least Developed Countries Fund (LDCF), managed by the GEF and the GCF under the Financial Mechanism.

The UNFCCC and the ensuing international conventions created out of the COP, including the Kyoto Protocol and the Paris Agreement, all recognise to some extent the principle of differentiation; that countries have common but differentiated responsibilities and respective capabilities based on their social and economic conditions (UNFCCC, 1992; Kyoto Protocol, 1998, art 10(a); Paris Agreement, 2015, art 2(2)). This principle underpins the establishment of all climate financing measures under the UNFCCC, which have the common purpose of encouraging financial assistance from Parties with more significant financial resources to those Parties that have fewer financial resources and are more vulnerable to the impacts of climate change (WHO, 2015).

3.3. Data Sources

The following funding sources under the UNFCCC are reflected in the funding table:

- Green Climate Fund (GCF)
- Global Environment Facility (GEF)
- Least Developed Countries Fund (LDCF)
- Special Climate Change Fund (SCCF)
- Adaptation Fund (AF)

3.4. Methodology

3.4.1. The Funding Table

To understand GCF funding for loss and damage to date, the GCF online project databases were screened for adaptation projects. Loss and damage funding was sought under the umbrella of adaptation, as discussed above because no funded climate change response projects exist under the terms loss and damage. The Funding Table contains details of all (publicly available) GCF adaptation projects (2002-2022 inclusive).

Information provided in the Funding Table are:

- Fund name
- Total direct amount
- Total co-financed amount
- Total cumulative amount
- Project duration (months)
- Year initiated
- Funding type
- Description of the project
- Focus of the project
- Categorisation of the project impact (cultural, social/livelihood, political/governance, economy)

3.4.2. Categorisation and Loss and Damage

To gain further insight into the type of impact the projects had, projects we have categorised projects under four categories: cultural, social/livelihood, political/governance, and economy. These four categories represent the four most common impacts across all projects. The data used to categorise the projects includes the project descriptions available on the GCF online funding database and project reports (including objectives) where available.

Project descriptions demonstrate that projects falling into the cultural or social/livelihoods categories used key terms that indicated loss and damage. These terms include:

- livelihoods
- social impact
- public health
- vulnerable communities and groups
- conservation of biodiversity/biodiversity risk

Figure 1 below summarises the categorisation process.

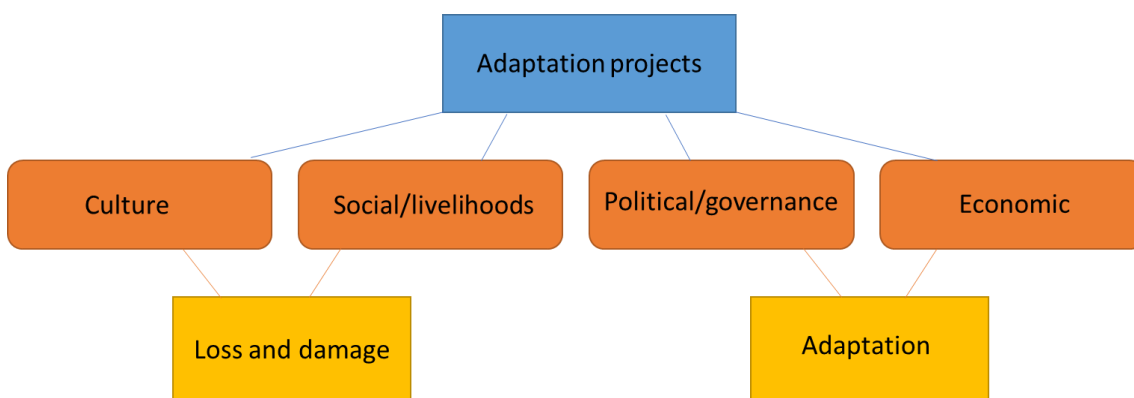


Figure 1 Categorisation of adaptation projects

Projects were assigned points relating to the category in which they fell. A '1' was assigned to each category, making it possible that each project could fall into more than one category. An example of this categorisation system is shown below in Table 4

