Piloting Community-based Loss and Damage Compensation in V20 Countries

Pioneering Community Funding for Addressing Climate Change Loss & Damage

Increasing climate shocks and stresses

Climate change is increasing the frequency and intensity of extreme weather events worldwide, along with the mounting pressures of erratic hydrological phenomena. The World Meteorological Organization (WMO) Global Climate Report 2022 highlights that, from mountain peaks to ocean depths, climate change continued to advance throughout 2022. 2023 was recorded as the warmest year on record, marked by wildfires in Canada, devastating floods in Libya, and a record-breaking heatwave in Asia, impacting countries like India, China, Laos, and Thailand. Cyclones, droughts, floods, and heatwaves have affected communities on every continent, causing billions of dollars in damages.

Era of loss and damage has arrived

With the establishment of the Fund for responding to Loss and Damage at the 27th Conference of the Parties (COP) and its formal operationalization at COP28, the issue of loss and damage finance has firmly arrived on the multilateral climate change agenda of the United Nations Framework Convention on Climate Change (UNFCCC). On the first day of COP28, the Parties adopted the governing instrument for the new loss and damage fund, following the decision at COP27 to establish such a fund. This historic decision comes after years of pressure from vulnerable countries and civil society.

Project at a glance

Bangladesh, Kenya and Malawi

Project's Thematic Area

Livelihood

Livelihood Assets

Output Taxonomy

Adaptation Component

7,000 Households reached

40,468 People reached

18,664 Female reached

21,804 Male Reached

Country-Specific Initiatives to Compensate

Country	Trigger	Output Taxonomy	Strategies	Implemented Activities
Bangladesh (Sarankhola Sub-District)	Among the **35,000** people affected by Cyclone 'Amphan' (2020), only **31%** received basic humanitarian assistance, while the remaining **69%** had to rely on their own resources for survival	Livelihood Assets	Locally Led Adaptation	• **250 HHs** (Households) compensated to engage in adaptive income generating activities (IGAs). • **250 HHs** compensated for repair/reconstruct private houses
		Adaptation Component		• **8 HHs** compensated through low-cost disaster resilient model house • **30 local carpenters** trained
Kenya (Garissa County)	In 2022, heavy flooding occurred as a result of El Niño, severely affecting **19,282** households in the Arid and Semi-Arid Lands (ASAL) of Garissa County	Livelihood Assets		• **2,533 HHs** of pastoralists and agro pastoralists communities compensated through restored livelihoods assets
		Adaptation Component		• **3,094 HHs** of pastoralists and agro-pastoralists have improved their climate adaptation skills and adopted new technologies
Malawi (Chikwawa District)	Tropical Cyclone Freddy (2023) caused an estimated $39.3 million in economic damage in Chikwawa, affecting sectors such as health, agriculture, livestock, and housing	Adaptation Component		• **200 HHs** compensated for enhancing water and sanitation infrastructure
		Livelihood Assets		• **200 HHs** compensated for improving house infrastructure • **465 HHs** compensated through investments in on- and off-farm livelihood assets.

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Lessons Learned from the Piloting

Bangladesh

- **Insufficient Compensation:** The allocated compensation for L&D was inadequate and needs to be higher to meet actual needs implying the need of a thorough assessment at the outset.
- **Need for Timely Compensation:** L&D compensation should be provided more promptly to support faster recovery.
- **Rising L&D from Frequent Disasters:** The importance of securing additional funding streams and developing a comprehensive DRR plan to confront frequent disasters.
- **Compounded Stresses on Adaptation:** Ongoing stresses, such as changes in agricultural practices, hinder communities' adaptive capacity.
- **Make Use of Synergies:** Leverage the synergies between CARE projects for maximizing impact, reduce duplication, and strengthen the collective outcomes across projects.
- **Sustainability efforts of Beneficiaries:** Beneficiaries surpassed expectations by investing their own savings with the compensated grant to rebuild better on resilient income-generating activities (IGAs).
- **Sharing Project Insights and L&D Funding Mechanisms at the National Level:** National-level learning and sharing workshop focused on improving L&D funding opportunities, as well as enhancing future resilience and recovery efforts, is essential

Kenya

- **Strengthening Capacity of Local Organization/Committee:** Capacity strengthening of Water Management Committees may help to increase sustainability and reliability.
- **Inclusive Recovery Approach & Active participation of Vulnerable Groups:** Involvement of women and youth create opportunities for sustaining L&D project initiatives.
- **Ongoing Support for Community Outreach Workers:** Involving and continuously training Community Outreach Workers (e.g., in health) can significantly enhance community resilience
- **Climate-Smart, Gender-Responsive Infrastructure Investments:** Promoting cost-effective, adapted technologies (climate-smart, gender-responsive) at the start of L&D projects ensures financial manageability without straining household budgets.
- **Harnessing for Renewable Energy:** Using solar power for water supply systems can reduce GHG emission and energy costs.
- **Sustainability approaches involve different elements:** Effective sustainability requires integrating projects with ongoing initiatives, fostering community and government collaboration, and building local capacity for long-term impact.

Malawi

- **Supporting Ongoing Recovery Efforts:** Providing support to community members already on the recovery path boosts their resilience and accelerates progress.
- **Earlier Intervention:** While support in recovery was helpful, earlier intervention—especially in shelter—could have improved outcomes and better aligned with "Building Back Better" for a more sustainable recovery.
- **Empowerment, Self-Help and Self-Sufficiency:** Empowering communities to lead their own recovery fosters long-term resilience, emphasizing the vital role of community solidarity in sustaining recovery efforts.
- **Inclusive Recovery Approach:** Targeted support for vulnerable groups, including the elderly and people with disabilities, is essential, and future efforts within these communities should build on this to ensure an inclusive recovery for all.
- **Coordinated, Holistic Timely Support:** Integrated and timely assistance ensures sustainable recovery outcomes.

Recommendations for Implementing L&D Project in Future

- **Increasing L&D and Compensation as a Right:** Vulnerable communities bear the brunt of climate impacts despite minimal emissions, highlighting a justice gap that demands substantial, dedicated funding beyond current pledges to effectively address loss and damage (L&D).
- **Security-Sensitive Areas:** Partnering with local organizations that have established networks ensures safe access to high-risk disaster-affected regions, promoting sustainability while adhering to the 'Do No Harm' principle
- **Cash Plus for Food:** Allocating funds specifically for food, in addition to other support, helps vulnerable communities meet immediate needs, allowing them to use cash transfers for other essential expenses.

CARE's Position on Loss and Damage Financing in COP29

- The Loss and Damage Fund should be fully replenished, proportionate to the developed countries' historical climate justice responsibility.
- The L&D governance framework should provide accessible, grants, non-debt-inducing technical and financial support to address the needs of developing countries.
- The L&D fund's policies should be guided by the principles of equity, inclusivity, accessibility, and nondiscrimination
- Dedicated L&D Finance sub goal in New Collective Quantified Goal (NCQG) to secure new, additional, needs based, predictable, and adequate resources
- Parties should incorporate L&D scenarios in the next round of Nationally Determined Contributions (NDC) in 2025

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