



# The Long Shadow of the Climate Crisis

Why a new funding facility must  
address loss and damage

*“A new funding facility to address loss and damage is long overdue. This will play a vital role in helping countries to avoid the long shadow of poverty cast over the poorest communities in the years and decades following climate disasters.”*

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# EXECUTIVE SUMMARY

Without access to international finance to address climate-induced loss and damage, countries and communities facing disasters and slow-onset impacts are highly vulnerable to additional shocks such as rising global food prices and the Covid19 pandemic.

The current devastating drought across Ethiopia, Kenya and Somalia is leaving communities at the mercy of the global food crisis, with fatal consequences. People losing their crops and livestock are unable to afford to buy food due to high prices triggered by the war in Ukraine. Price rises at local level in drought-affected areas of the Horn of Africa are far, far steeper than global averages, and cruelly affect those most desperate.

- **While average food prices in Europe increased by 3.15% in the two months following the start of the war in Ukraine, local communities in East Africa experienced far more extreme price rises. In Somaliland for example, some communities faced price increases of 163% for wheat, 86% for pasta and 260% for cooking oil.**
- **More than 1 in 9 people are at risk of starvation across East Africa.**
- **More than 40% of the population of Somalia are facing acute food insecurity from this October.**
- **Nearly 55% of Somali children are acutely or severely malnourished.**
- **The number of people facing starvation in the region is more than twice the population of Sweden, or more than four times the population of Ireland.**

The losses and damages caused by climate change leave a long shadow on peoples' lives for years, decades or even generations.

Climate disasters are making nations poorer and pushing them deeper into debt, emptying the public purse and cutting off access to education, healthcare and other public services which act as key lifelines out of hardship and poverty.

During climate disasters, women and girls are disproportionately affected by hunger, displacement, debt and violence. And in the aftermath of disasters when national budgets are severely strained, women are the first to lose access when public services such as education and healthcare are cut. As women are the majority of frontline public sector workers, they also suffer most when public service jobs are cut. Furthermore, when public services in the care sector are cut it is women and girls who are expected to fill the gap in care provision with their own unpaid time and work, affecting their own education and ability to earn incomes.

Thus, the long-term effects of climate disasters on the public purse means that women and girls are even more affected by climate disasters and government debt than previously recognised in UN climate discourse.

Developing countries facing climate disasters are being left to deal with the crisis on their own, even though they have rarely been the ones to contribute to the problem. The UNFCCC currently only facilitates climate finance flows to address adaptation and mitigation. There is still no UN system to provide climate finance to those suffering climate-induced loss and damage, to be able to pick up the pieces in the aftermath of climate disasters. This lack of funds means that there is no systemic approach to intervene, respond, rebuild and recover.

Climate-affected countries urgently need finance to cover the costs of climate losses and damages, to provide social protection and public services to advance human rights and development goals, and to avoid falling into the climate poverty spiral. Early support facilitating rapid action and interventions can prevent far greater losses in the longer term. A new funding facility to address loss and damage is long overdue. This will play a vital role in helping countries to avoid the long shadow of poverty cast over the poorest communities in the years and decades following climate disasters.

Wealthy developed countries, who have contributed the most emissions to a warming planet, have consistently blocked progress on the issue of loss and damage financing for decades. At COP27, developed countries must finally join with developing countries in their call for a new loss and damage financing facility, so that communities can receive the support they need to recover from climate impacts, and to avoid the devastating long-term consequences of climate disasters.



**“It used to be better in the past, but now the world is ending.”**

Amina Yusuf Cige, 90, has survived 12 droughts in her lifetime but says the current situation in Xidhinta and the whole of Somaliland is the worst she’s experienced in her lifetime.

*“The drought has hit us hard. We have no water. Fuel is very expensive. We used to eat sorghum, rice, pasta and macaroni. But now we do not have the money to buy these foods. We are starving. It used to be nice in the past, but now the world is ending.”*

Community members say that there is not enough water and they can no longer farm. Cows are sick, so they are unable to herd and milk them as a consistent means of income. Amina said that when she was younger, pastures and trees were flourishing. But now resources are so scarce that many people guard their livestock or restrict others from accessing their farms. Now you can’t go anywhere you don’t own.

*“In the past, the land was shared and prosperous but now people do not pass around their livestock; they dig on their own farms, and they don’t allow anyone else to come in. People do not sit together, and each man goes his own way.”*

PHOTO: DANIEL JUKES/ACTIONAID.





Flooding of the Niger Delta, Nigeria, is one of the direct impacts of climate change on local communities. Around a historic climate case against Shell in the Netherlands, activists spoke out on how the fossil fuel giant has devastated their communities with oil spills, gas flaring, polluted water and human rights abuses. PHOTO: NORA AWOLOWO/ACTIONAID.

## 1. INTRODUCTION

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In 2022 climate disasters have taken on a new scale and horror. Four seasons without rainfall have left a “biblical” drought and unprecedented hunger across Eastern Africa. Devastating floods in Pakistan have put one third of the country underwater. The increasing extremity and intensity of climate disasters this year provide just a hint of the climate chaos that is to come as our planet continues to heat up, and disrupted weather patterns become more extreme and destructive.

The events this year have exposed the lack of a global system of support to help climate-impacted countries to pick up the pieces and recover in the aftermath of disasters they have often had little hand in causing. There is currently no global climate financing facility to address climate-induced “loss and damage”, and this gap has left countries particularly exposed to further shocks such as rising global food prices triggered by the war in Ukraine, or the Covid-19 pandemic.

This briefing outlines how the impacts of climate disasters can cast a long shadow in low-income climate-vulnerable countries, for years, decades or even generations. But with timely financial support to address loss and damage, countries can recover more quickly and protect people’s human rights.

With UN COP27 negotiations scheduled to take place in Sharm-el-Sheik, Egypt in November 2022, there is growing pressure on wealthy governments to finally agree to set up a new Loss and Damage Finance Facility (LDFF). Governments from developing countries, representing 6 out of 7 people on the planet are now united in calling for COP27 to deliver on this key outcome. However a handful of wealthy developed countries - the United States and the European Union in particular – have consistently blocked progress. It is time to recognise that the provision of finance to address loss and damage must be at the very heart of action to address the climate crisis.

## What is “Loss and Damage?”

The term “climate-induced loss and damage” refers to the losses and damages from sudden-onset disasters (e.g. cyclones, floods, bushfires etc) or slow-onset impacts (e.g. drought, desertification) caused by climate change.