Table 4 Example of categorisation methodology for adaptation projects

Project	Cultural	social/livelihoods	political/governance	economic
A	1		1	
B		1	1	

3.4.3. Displaying Data

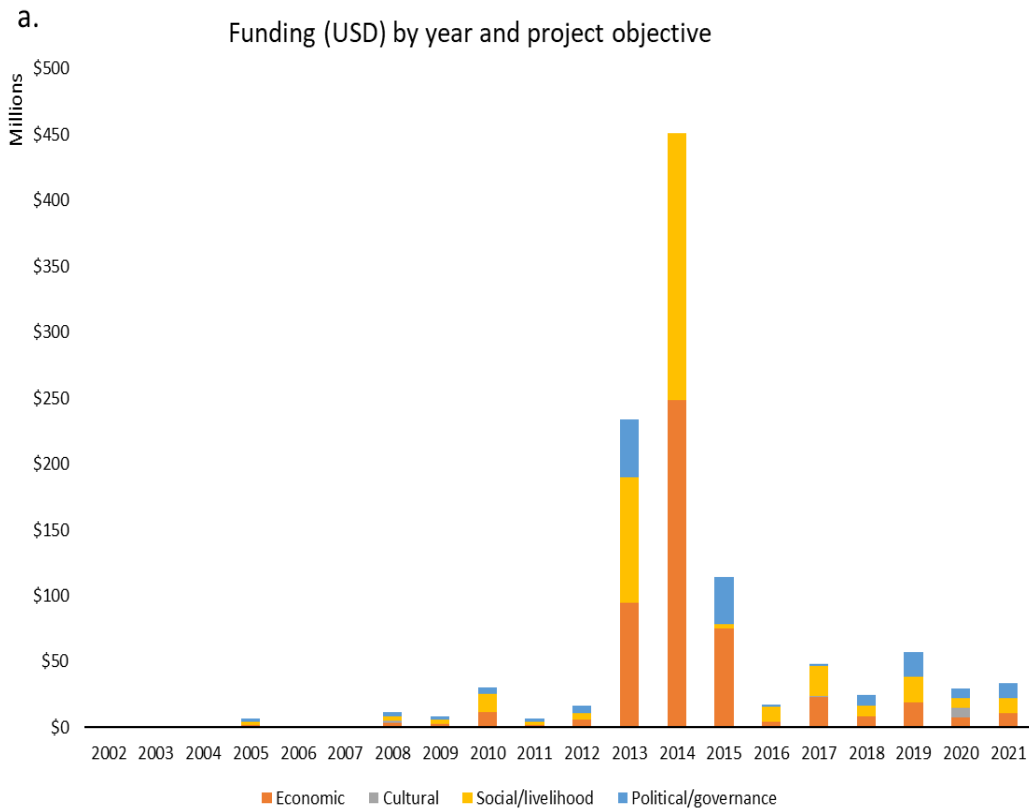
The above Funding Table and categorisation output were used to develop a series of graphs. These graphs show:

- The total funding by year and category
- Funding for categories of adaptation projects that indicate loss and damage
- Funding for categories of adaptation that do not indicate adaptation

