



Finance for what?

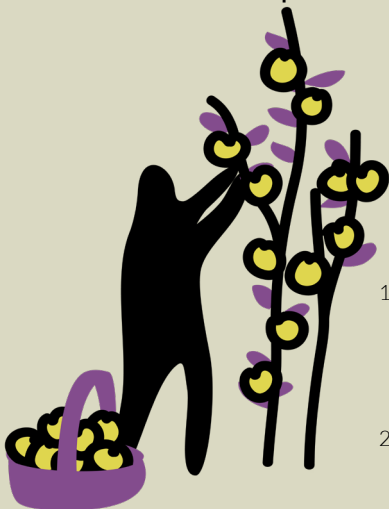
A climate justice perspective on why the Santiago Network is an important element of the COP27 outcome on Loss and Damage

The effective operationalisation of the Santiago Network is an opportunity to fill a gap in support available to global South countries to address their urgent need for action on Loss and Damage. This piece is written from a climate justice perspective, which means that responses to the climate crisis must address root causes. Solutions to address loss and damage must also address poverty and development injustices. It is hoped that this piece contributes to constructive conversations that highlight the potential, importance and complexity of making the Santiago Network meaningful to people on the ground suffering from climate change impacts in developing countries, and the groups within them that are systematically marginalised including women, youth, indigenous peoples, people with disabilities, people of colour, farmers and rural people, the people and groups that represent frontline climate impacted communities. The only adequate response to loss and damage is an equitable one that centres and serves the people in the global South that are currently suffering loss and damage and is built by listening to their voices.

Finance for what?

Finance for loss and damage is desperately needed, but what is also needed is a way to deliver that finance to people on the ground suffering from climate change impacts in developing countries and the groups within them who are systematically marginalised. The call for finance is a matter of climate justice to repay [the climate debt](#) that is two-fold: the adaptation debt and the emissions debt. However, loss and damage is not just about determining liability and seeking compensation because loss and damage cannot be addressed by financing alone: “...financial compensation may represent a normative solution to the peril of vulnerable countries, but it does not necessarily mean that the actual underlying needs are addressed.”¹

A fit for purpose Santiago Network is a way to transform finance into action to address loss and damage. We must recognise the complexity of the issues that developing countries have been seeking international attention for, including medium and long-term challenges due to “permanent losses, loss of ecosystems, loss of livelihoods, non-economic losses, loss of statehood and the associated challenges with migration and displacement, among others.”²



¹ [Warsaw International Mechanism for loss and damage: Moving from polarizing discussions towards addressing the emerging challenges faced by developing countries](#) by Juan P Hoffmaister, Malia Talakai, Patience Dampety, & Adao Soares Barbosa.

² Ibid.

The process of the UNFCCC

Climate justice means countries in the global North addressing the injustice and inequality that has been caused by the centuries of colonisation and exploitation of communities in the global South. The fight over Loss and Damage under the UNFCCC is a fight to recognise the historical responsibility of countries in the global North to pay their fair share to address the climate crisis that has been caused by their emissions. This is enshrined in the Convention's core principles, namely that it is the responsibility of countries in the global North to take the lead in combating climate change and its impacts on the basis of equity and in accordance with their "common but differentiated responsibilities and respective capabilities" (CBDR-RC).³