The costs associated with loss and damage can include **lost** farming incomes and livelihoods during a drought, the need to rebuild **damaged** homes or even entire cities in the aftermath of floods or cyclone, and much more.

Under the UN Framework Convention on Climate Change (UNFCCC), developed countries have agreed to provide \$100bn per year in climate finance from 2020 onwards, so that developing countries can undertake climate “mitigation” activities to transition to greener pathways, as well as “adaptation” actions to strengthen resilience to the future impacts of climate change. This target has been criticized as insufficient. Nonetheless, developed countries failed to meet this target, and instead of providing finance in the form of grants the majority of finance provided is in fact in the form of loans which must be repaid. According to the OECD, 60% of bilateral climate finance and 88% of multilateral climate finance between 2013 and 2019 was in the form of loans.<sup>1</sup> The lack of grant-based finance has been heavily criticised by developing countries and civil society.

In addition to this funding gap, however, **there is currently no international mechanism to provide real climate finance to help countries address climate-induced loss and damage, so that they can recover, rebuild or even relocate after they have suffered from the impacts of disasters or slow-onset events.**

Addressing loss and damage is a different and longer-term type of intervention than humanitarian relief, which focuses on providing much-needed food, cash relief and shelter in the immediate aftermath of disasters.<sup>2</sup> In general, the costs of addressing loss and damage are usually far greater than the funds raised for humanitarian relief (see table in Section 3). Addressing loss and damage must therefore be additional to funding for humanitarian support, adaptation and mitigation, and must be in the form of grants, not loans.



Livestock animals are often first to succumb to drought as farmers focus limited water supplies on their families' survival. The remains of livestock found outside the pastoral community of Ceel-Dheere, Somaliland. PHOTO: DANIEL JUKES/ACTIONAID.

## 2. DROUGHT IN EAST AFRICA: CLIMATE-HIT COMMUNITIES AT THE MERCY OF THE GLOBAL FOOD CRISIS

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The region known as the Horn of Africa is currently facing the risk of famine. It is likely to be the most extreme drought and food security crisis known in modern times.<sup>3</sup> No rainfall for four rainy seasons in a row in Ethiopia, Northern Kenya and Somalia means that the region is now in the middle of its worst drought for at least 40 years.<sup>4</sup> With the global “La Nina” climate pattern predicted to extend for a third year in a row – an exceptionally rare “triple dip” event<sup>5</sup> attributed to climate change<sup>6</sup> - the East African drought is forecast to continue into a fifth consecutive rainy season.<sup>7</sup>

Farming and livestock herding are the principle sources of livelihood and food security for communities across the affected regions. Both sectors are highly dependent on reliable rainfall, which means that communities have been devastated by the effects of the drought. Rivers and water sources are dry. There is no more moisture in the soils in which crops and grazing pastures once grew. Crops have failed, and much of the grasslands are now dust. More than 16.2 million people cannot access enough water for drinking, cooking and cleaning. Over 8.9 million livestock have died across the region.

**The catastrophic effects of climate-induced drought in the Horn of Africa have left communities especially exposed to the effects of rising global food prices, triggered by the war in Ukraine.**

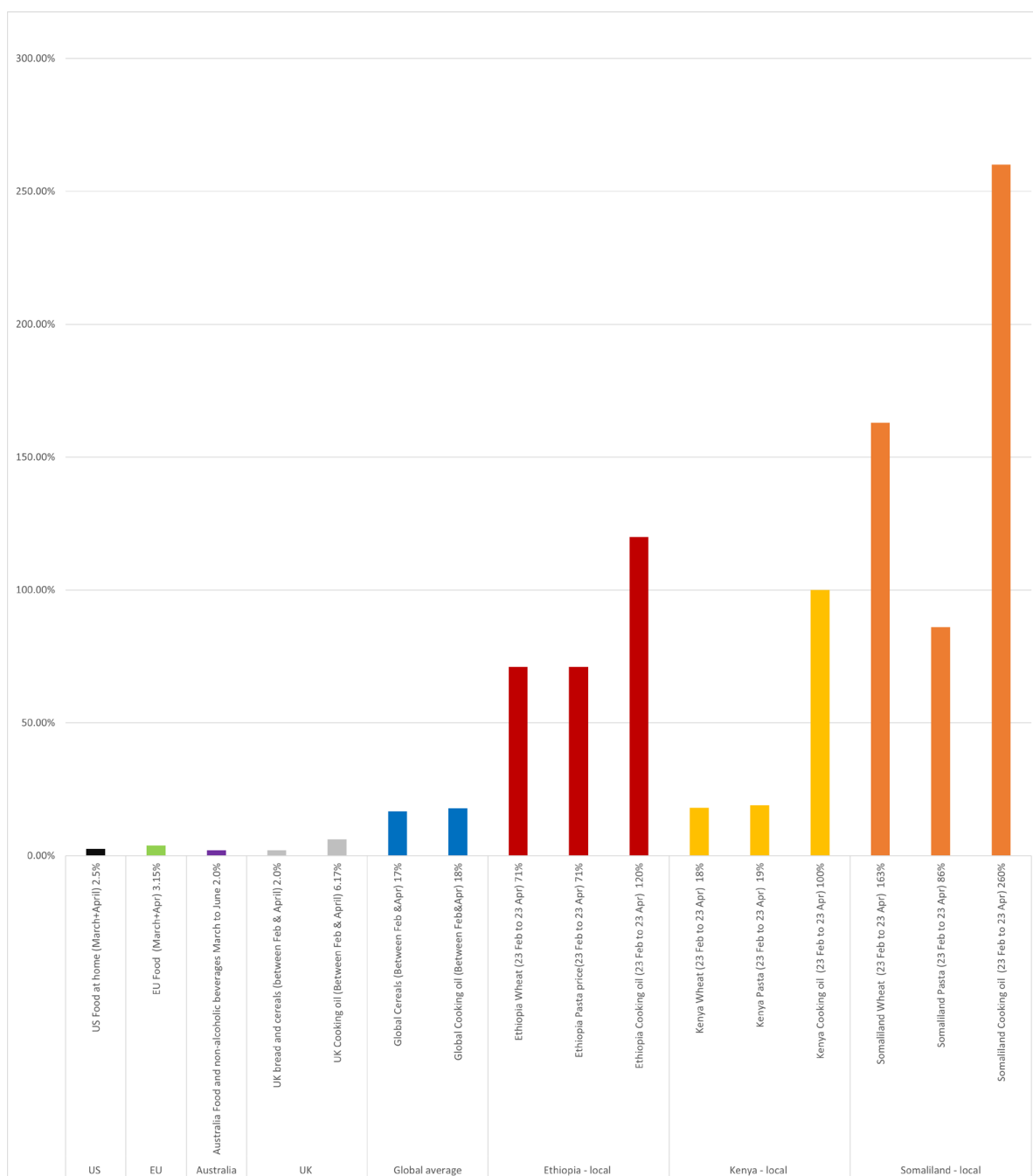
The crises this year follow on the heels of other crises in the region over the last years including climate-induced floods and locust swarms, conflict, and the Covid-19 pandemic. Displacement is taking place on a huge scale across the region, as communities go on the move in search of basic needs such as food and water.<sup>8</sup>