3.5. Results

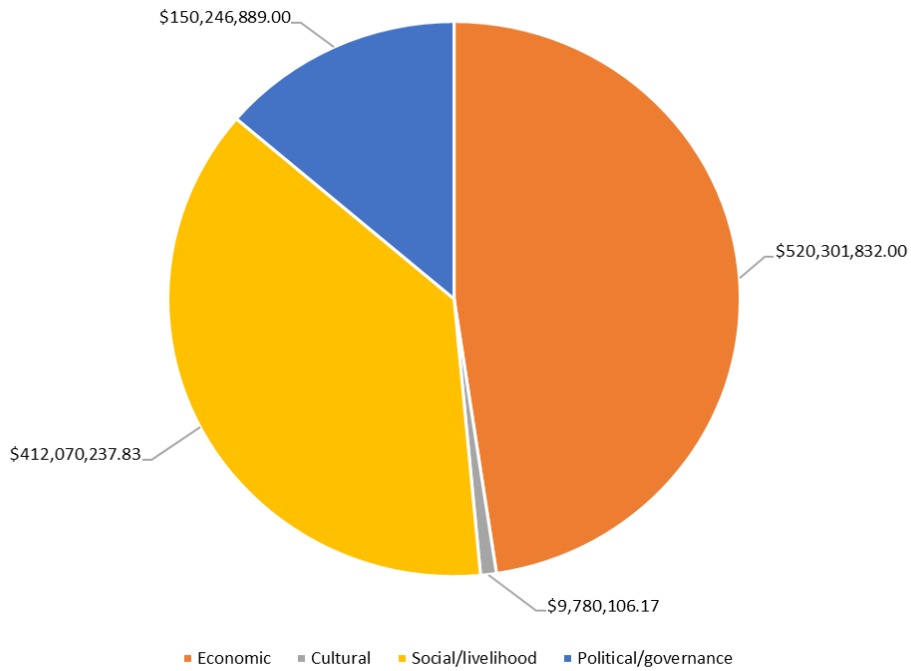
3.5.1. Funding - an overview

Figure a. shows that the majority of funding, regardless of project objective, was provided between 2013-2015, with a significant reduction after this period. Both figures a. and b. show that just under 50 per cent of all funding was for projects with an economic objective. The projects with social/livelihood objectives were the second largest category, with just under 33 per cent of total funding. As mentioned, projects with a social/livelihoods objective within our analysis correspond to financing for loss and damage. The second category that corresponds to loss and damage funding within our analysis is culture- however, this was the least funded category out of the four. No project categories (individually or combined) display any statistically significant linear relationship with time.



b.

Total funding by project objective

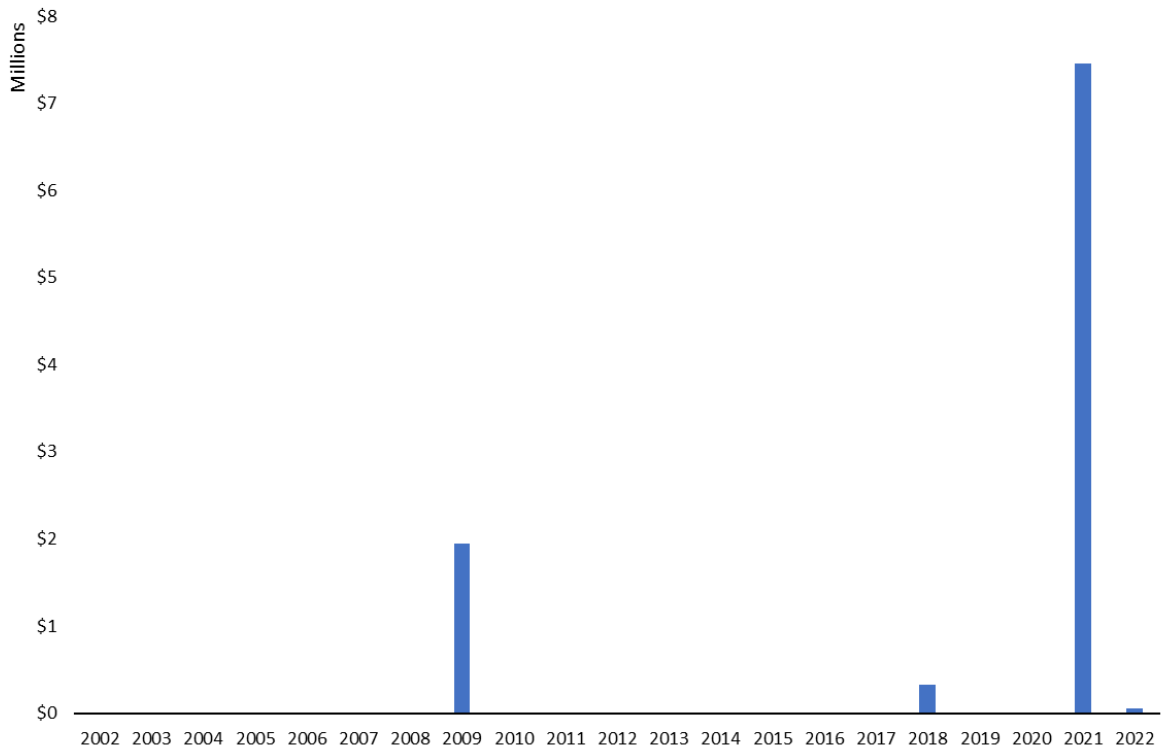


3.5.2. Loss and damage funding

Figures c. and d. together show that loss and damage projects (within our analysis) form a significant portion of total funding. However, as previously noted, projects with a culture objective are minimal compared to the other project categories. Projects with a social/livelihoods objective (Figure d.) mirror the overall trend in funding distribution over time, as most funding was delivered for this category between 2013-2015.