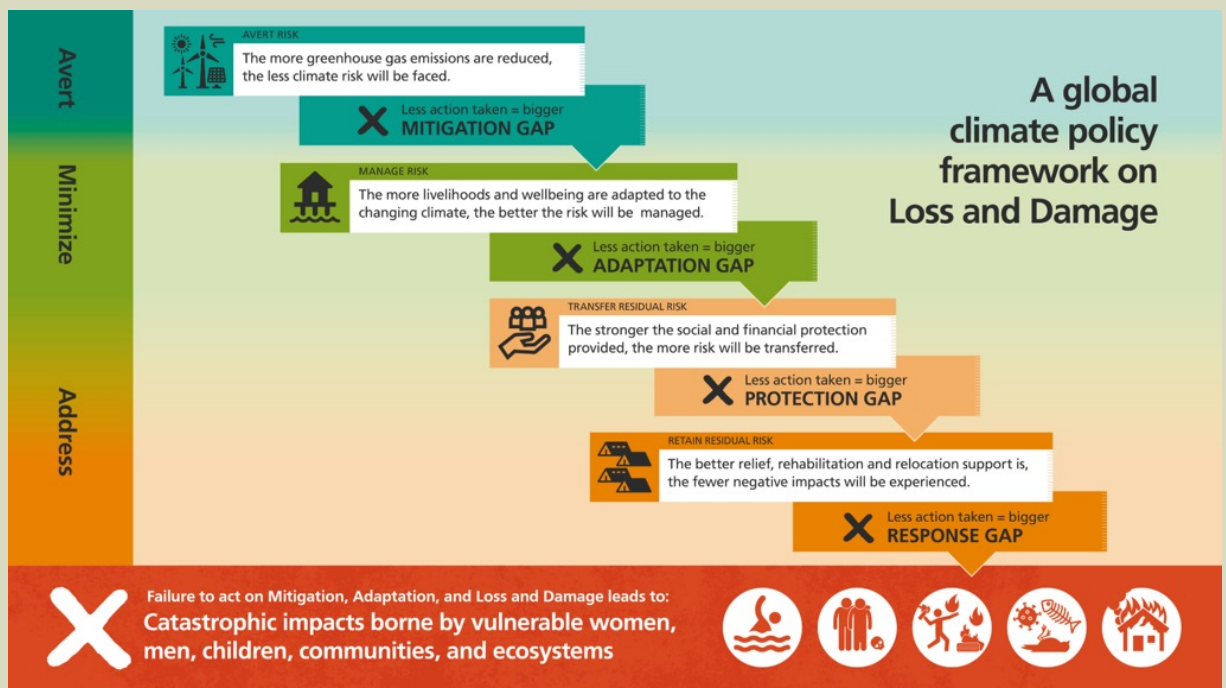
It is critical that Loss and Damage is addressed within the multilateral process of the UNFCCC to ensure that the liability of countries in the global North is recognised and compensation and assistance is provided to those suffering the impacts of climate change. Madeleine Diouf Sarr, chair of the Least Developed Countries group recently [defended the UNFCCC](#) as "one of the few spaces where our nations come together to hold countries accountable for historical responsibility." It is also important that the UNFCCC includes observers: it is a whole of society issue so we need not just governments; an adequate response must also listen to civil society, especially Indigenous peoples, people of colour, women, frontline communities and organisers from the global South.

The process of the UNFCCC

Loss and Damage sits at the end of a spectrum of climate action: it is the end of the line and the final chance to act. The more progress that is made to mitigate and to adapt to climate change, the less loss and damage will be suffered. However, the IPCC has recognised that there are limits to what can be avoided and reduced by adaptation. There are hard adaptation limits where no adaptive actions are possible to avoid intolerable risks, and there are soft adaptation limits where options may exist but are currently not available to avoid intolerable risks through adaptive action.⁴ Loss and Damage is the third pillar of climate policy, alongside mitigation and adaptation and we must ensure that all three pillars are strengthened at COP 27. It should be noted that the text establishing the Santiago Network includes "averting and minimising" as well as "addressing" loss and damage. It is understood by civil society organisations that averting loss and damage is mitigation, and minimising loss and damage is adaptation. Action on loss and damage must focus on addressing loss and damage.

³ UNFCCC, Article 3.1.

⁴ IPCC, 2022: [Summary for Policymakers, contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change](#), footnote 11.



There has been particular focus on Loss and Damage, in the need to establish a Loss and Damage finance facility (LDFF) at COP 27. This has come after decades of [important work](#) by those in the global South and their allies in civil society. The focus on Loss and Damage at COP 27 does not turn away from the hope that mitigation and adaptation provides in avoiding future loss and damage. The focus on Loss and Damage is an acknowledgment that loss and damage is happening and that mitigation and adaptation cannot prevent all future loss and damage: there is loss and damage that is beyond the hard and soft limits to adaptation.

The current Loss and Damage architecture

The Warsaw International Mechanism for Loss and Damage (WIM) was established at COP 19 to promote the implementation of approaches to address loss and damage associated with the adverse effects of climate change, in a comprehensive, integrated and coherent manner.⁵ The WIM was established to carry out work outlined in the Doha decision on Loss and Damage⁶; and has three functions:

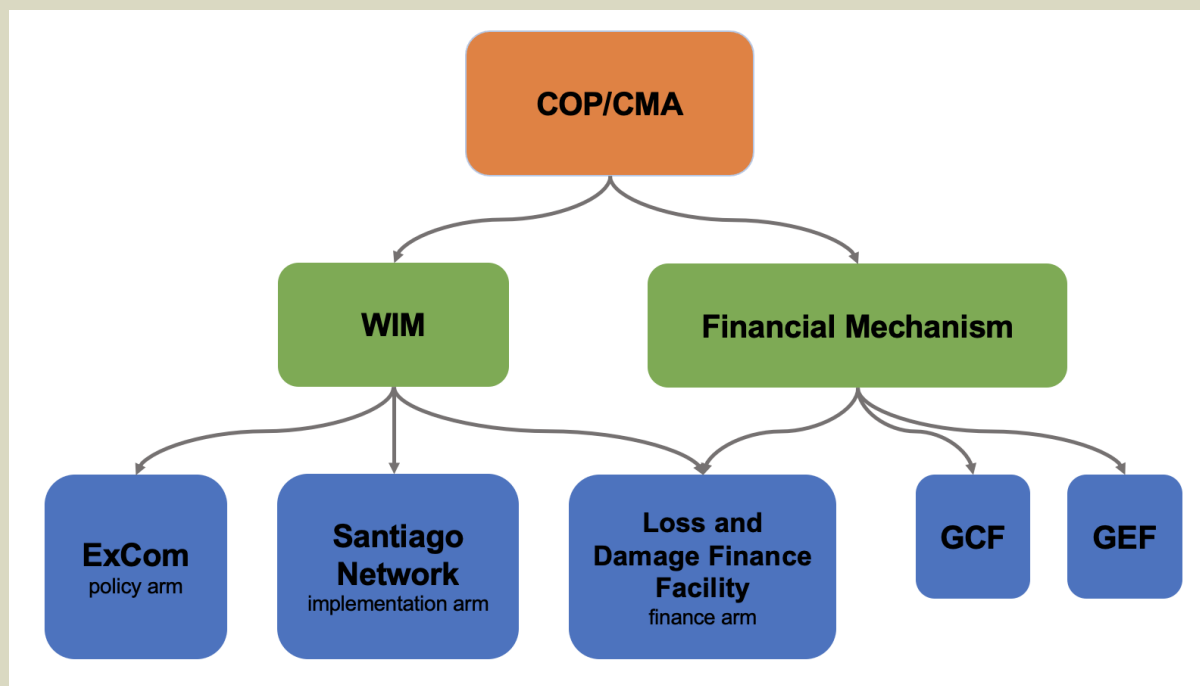
1. Enhancing knowledge and understanding of comprehensive risk management in addressing loss and damage;
2. Strengthening dialogue, coordination, coherence and synergies amongst relevant stakeholders; and
3. Enhancing action and support to address loss and damage. (abbreviated)

The implementation of the functions of the WIM are guided by its Executive Committee (ExCom) which is the policy arm of the WIM. The Santiago Network is the implementation arm of the WIM. The LDFF, once it is established, will be the Loss and Damage finance arm of the

⁵ [Decision 2/CP.19](#), paragraph 5:

⁶ [Decision 3/CP.18](#), see in particular paragraph 7 and 9.

Financial Mechanism of the Convention. Further work is needed to bring the WIM to life because it was not intended to consist of just the ExCom.⁷



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There is a critical gap in the work of the WIM relating to its third function: enhancing action and support, including finance, technology, and capacity building, to address loss and damage.⁹ The Santiago Network was established at COP 25 to fill the gap: “to catalyse the technical assistance of relevant organisations, bodies, networks and experts [OBNEs], for the implementation of relevant approaches at the local, national and regional level, in developing countries that are particularly vulnerable to the adverse effects of climate change.”¹⁰ The functions of the Santiago Network were agreed at COP 26.¹¹

The Santiago Network is about supporting countries to understand their needs and how to address them, as well as providing finance and technical assistance to do so. The vision of the Santiago Network is to enliven a framework whereby people and communities that have suffered loss and damage are supported to understand what they need, submit requests, and receive finance and technical assistance. The work of the Santiago Network can build capacity in countries and foster coherence among local and regional actors working to address loss and damage. When Loss and Damage finance is mobilised, the Santiago Network can support countries to understand where that finance should be directed to effectively address loss and damage.¹²



7 Above n 1.

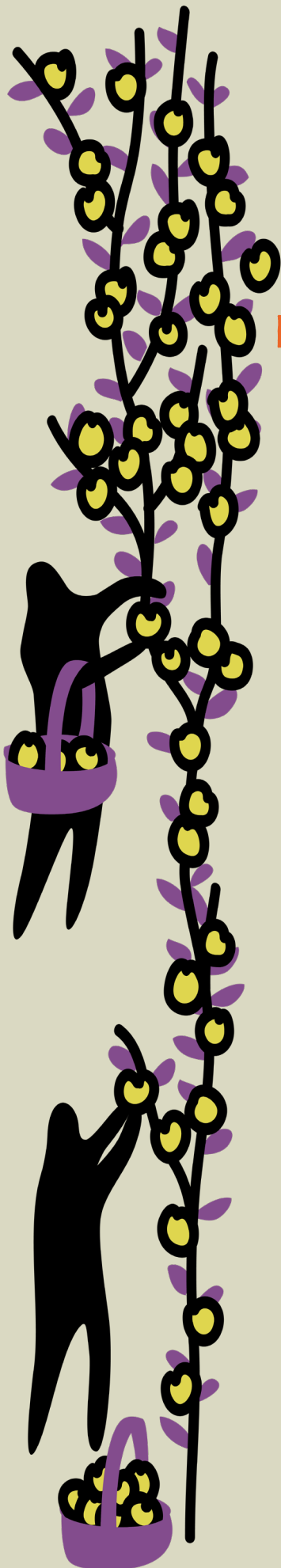
8 Diagram adapted from [Loss and Damage Finance Facility: Why and How](#) by CAN International.