Earlier this year, research by ActionAid<sup>9</sup> found that price rises at community level, particularly in areas facing climate impacts, have been far steeper than the global average, and cruelly affect those who are most desperate.

Some communities in Ethiopia have reported that the price of bread has increased by up to 71%. In some parts of Kenya, the cost of cooking oil has increased by 100%. Communities in Somaliland (a self-declared independent region within Somalia) have reported up to 163% increase in the price of bread, and up to 260% increase in the cost of cooking oil.

**GRAPH: FOOD PRICE RISES IN THE 2 MONTHS FOLLOWING THE WAR IN UKRAINE**



*In the two months immediately following the war in Ukraine, the average cost of food in the Global North suddenly increased by several percent. However local communities in drought-affected communities in Ethiopia, Kenya and Somaliland experienced far more extreme price rises, with costs for some items increasing by more than 100%, or even 200%.<sup>10</sup>*

The combination of climate-induced drought and unaffordable food, is leading to unprecedented hunger in the region. Millions are facing famine and starvation in the months ahead, including half a million Somali children who are currently at risk of dying from malnutrition. According to new calculations by ActionAid:

- **More than 1 person in 9 is facing starvation across Ethiopia, Kenya and Somalia.**<sup>11</sup>
- **More than 40% of the total population of Somalia is facing “acute food insecurity.**
- **Nearly 55% of Somali children are acutely or severely malnourished.**
- **The number of people facing starvation in the Horn of Africa is the equivalent of more than twice the entire population of Sweden, or more than four times the population of Ireland.**

These effects have been further exacerbated by the rising price of petrol, also triggered by Russia’s war in Ukraine. Communities in Ethiopia, Kenya and Somaliland report that petrol prices have increased by up to 90%, 85% and 75% respectively.<sup>12</sup> Women smallholder farmers in Somaliland trying to save their vegetable production through irrigation report that the steep price of petrol has even prevented the use of generators to pump water.<sup>13</sup>

Transport and marketing costs for key items can be far higher in rural areas than in capital cities, compounding costs for remote communities. Families – especially women – are missing meals and taking their children – especially girls – out of school. Many are selling off their assets such as livestock or tools, undermining their chances of economic recovery in the future. Many are getting deeper into debt simply to survive. Women report using the practice of “tying up their stomachs”, binding them tight to better cope with the intense pain of hunger, so that they can bear to give what little food there is to their undernourished children. People are dying.

### **Red alert: East Africa Food Crisis Appeal**

Up to 22 million people in Ethiopia, Kenya and Somaliland are at risk of starvation following a lack of rains and the worst drought on record in East Africa. Chronic water shortages and now rising food and energy prices due to the war on Ukraine are pushing families to the brink of survival.

ActionAid’s resilience building programmes in the region - for example supporting communities to create water harvesting structures - has helped many communities to better cope with low rainfall in the face of climate change. But the severity and duration of the current drought across the region have breached the limits to adaptation.

ActionAid’s emergency teams must now work with local women-led and youth-led partner organisations to provide life-saving food relief and water in the region. More humanitarian support is urgently needed. If you would like to find out more or donate, please click [here](#).



Due to a climate-change-fuelled drought, the last remaining lifeline for the community of Ceel-Dheere, Somaliland, is a shallow well. PHOTO: DANIEL JUKES/ACTIONAID.

Yet current appeals to the international community to provide the funds needed to respond to the drought remain well underfunded.<sup>14</sup> The funds that do arrive, are coming too late and failing to reach the local and national grassroots organisations led by women and young people on the front lines of the crisis. With extreme weather events on the rise around the world, the humanitarian system is under severe strain and unable to sufficiently respond to the urgent need.<sup>15</sup>

The situation in the Horn of Africa demonstrates how countries suffering the effects of the climate crisis can be left especially vulnerable to additional shocks, such as the current global food crisis, or the Covid19 pandemic.

### How drought has affected communities in Ethiopia

Adi Meliti Dida Kusa, 58, is a widow raising eight children. She has lost all her livestock in the drought – 78 cows and 60 goats and sheep. Although she tried to save her cattle by selling her goats and sheep, all her cows still died. Now she is left with nothing to feed her family. Adi has travelled to Duplek where the government and humanitarian organizations can provide support to her family. She is currently selling firewood and charcoal to survive, but there are no local markets so she doesn't earn enough to feed her family. To try to control her hunger Adi is now resorting to tying her stomach tightly with a belt.

Gellgelo Wele Shake, 54, had 200 cows and around 100 goats and sheep. As a result of the drought, he now has only five goats and two cows. Gellgelo has 10 children but he is unable to support them, and they have now gone to live with other family members. The drought has displaced him from his village in Rhamet Cluster and now he is a refugee in Kelkeloo village of Watchile Woreda. Gellgeo now makes and sells charcoal, however the remote location and lack of market means that his income is very small. He lives on loans and only eats bread once a day.



Millions of livestock have died in the Horn of Africa due to drought. PHOTO: DANIEL JUKES/ACTIONAID.





Climate change doesn't just affect communities in the short term through drought and floods, it also has long-lasting effects including cuts to public services as a country struggles to repay the debts created by surviving the initial crisis. PHOTO: [NAME]/ACTIONAID.

### 3. THE LONG SHADOW CAST BY CLIMATE DISASTERS

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Long after a humanitarian crisis, losses and damages caused by climate disasters can still cast a “long shadow” on countries’ well-being, human rights, development opportunities and vital climate action for years or even decades to come.