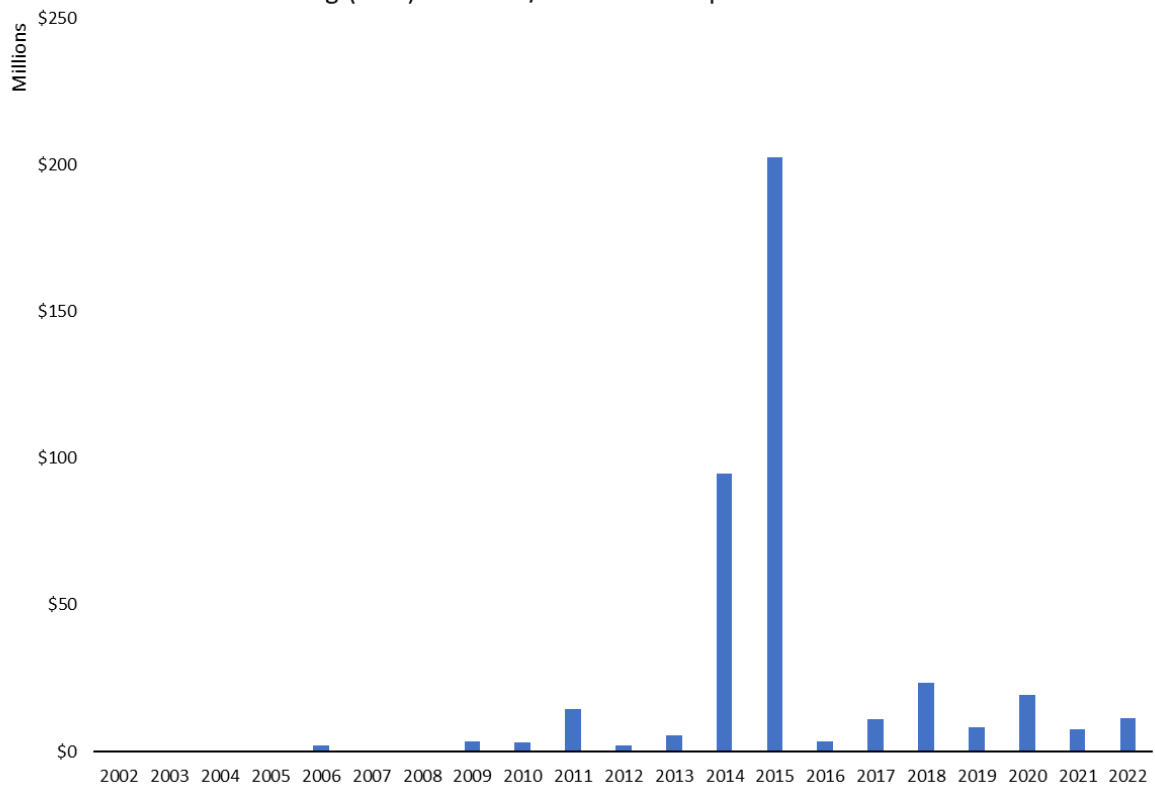
C.