9 [Decision 2/CP.19](#), paragraph 5.

10 [Decision 2/CMA.2](#), paragraph 43.

11 [Decision 19/CMA.3](#), paragraph 9.

12 [Decision 19/CMA.3](#), paragraph 9 (f).



Recommendations for the way forward

A fit for purpose Santiago Network must have leaders in the global South in charge of its operations and work to ensure that the solutions to and perspectives on Loss and Damage are informed by real experiences of loss and damage in order to deliver real solutions. The Santiago Network must have strong links to the national and sub-national levels and must be accessible to respond to the needs of communities. We cannot let the finance that is mobilised be absorbed by external consultants or consumed by burdensome administration. The Santiago Network should be accountable to the Parties, to the finance providers and, most importantly, to the beneficiaries.

The operational modalities should be inclusive and transparent, and allow for meaningful participation from frontline communities. The opportunities for input must be open to a range of constituencies, particularly groups from the global South who are systematically marginalised and have increased vulnerability to climate change. There should be mechanisms for effective and ongoing input including, for example, non-Party representatives within the governing body and regular opportunities to review the performance of the Santiago Network. The OBNEs that provide technical assistance should be consulted on an ongoing basis to inform and share approaches and best practices. The technical assistance that is delivered must be based on needs, demand-driven, locally-led, gender-transformative, promote equality and non-discrimination, and be guided by the best available science including Indigenous and local knowledge.

In order to operationalise the Santiago Network as an instrument to deliver real solutions, we propose that it is grounded in the following principles:

Principles to guide the operationalisation of the Santiago Network¹³

1. It must be guided by climate justice principles taking into account human rights, gender-based, local and indigenous communities' perspectives.
2. New and additional finance must be guaranteed at scale for the technical assistance being catalysed on the ground and the operations of the coordinating entity.
3. It must empower, enhance, and create coherence between existing processes, OBNEs including the disaster risk reduction and humanitarian assistance communities across the international, regional, national, and sub-national levels, and not duplicate efforts.
4. It must be designed in a simple and accessible way that ensures that lack of capacity is not a barrier to directly accessing support and already overburdened systems are not further burdened.
5. It must facilitate demand-driven, locally-led, sustainable and long-term solutions that are not dictated by funding limits.
6. It must have accountability and transparency mechanisms that ensure that its mandate and activities are country-led and controlled: the private-sector and donors cannot dictate priorities.
7. It must have the capacity and flexibility to respond rapidly in real time and at the scale needed and to be proactive not reactive.
8. Its advisory body must be representative of those people and communities it is intended to serve. Its coordinating entity must be hosted by an organisation in the global South.

An opportunity for real solutions

The operationalisation of the Santiago Network is a chance to breathe life into the purpose of the WIM. If the Santiago Network is fully operationalised and adequately resourced with foundations in climate justice and human rights, it may be able to deliver tailored assistance to the people that need it the most. "Establishing the Warsaw International Mechanism remains ineffective unless there is the political will and leadership, particularly of developed countries, to ensure that what has been established will deliver concrete actions and results to address the needs for those that this mechanism is set up to support."¹⁴ The Santiago Network can be used as an instrument to deliver real solutions to people on the ground suffering from climate change impacts. The effectiveness of the Santiago Network will be measured on whether it is responsive to the broad challenges faced by developing countries and the marginalised people within them.

We call for all Parties at COP 27 to act with urgency, ambition, fairness, justice and with a fair sharing of efforts to fully operationalise the Santiago Network to address loss and

¹³ These principles were adapted from [Submission to inform the effective operationalisation of a fit for purpose Santiago Network for Loss and Damage](#) by the Loss and Damage Collaboration.

¹⁴ Above n 1.



Developed by Kate Raffety and Heidi White

This briefing should be considered as an information and reference document
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* We acknowledge the work of those in the global South who have done the intellectual, political and organising work to fight for reparations for loss and damage, and for the climate debt to be repaid.