Warmer climates in the Global South mean that lower-income countries in these regions are already disproportionately affected by disruption to weather patterns caused by global warming. These tend to be the countries that have done the least to cause the climate crisis. Historic patterns of exploitation and colonialism are also responsible for present-day inequalities that make poorer countries and communities more vulnerable to climate change.

But the combination of the financial costs of losses and damages, the added burden of debt repayments, and the subsequent absence of investment in public services including education, healthcare and climate action can create a toxic trap of poverty from which it can be hard to escape.

#### FINANCIAL COSTS BORNE BY COMMUNITIES AND GOVERNMENTS

When climate disasters strike, or slow-onset impacts such as rising sea levels or desertification effectively take away the land on which people live and work, families and communities bear huge direct financial costs. They may lose their income as well as the land, livestock and assets on which their long-term livelihoods depend, for the duration of the disaster. They must usually bear the costs of repairing and rebuilding their damaged homes and infrastructure themselves.<sup>16</sup>

For vulnerable households with minimal economic buffers (often the case for women-headed households) the loss of home, land, crops, food or livelihoods can push people into spiralling poverty and destitution when climate disasters strike.



Insurance schemes, meanwhile, only cover a small proportion of loss and damage – as little as 1.5 or 2%<sup>17</sup>. They are increasingly reluctant to cover communities in high-risk areas<sup>18</sup>, or may even refuse to pay out when losses occur<sup>19</sup>.

But the costs and consequences of climate disasters do not end there. Regional and national governments must divert often-scarce resources into the effort to repair and rebuild infrastructure. Governments can play a vital role in supporting communities to bridge crises by offering cash transfers, food support or cash-for-work schemes<sup>20</sup> – but such social protection schemes also require significant funds to roll out. At the same time, governments are likely to experience major losses in tax revenue while economic activity grinds to a halt during a disaster and its aftermath.

Analysis by the V20 – a grouping of 20 highly climate-vulnerable nations - indicates that over the last twenty years, the costs of climate change impacts have reduced the wealth of the V20 by 20%, about \$525bn dollars<sup>21</sup>.



Angelina João, 39, is the chair of the Women Entrepreneurs of Buzi Town, Mozambique.

*“The climate has changed a lot since Cyclone Idai. Before Idai the production was good, but now after Idai we don’t have good harvests, everything has changed. We don’t understand why, but we believe that it is because of climate change. After Idai we had Cyclone Eloise, which also affected our fields. It was maize season and the heavy rains caused the maize to rot. It was not comparable to Idai but it ruined the production. Buzi is a low-lying area. Some women in the committee lost the roofs of their houses. Now every time we hear about a new cyclone or storm we get worried.”*

PHOTO: DANIEL JUKES/ACTIONAID.

## CLIMATE-INDUCED DEBT

It is in fact the poorest families on the front lines of the climate crisis who are pouring their own limited resources into recovery efforts in the aftermath of disasters.<sup>22</sup> All-too-often this means they may find themselves with little option but to take on high-interest loans to survive.<sup>23</sup> For some families, this can have the effect of trapping them in debt for years, unable to spend their incomes on their wellbeing but instead forced to service loan sharks.

Governments face a similar quandary. As there is currently no global financing facility to address loss and damage, loans are often the only option for governments to access finance for urgent and vital reconstruction and recovery. In the aftermath of a climate disaster, concessional loans with low interest rates can be hard to come by, as lenders will view a post-disaster nation as a risky prospect for reliable payments. Thus the loans that are offered tend to be at higher interest rates.<sup>24</sup> **Debt and interest repayments to cope with loss and damage thus mount up**, amounting to ever-higher percentages of GDP in the aftermath of climate disasters.<sup>25</sup> Recent calculations by Climate Action Network and Debt Justice suggest that over the next 10 years, Sub-Saharan African countries will have to take on an additional \$996 billion in debt - a 50% increase in current debt levels as a percentage of GDP.<sup>26</sup>

Debt crises can often be triggered by sudden-onset disasters.<sup>27</sup> If countries that were already in debt before the disaster hit then find themselves taking on additional debt after a flood, cyclone or drought, they may find it impossible to meet the debt-on-debt repayments, and experience “debt distress”. Instead of being offered debt relief in the aftermath of climate disasters, however, countries are often forced to draw finances from the public purse, **diverting funds from public services, while often coerced by the IMF to adopt punishing austerity measures in order to repay their creditors**. When the hugely destructive Cyclones Idai and Kenneth hit Mozambique in 2019, killing more than 1,000 people and leaving 3 million more without food, water, shelter and critical infrastructure across the region, the country was forced to take on a \$118.2 million in loans from the IMF, and to cut key public services in order to service the debt repayments<sup>28, 29</sup>.

Unfortunately, the story doesn't end there.



Following the recent massive floods in Pakistan, there have been calls on the country's international lenders to provide debt relief so that the country can use the revenue that it would have spent on debt repayment towards the effort to recover and rebuild after the disaster. Previous to the disaster the country was spending a third of its budget revenues on loan repayments. 4 million hectares have been destroyed, and much of the country is still underwater. For many farmers, planting for the new season cannot take place.<sup>30</sup>

PHOTO: AKIFULLAH KHAN/DEC.

## PUBLIC SERVICES AND SOCIAL PROTECTION

Government **cuts in essential public services to cover the costs of recovery from climate disasters and to repay debt, results in millions of people losing their rights**, their opportunities for development, and key lifelines out of misery. The poorest and most marginalised are always those most affected, as they rely most heavily on public services and do not have the means to pay for private services. Cuts to healthcare and education hold people back from being able to live fulfilling, healthy lives and from earning secure livelihoods. Spending reductions in healthcare also disproportionately affect women who tend to require more support during pregnancy and early years care.

Scaling back social protection schemes that are intended to help families bridge crises, means they are more likely to fall into a poverty spiral when disaster strikes.<sup>31</sup> Cuts or delays in expanding electricity or water provision mean that women spend more of their time fetching water, children spend less time studying, and communities are less able to initiate economic activities and businesses. Cuts to education can deprive young people of opportunity, often shutting the door on a route out of poverty. This is especially the case for girls, who are less likely than their brothers to be given the opportunity to attend school when fees are then charged. **The loss of these public services, which are so essential for protecting people's rights, can serve to set millions onto a lifetime path of poverty and hunger.** The effects can be felt for years, decades or even generations.