Funding (USD) for cultural adaption



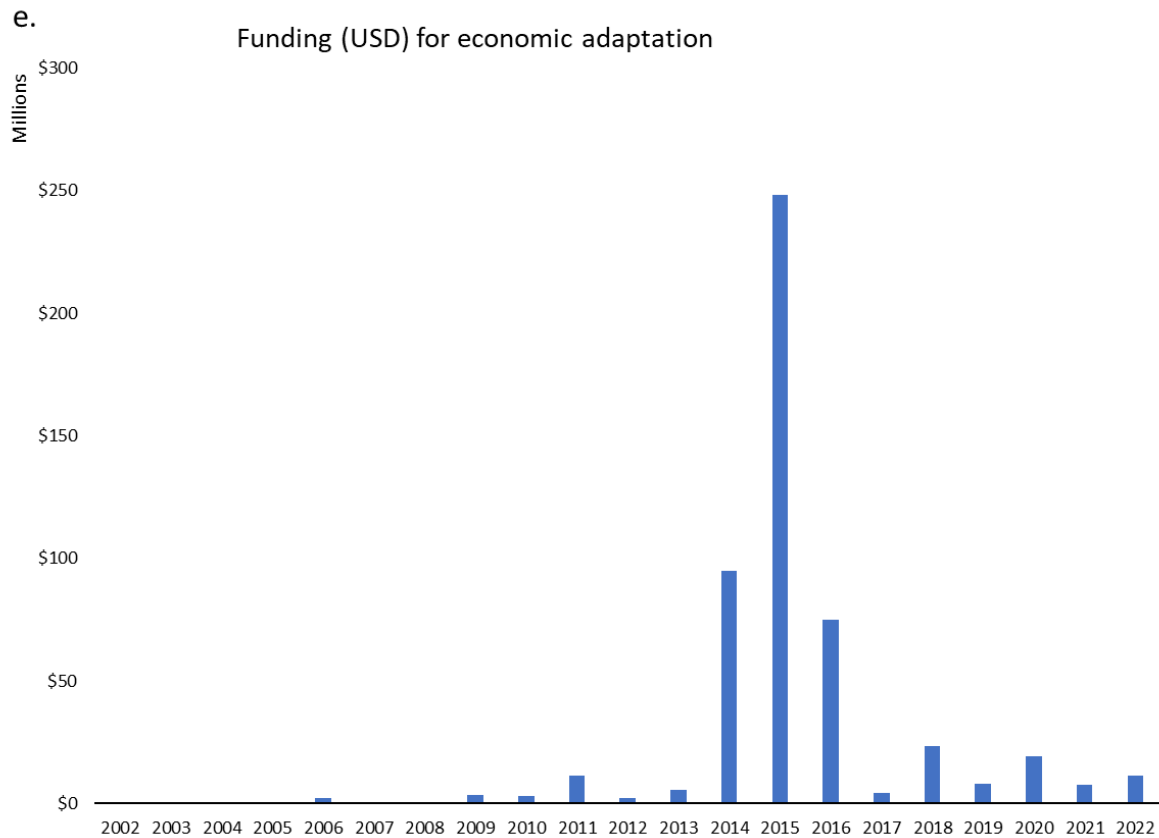
d.

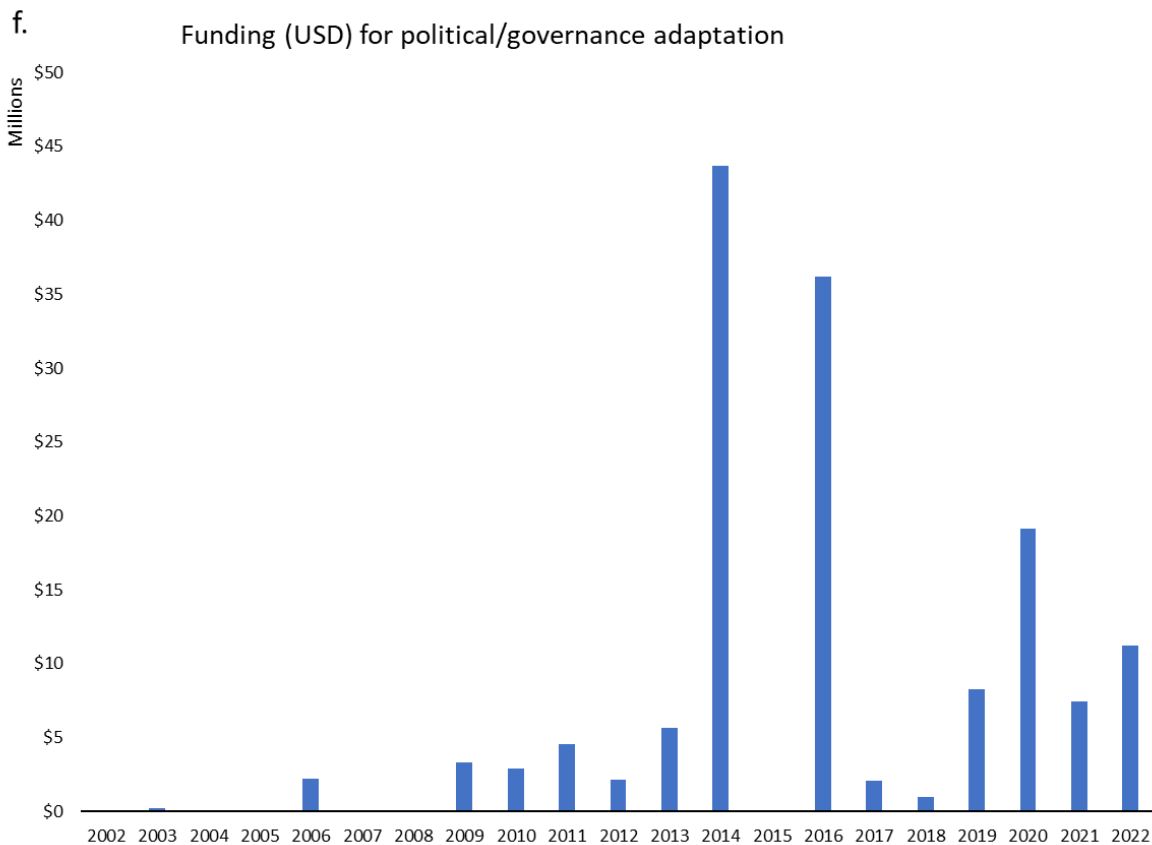
Funding (USD) for social/livelihood adaptation