Reductions to the public purse to pay back debt incurred in the aftermath of climate disasters also have the perverse effect of **delaying vital investment in adaptation and mitigation actions, thus exposing vulnerable countries to greater escalating impacts.**<sup>32</sup> In 2021, Debt Justice UK found that low-income countries spent on average over five times more on external debt payments than on projects to protect people from the impacts of climate change.<sup>33</sup>

Even more perversely, climate-shocked countries in desperate need and growing debt may find themselves forced to exploit and export their natural resources such as fossil fuels or forests as a fast way to gain foreign currency for debt repayment.<sup>34</sup> This may even require taking on additional debt to get the capital investment to pay for the exploration, infrastructure and costs associated with fossil fuel exploitation.<sup>35</sup> Thus the vicious circle continues.



**TABLE: The cumulative costs of loss and damage**

Types of loss and damage	Examples of losses and damages
People's/ communities' loss of <b>income</b> during crisis	Farmers' loss of income due to crop failure during a drought. Small business owners' loss of income due to closures during flooding or after a destructive cyclone.
People's longer-term loss of means of <b>livelihood</b>	Farmers' loss of livestock to drought, floods or cyclones Farmers' fields affected by saline sea water and no longer fertile Farmers' fields underwater due to rising sea levels Farmers' sources of water have dried up Reduction in fish stocks due to warming seas Business infrastructure and assets destroyed or lost during floods or cyclones. Families forced to sell livelihood assets such as livestock or tools for the sake of food and survival in the short-term.
People's/ communities' cost of rebuilding <b>infrastructure</b>	Cost to families to repair or rebuild damaged homes, granaries, fishing boats or businesses after floods. Cost to communities to repair or rebuild damaged infrastructure including schools, clinics or marketplaces.
People's/ communities' cost of <b>debt repayments</b>	Families in crisis forced to take on debt at high interest rates, with high repayment costs.
People's/ communities' cost of <b>displacement and relocation</b>	Cost of temporary accommodation, food and non-food items. Cost of new land and homes after losing land, homes and livelihoods to rising sea levels, desertification etc Cost of medical and psychosocial services.
People's loss of <b>public services</b> and investment	Loss of key services including healthcare, education, social protection, electricity, water provision, adaptation and gender-responsive agricultural extension services increasing poverty over the long-term, especially for women and girls.
People's human and environmental loss and damage, sometimes referred to as " <b>non-economic loss and damage</b> "	Loss of traditional and cultural lands, sacred sites, territory, identity Loss of ecosystems and biodiversity which provide food, grazing, herbal medicine, climate stability, mental health Loss of traditional knowledge Loss of social networks, social cohesion, support systems Loss of family members and loved ones.
Regions'/ nations' loss of <b>tax revenue</b> during crisis	Governments' loss of tax revenue income from farmers, fishing communities, markets, business owners during drought and flood crisis
Regions'/ nations' longer-term loss of <b>economic activity</b>	Governments long-term loss of economic source of activity and tax revenue as a result of damage to land, livelihoods and assets
Regions'/ nations' costs of <b>recovery and rebuilding</b>	Cost to government to repair or rebuild infrastructure e.g. schools, hospitals, offices, roads, electricity, water and sewage systems, factories, tourist sites etc. Government costs of social protection for people e.g. food transfers, cash transfers, cash-for-work Government costs of compensation to communities to support rebuilding and recovery of family and community infrastructure Government costs of dealing with long-term physical and psychosocial impacts of the disaster on its population
Regions'/ nations' cost of <b>relocation</b>	Cost of providing shelter, food and non-food items in response to temporary displacement Cost of planned relocation, including housing support, regional economic investments, job guarantees, cash transfers, scaling up service provision
Regions'/ nations' cost of <b>debt repayment</b>	Governments forced to take on debt at high interests with high repayment costs. Inability to repay debt can lead to debt crises, and dependency on IMF loans that are associated with imposition of austerity policies, including cuts to public spending.
Regions'/ nations long-term economic losses due to rising costs and <b>cuts in public services</b>	Cuts in public spending on key services including healthcare, education, social protection, electricity, water provision, adaptation and gender-responsive agricultural extension services lock communities – especially women and girls - into poverty, restraining economic activity and tax revenues over the long term.





Josna Bagum, 40, is mother to six children. She lives with her family in Dakshin Badaghat, Bangladesh. Her two eldest daughters, Yesmin Akter, 22, and Muslima Akter, 19, are high school students.

In June this year, in the early hours of the morning, their home was hit by a flash flood. Josna and her children were alone in the house with no electricity. It was the middle of the night, and they were scared. They didn't know what to do. Josna and her daughters tried to save their belongings by placing them on higher shelves but they couldn't keep up with the pace and intensity of the rising water. Most of the children's school materials, including their books and stationery were washed away with the floodwater. The family have also lost their income due to losing their harvest and livestock in the flood.

*"Our house and schools are now half-submerged in water and destroyed. We could not even study at home because the electricity was disrupted during the flood. We have exams coming up, but because of the flood we couldn't prepare. We were really scared after dawn as everything was surrounded with darkness in the first few days. Roads have been damaged and there was a scarcity of boats as well. Almost every year we get affected by floods, but this year the damage is much greater. We had already been lagging in studies these last two years because of the Covid-19 pandemic, and now this flood has added a new challenge. We have been trying to adapt and study with the limited resources we have left with. We are using candles to study at night, but it is hardly enough for an extended family like ours,"* said one of Josna's daughters.

PHOTO: ACTIONAID.



Women and girls face higher risks in times of scarcity. Women like Halimo, 45, who have been displaced by drought, spend upwards of 10 hours a day travelling for water, which makes both themselves and their children more vulnerable. PHOTO: DANIEL JUKES/ACTIONAID.

## 4. LOSS AND DAMAGE TO THE PUBLIC PURSE INCREASES GENDER INEQUALITY

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Climate disasters and erratic weather patterns triggered by **climate change directly and disproportionately affect women and girls.**

Across the global South nearly half of the agricultural workforce are women, and in sub-Saharan Africa the number is far greater.<sup>36</sup> This means women's livelihoods and food security are particularly vulnerable to the effects of erratic rainfall patterns, pests, droughts, floods and cyclones triggered by climate change.

Women are several times more likely to die from climate disasters as men,<sup>37</sup> and the greater the gender and economic inequality, the greater the disparity.<sup>38</sup> 80% of people displaced by climate disasters are women.<sup>39</sup> When water sources dry up, women and girls must walk further to fetch water. When crop failure impacts on family income, women tend to skip meals more than men. Girls are pulled out of schooling before their brothers either to save on school fees or to send them to fetch water, setting them on an unequal path for life. They may be married off at an early age by parents who can no longer afford to feed them, depriving them of schooling and exposing them to gender based violence. When climate change leaves families hungry, women report higher incidences of domestic violence.<sup>40</sup>

Women face multiple challenges that increase their vulnerability to climate change. These include discriminatory patriarchal norms and gender-blind or gender-biased policies that place an unequal burden of care on women while reducing their access to land, markets, finance, public services, agricultural extension services and climate information.<sup>41</sup> Women farmers are thus less able to invest in resilience, while earning less for their efforts than male farmers. Patriarchal norms also often result in the exclusion of women



and girls, as well as women's networks and youth rights organisations, from participating in local decision-making processes and humanitarian responses. In 2018, only 54% of crisis contexts were found to have held at least one consultation with local women's organisations in the planning of their humanitarian response strategies.<sup>42</sup>

The toll on agriculture and rural livelihoods from climate change is accelerating rural-urban migration. Young women in South Asia driven to migration have been found to be vulnerable to trafficking and exploitation.<sup>43</sup> It is more common, however, for men of working age, particularly young men, to migrate from rural areas in search of employment. This trend is leaving many communities across Africa, Asia and Latin America with few men, driving the feminisation of agriculture and further increasing the multiple burdens on women.<sup>44</sup> Women report increased exhaustion, poverty and hunger. In some communities women report that the absence of their husbands means that they are at greater risk of harassment and sexual and violent assault outside of their homes.<sup>45</sup> In some cases, hunger and poverty has forced women into transactional sex work in order to feed their families, exposing themselves to violence and HIV.<sup>46</sup>

Some of these trends are being borne out in the Horn of Africa today. An assessment carried out by the government of Somaliland on the effect of the current drought in the Horn of Africa on women and children, found a 24% increase in gender-based violence, particularly domestic violence, early marriage and girls dropping out of education.<sup>47</sup>

In addition, **the effects of loss and damage on national budgets and national debt repayments are also devastating for the capacity of governments to finance public services. This pattern further harms women and girls** disproportionately more than men, thus worsening gender inequality.

Austerity measures are routinely imposed in response to debt crises, whether advised by the IMF, or simply adopted by finance ministries. Central to austerity policies are cuts to public spending, and particularly to the public sector workforce. The effect is to limit both access to and the quality of public services, which has a particularly negative impact on women's human rights, and this plays out in three significant ways.<sup>48</sup>

The first way in which the costs of loss and damage to the national budget affect women, is through the impact on essential services provision. **Women and girls tend to rely on free public services more than men for multiple reasons.** Rates of girls' education is strongly linked to the provision of free schooling, as their brothers will tend to be prioritised for education when fees are charged. Women depend on free healthcare provision more than men because of reproductive health, pregnancy, maternity and childcare needs, and because when fees are charged for health checks or medicines, boys and men are prioritised over girls and women. Their lower levels of employment, lack of education, and higher levels of poverty as a legacy of patterns of discrimination also means that women tend to be more reliant on social protection. Programmes and services specifically targeted at women such as domestic violence shelters, gender equality bodies or gender-responsive agricultural extension services also play vital roles in protecting women's rights.<sup>49</sup> but are among the first to be cut when austerity bites.

In short, when public expenditure is reduced, the overall effect disproportionately reduces women's access to the vital public services on which they depend, exacerbating gender inequality and undermining their human rights.

Secondly, **when cuts in public sector budgets lead to widespread job losses and salary cuts, women are more affected.** The public services care sector, including nursing and healthcare, teaching, early-years care and social work, is heavily reliant on women,

and tends to a higher rate of female employment than average<sup>50, 51</sup>. Women are also concentrated in lower-level administrative and temporary positions that experience a higher risk of termination during cutbacks.

Research by ActionAid, Public Services International and Education International found that austerity cuts between 2016 and 2021 in 15 countries blocked the recruitment of over 3 million nurses, teachers and other essential public sector workers.<sup>52</sup>

A third way in which cuts to public services affect women is through the increased burden of unpaid care. Where public services are cut, **women end up filling the gap in care provision themselves, but are not paid for their time and work**. Globally, women spend on average two to ten times as many hours in the day as men on unpaid care work such as childcare, elderly care, domestic work, food preparation and fetching water.<sup>53</sup> A survey in communities by ActionAid Bangladesh found that women spend nearly five and a half times as much of their day on unpaid care activities as men.<sup>54</sup>

Public services such as healthcare, childcare, elderly care, water and electricity provision play a vital role in reducing this burden on women and girls, freeing up their time to study, participate in employment, improve their income, invest in resilient food systems, and participate in local decision-making processes that can better address the needs and lives of women and girls. When climate damages lead to increased debts and thus increased austerity, women are the invisible shock absorbers, expected to fill the gap and provide the care services for free. Budget cuts thus take away women's time, opportunities and energy. In spite of this reality faced by half of every nation's population, unpaid care work and its impact on women is systematically ignored, rendered invisible in economic modelling and planning<sup>55, 56</sup>.

The cumulative **effects of climate-induced debt and austerity on women and girls are therefore far-reaching and long-lasting**. Girls are missing out on education due to the expectation that they will fetch water or be taken out of school earlier than their brothers when climate disasters strike. Women lose their time available for earning a livelihood, their job opportunities, and the public services that protect their rights. They are left with a legacy of reduced earning power, increased poverty, hunger, gender-based violence and vulnerability to climate impacts over the course of their lifetime<sup>57</sup>.

Their poverty is likely to be reflected in the reduced income levels and well-being of their families and the next generation, as well as in their wider communities, their regions and governments.

**Christine Akol is a survivor of gender-based violence from Pallisa District, Eastern Uganda.** She has been married for 12 years and has two children. Christine's husband is a small-scale farmer and has 22 children.

After heavy rainfall in August 2022 caused major floods in the region and affected their farm, he struggled to provide food for his family. He often became violent when asked for basic needs, and Christine faced multiple forms of violence in her home.

Christine left her marital home with her children and is now struggling to grow food for her family as her farming is affected by the effects of climate change.

In the Sebei region in a similarly affected part of Eastern Uganda, a local ActionAid women's shelter has received 1287 gender-based violence cases between September 2020 and September 2022. The shelter has noted that in 40% of cases climate change - and the challenges it creates including food insecurity and lack of access to water and firewood - is a major factor putting women and girls at risk of violence.