3.5.3. Economic and political/governance funding

Projects with a political/governance and economic objective receive the most significant amount of funding over time (Figure e. and Figure f.). Funding for projects within these categories mirrors the same distribution over time as the total funding (Figure a.), with the most significant financing delivered between 2013-2015.





3.6. Limitations

The UNFCCC Financial Mechanism has several limitations regarding its publicly-available climate financial data. Firstly, accessing comprehensive information on all adaptation projects is complex. In many cases, finding critical information such as the project's start and finish date and general topic required searching multiple sites and numerous supporting documents. In some instances, key information was not available.

Secondly, there are significant data gaps for many adaptation projects. For example, none of the projects provide a breakdown of costs across the project. This is a substantial gap as many projects have more than one objective, and there is no way to assess the proportion of funding directed to each objective or outcome.

3.7. Discussion and recommendations

The Figures above demonstrate the historical existence of global financial mechanism funding for loss and damage projects in the Pacific Islands. These projects sit within the umbrella term adaptation. Within this umbrella, our analysis identifies that \$410,644,322 of funding was directed towards projects for loss and damage, representing 39% of all adaptation projects in the region. It is noted that many projects have multiple objectives, therefore making it possible for a project to address loss and damage and adaptation. However, the majority of funding is directed at adaptation

projects. Adaptation projects received \$670,548,721 worth of funding, which represents 61% of projects within the region.

Within projects funded for loss and damage, \$412,070,237.83 or 38% of funding had a social/livelihoods objective, and \$9,780,106.17 or 1 per cent, had a culture objective. Only three out of the 21 years of funding records included projects with a cultural objective. This considerable lack of funding for projects with a cultural objective is a significant gap and one that should be rectified moving forward. Cultural loss and damage (also referred to as intangible cultural heritage or non-economic) is an element of loss and damage that is increasingly being acknowledged (Noelle, 2022; Henderson & Seekamp, 2018).

Failure to accurately describe global financial mechanism projects as having a loss and damage objective has resulted in limitations to the publicly available financial data. Such data limitations and gaps make meaningful interpretation of the climate finance landscape in the Pacific Islands difficult for non-UNFCCC stakeholders. This forms a barrier to the ability of Pacific Island SIDS to advocate effectively for their requirements regarding loss and damage funding.

A future loss and damage funding mechanism should incorporate a detailed reporting system and disclosure policy to ensure that funding recipients, particularly PSIDS, are able to easily understand the flow of climate finance into the region. Financial transparency is critical to inform future climate finance planning in the region.

3.8. Case studies on implicit loss and damage projects

1. *Enhancing adaptive capacity of communities to climate change-related floods in the North Coast and Islands Region of Papua New Guinea*

Table 5 Summary of case study details (Papua New Guinea)

Title	Enhancing adaptive capacity of communities to climate change-related floods in the North Coast and Islands Region of Papua New Guinea
Year	2012 (complete)
Country	Papua New Guinea
Total grant amount	\$6,530,373.00 (USD)
Funding source	Adaptation Fund

This project aimed to increase the PNG government and community's resilience to disaster risk. The need for this project was identified due to the worsening effects of Tropical Cyclones, drought, and hail in the country (Adaptation Fund, 2012a). This project included developing an early-warning tropical cyclone outlook, community-led mangrove reforestation and conservation programs, and riverbank stabilisation efforts. A report by the UNDP on the project identified that coastal flooding from sea level rise is one of the significant climate hazards in coastal provinces (UNDP, 2015). Additionally, the report identifies the frequent flooding of the east Sepik river (UNDP). Therefore, the river stabilising efforts funded through the project address existing climate change impacts - also known as loss and damage.