The Saloum Delta islands, Senegal, including the island of Djirnda, are on the frontline of climate change. Here, a local women's group who farm oysters are leading a climate adaption project, focused on growing mangroves to fight the impacts of coastal erosion and climate change. PHOTO: INA MAKOSI/ACTIONAID.

## 5. PROVIDING SHELTER FROM THE STORM: THE ROLE OF LOSS AND DAMAGE FINANCING IN AVERTING LONG-TERM CLIMATE DISTRESS

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Loss and damage is now a reality. Climate change is bringing hunger, poverty, terror, exhaustion and grief to millions.

The Intergovernmental Panel on Climate Change (IPCC), a UN body of hundreds of climate scientists reviewing thousands of scientific papers, has confirmed what communities on the front lines of the climate crisis already know: that it is those in the Global South - the women, the people living in poverty, the most marginalised families - who disproportionately suffer the worst effects. Worryingly, the IPCC have found that the effects of climate change are escalating far more quickly than climate science had predicted, with half the world now in the danger zone.<sup>58</sup>

As Earth's atmosphere heats up, the climate chaos gets worse each year. But as yet, we have only seen the tip of the iceberg.

The climate crisis, its costs and consequences are projected to escalate to an unimaginable extent. Studies suggest that if the planet continues to heat up at its current rate of warming, 167 million homes could be lost to climate disasters between now and 2040.<sup>59</sup> **This would be the equivalent of losing nearly 23,000 homes per day, every day, to climate impacts, for 20 years.**<sup>60</sup> This number, reflecting a 20-year average, helps to illustrate the shocking scale of the destruction ahead. If borne out, the numbers in the immediate years will of course be lower, while the losses in the decades ahead are almost impossible to comprehend.

Already families are losing their homes and livelihoods, nations are losing their economic backbone and the source of their tax revenues, and people and governments are finding

themselves with no alternative but to take on high-interest loans. Women and children are losing their human rights to education, healthcare and more. Climate disasters are leaving a legacy of deepening poverty, and routes out of hardship are becoming more and more difficult, especially for women and girls.

There is therefore an urgent need for interventions to help communities and nations bridge crises, cover costs, avoid debt and protect the rights of those most in need. Such interventions can play a crucial role in avoiding the climate poverty spiral and enabling countries and communities to recover from climate impacts.

Financial support to people, often in the form of **social protection tools such as cash transfers, food transfers, replacement school meals, cash-for-work schemes and job guarantees, can make a huge difference to people's lives.**<sup>61</sup> Support that covers communities' rebuilding costs, compensates for loss of earnings and assets, and ensures people have access to the food they need, is key to helping people to get through crises and avoid exacerbating poverty in the face of climate change.

For some, social protection can mean the difference between being able to continue in agriculture, or instead facing debt, poverty and hunger that forces them to migrate. For others, social protection such as housing support, job guarantees, training and reskilling for new livelihood opportunities can provide the means for planned and safe migration routes out of areas where safety and livelihoods are seriously threatened. Social protection schemes are a vital and yet currently under-used strategy to help communities address climate-induced loss and damage and strengthen resilience to climate impacts.<sup>62</sup>

## **Avoiding the climate poverty spiral: social protection to address loss and damage**

Although there is no formal definition of social protection, the United Nations' International Labour Organisation (ILO) defines the concept as a mix of policies and programmes that aim to reduce poverty, vulnerability and inequality throughout the life cycle<sup>63</sup>. Policies such as sick pay, parental leave and pensions are all examples of social protection tools that help individuals make ends meet when their ability to earn a living is affected by life events.

Social protection can be used to address a range of human rights infringements related to loss and damage scenarios including: reduced income and food insecurity from crop losses or reduced fish catch; loss or damage to homes and possessions; loss of livelihood options caused by sudden climate disasters and slow-onset changes; temporary displacement, distress migration or planned relocation as a result of climate impacts; as well as when women and families are left behind by migrating husbands or family members and have no reliable income.

Cash and food transfers, minimum crop price guarantees, job guarantees, cash or food for work, asset building, replacement school meals, housing support and support for retraining, reskilling and investments for new livelihood options, can all be used strategically to help families and communities cope with the loss and damage from the impacts of climate change<sup>64</sup>. If done well, systems of social protection can bring profound development and

human rights benefits while also scaling-up to address climate impacts and strengthen resilience as needed.

Social protection deserves far greater attention under national and international climate discussions. However it is currently overlooked in favour of riskier approaches such as private insurance. Efforts to expand private insurance coverage to climate-vulnerable communities unfairly put the burden of cost onto the Global South, and may prove unreliable when disasters take place.<sup>65</sup>

The international community, particularly under the UN Framework Convention on Climate Change (UNFCCC), its Warsaw International Mechanism on Loss and Damage (WIM) and Technical Expert Group on Climate Risk Management (TEG-CRM) must move forward an agenda to scale up climate-proofed social protection systems.

Governments of nations hit by climate impacts must therefore find the funds to repair damage and destruction, cover the costs of social protection and compensation to affected communities, recover the loss of tax revenue, while continuing to invest in positive cycles of public services that build economies and societies.

Early support facilitating rapid action and strategic interventions can prevent far greater losses in the longer term.

But for low-income countries in the Global South, who have neither caused the climate crisis nor have access to the funds to cope with it, the costs of loss and damage are impossible to cover alone. **The wealthiest polluting countries with the greatest responsibility for causing the climate crisis have effectively shifted the costs of climate change onto the world's most vulnerable people.**

Provision of international climate finance to address loss and damage must therefore be at the centre of the global strategy to address the climate crisis.

And yet even though countries experiencing drought, floods, cyclones and rising sea levels have been asking for finance to address loss and damage for more than three decades<sup>66</sup>, countries under the UNFCCC have still not yet reached agreement to set up a Loss and Damage Funding Facility (LDFF) in order to right this injustice.

While the UNFCCC currently facilitates the flow of climate finance from developed countries to developing countries to implement adaptation and mitigation activities (insufficient and failed targets, and the unjust classification of loans as “climate finance” notwithstanding), the lack of loss and damage finance remains a glaring gap. Indeed, **the UNFCCC's Green Climate Fund (GCF) which channels adaptation and mitigation finance was set up in a time when the era of loss and damage was naively thought to be in the distant future.** But as the findings of the IPCC have confirmed, the speed at which the climate crisis has escalated has gone beyond all predictions. We are now firmly in the reality of loss and damage, far sooner than expected, and with much, much more to come. Countries are being left defenceless and without resources to cope.