It is also acknowledged that natural hazards in PNG have increased in intensity and frequency (Adaptation Fund, 2012b). These events' impacts have been detrimental to the agricultural and housing sectors. Sea level rise has also increased in the region, with saltwater intrusion threatening freshwater sources and irregular rainfall patterns affecting soil fertility and yield. Acknowledgement of existing damage from climate change is a significant indicator of implicit funding for loss and damage.

2. *Adaptation to Climate Change in the Coastal Zone in Vanuatu Phase II (VCAP II)*

Table 6 Summary of case study project details (Vanuatu)

Title	Adaptation to climate change in the coastal zone in Vanuatu Phase II (VCAP II)
Year	2022 (approved for implementation)
Country	Vanuatu
Total grant amount	\$200,000 (USD)
Funding source	LDCF

This project focused on climate change adaptation in the coastal zone of Vanuatu. Within this broader objective, the project sought to engage nature-based solutions, biodiversity conservation, protection, and rehabilitation to address historical damage and increase resilience to future stressors from climate change. Additionally, the project involved rehabilitating roads and water catchments that had experienced damage from climate and weather events, such as changes in rainfall patterns. Further, it was identified that much of the coastal zone infrastructure required immediate maintenance to withstand the impacts of climate change (such as Tropical Cyclones and sea level rise).

The country experiences a high exposure to natural hazards, such as severe Tropical Cyclones and strong El Niño Southern Oscillation effects. The project report identified that 'many life-supporting coastal ecosystems are increasingly under stress from climate change and other human-induced activities' (Global Environment Facility, 2022). The report states that Vanuatu's biodiversity has been and continues to be under stress from human-related activity. Reports that 30% of households have experienced significant damage from Tropical Cyclones. It is well understood that climate change is changing the nature of Tropical cyclones, both in terms of geographic extent and intensity (Chand et al., 2020; Bacmiester et al., 2018).

The language used in the project's reports is careful not to link the degradation of land, waters, and infrastructure to the effects of climate change. However, it is stated that these outcomes are due to a range of human-induced impacts, including changing rainfall patterns and Tropical Cyclones (which are changing in nature due to human-induced climate change). The project's reports identify that historic damage from climate change impacts requires rehabilitation, describing loss and damage.

4. Conclusions and recommendations

An analysis of the UNFCCC funding framework across Pacific Island nations indicates the extent of loss and damage funding under the broader umbrella of adaptation funding. The analysis also identifies the significant funding gaps concerning loss and damage- particularly non-economic or intangible cultural heritage loss and damage.

A review of the literature on loss and damage concerning Pacific Island nations reveals the nature and extent to which non-economic loss and damage is overlooked in global climate change policy. In those projects where non-economic loss and damage is adequately recognised, local and participatory approaches and needs-based discourses that prioritise the voices of those affected by climate change emerge as key recommendations to better address loss and damage. Shifting away from project-based finance may assist as a springboard for addressing non-economic loss and damage across different geographical and cultural environments. Where loss and damage is not adequately understood or recognised, the funding gap will persist in the global climate finance regime.

The funding mechanism analysis attempts to understand the nature and extent of loss and damage funding in the region by analysing the language used to describe adaptation projects. This analysis indicates that a significant amount of total adaptation funding, being 39%, is for loss and damage. Funding for culture or non-economic loss and damage represented just 1% of total adaptation funding.

One of the primary arguments against establishing an individual financial mechanism for loss and damage at the international level is that loss and damage is already being funded under other UNFCCC funds. While it is recognised that loss and damage is being financed under adaptation, significant data gaps in publicly available financial data are a barrier to understanding how much funding also covers loss and damage. Without a proper understanding of the proportion of funding directed towards loss and damage, it is not possible to assess the adequacy of this funding relative to the extent of loss and damage experienced in the Pacific Islands.

Further, considering global perceptions of non-economic loss and damage and looking closer at the types of loss and damage funded implicitly under adaptation projects, this report identifies that non-economic loss and damage is not adequately addressed. This gap is significant for Pacific Islands communities and is one that SPREP member countries will continue to work towards addressing in future global climate negotiations.

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