At UN climate negotiations, a handful of developed countries– the United States and the European Union in particular – have consistently blocked movement on the issue,<sup>67</sup> thus

preventing climate vulnerable countries from accessing the support they so urgently need to be able to pick up the pieces and recover in the aftermath of climate disasters.

At COP26 in Glasgow in 2021, and at technical SB56 negotiations in Bonn in June 2022, every developing country, representing 6 out of 7 people on the planet, argued for negotiations to finally address the issue of loss and damage financing. By successfully excluding the issue of loss and damage finance from the formal agenda, however, the US and the EU prevented meaningful discussions or decisions from taking place. While COP26 did set up a 3-year “Glasgow Dialogue” on loss and damage, developing countries and civil society organisations pointed out that the dialogue process has no mandate for decision making or outcomes, and may all-too-easily result in several years of talk and polite information-sharing, with nothing at all at the end.<sup>68</sup>

Meanwhile, pressure from within developed countries to step forward on the issue of loss and damage, is steadily growing. In September 2022, Denmark became the first nation to pledge a contribution towards loss and damage finance, following similar announcements by the regional governments of Scotland (UK) and Wallonia (Belgium), as well as several philanthropic foundations, during COP26 the year before. On the 20<sup>th</sup> October 2022, the EU Parliament then passed a resolution on COP27 supporting the establishment of a loss and damage financing facility, and emphasising the need to provide loss and damage finance in the form of grants.<sup>69</sup> While the European Parliament resolution is not strictly binding on the EU delegation at COP27, it is highly significant that the regional body of citizens’ elected representatives is effectively asking for the EU to face up to its historical responsibility for causing loss and damage to other countries.

Such pledges and resolutions highlight the need for an LDFF, so that loss and damage funds in the form of grants can be channelled to climate-impacted countries in need in a transparent and multilateral manner. Even more importantly, these developments reflect the growing pressure from citizens in the Global North for their governments to take responsibility and act with compassion in the face of the climate crisis.

**COP27 climate talks in Sharm-el-Sheik, Egypt, this November must therefore ensure that the issue of loss and damage financing is on the agenda for formal negotiations, and finally agree to set up a new financing facility to address loss and damage.<sup>70</sup>**

The fact that the detailed modalities have not yet been decided must not be used at COP27 as a reason to delay agreement on the principle of the LDFF. After the principle of the LDFF is agreed at COP27, the details around functions, governance, structure, principles, hosting and sources of finance can then be identified at subsequent COP28 and COP29 summits.





Shamim Ntanda, 23, is a Activista, a group of ActionAid youth activists. Shamim and others gathered in Dar es Salaam, Tanzania to share experiences and organize around climate change. PHOTO: WILLIAM VEST-LILLESØE/ACTIONAID.

## 6. CONCLUSIONS & RECOMMENDATIONS

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### CONCLUSIONS

Climate-induced drought is devastating the lives of millions of people in the Horn of Africa. Destroying crops, livestock and water systems, it is cruelly leaving people at the mercy of other shocks, particularly the current global crisis of rising food prices. For many across Ethiopia, Kenya and Somalia, the price of food is now far out of reach, with 22 million people currently facing starvation.

Disasters such as the drought in the Horn of Africa cause devastating humanitarian crises. Yet there is an additional aspect to the story of loss and damage which is not yet fully understood or being told in the UNFCCC. Climate disasters are making nations poorer and more indebted, emptying the public purse and cutting off education, healthcare and other public services which act as key lifelines out of hardship and poverty, particularly for women. The loss of these basic services casts a long and dark shadow on people's lives for years, decades or even generations.

Funding to address loss and damage can not only help address the cost of rebuilding infrastructure and economies, but also allows people to recover more quickly and find a pathway out of poverty through the provision of human rights, public services and social protection. Early support facilitating rapid action and interventions can thus prevent far greater losses in the longer term.

COP27 climate negotiations in Sharm-el-Sheik, Egypt in November this year must therefore agree to the principle of a new funding facility to address loss and damage, so

that countries and communities in need can receive urgently needed funds that support their recovery, rebuilding and rights. Developed countries – led by the US and the EU in particular – must move away from their previous reluctance, to fully endorsing and funding this initiative.

The climate crisis is getting worse, and we need to be prepared for what is to come. This global crisis must be treated with the global mindset it deserves. Because if we do not address this crisis together, we will not address it at all.

## RECOMMENDATIONS

- 1. Urgent action in the Horn of Africa:** Rich nations must urgently scale up, release and operationalise flexible, principled multi-year funding to meet the UN humanitarian appeal for Ethiopia, Kenya and Somalia, and to help save lives now. This funding must reach local organisations already responding to hunger crises in their communities, including organisations led by women and youth.
- 2. At COP27 the issue of loss and damage financing must be on the formal negotiation agenda at COP27.**
- 3. At COP27 all Parties (governments) must finally agree to the principle of setting up a new financing facility to address loss and damage.**
4. Wealthy industrialised countries must scale up climate finance contributions in the form of grants, and in particular allocate funds to addressing climate-induced loss and damage.
5. Automatic debt relief should be granted to developing countries immediately following climate disasters, so that resources can be immediately used to meet the needs of vulnerable countries, and countries should be prioritised for debt renegotiation and even cancellation.<sup>71</sup>
6. The UNFCCC's Warsaw International Mechanism (WIM) and the Technical Expert Group on Comprehensive Risk Management (TEG-CRM) should strengthen the recognition of the importance of social protection for addressing loss and damage, and create more opportunities for learning about the potential and practicalities for implementing climate-proofed systems of universal and gender-responsive social protection.
7. The WIM and G7 countries should shift focus from promoting private climate insurance to governments and citizens of countries in the Global South, to supporting adaptation and risk-reduction strategies that include no-regrets, rights-based, scalable, national social protection systems. These must be equitably and predictably financed by countries in the Global North.
8. Policies, practice and finance to address loss and damage - whether under the WIM, the LDFF, or in national programmes – must be gender transformative. They must increase and enable women's access to loss and damage finance, create space for women's leadership in addressing loss and damage, address women's disproportionate care burden, promote and accelerate gender-transformative social protection policies and quality public services, and incorporate women's protection into all action on loss and damage.

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ActionAid is a global movement of people working together to achieve greater human rights for all and defeat poverty. We believe people in poverty have the power within them to create change for themselves, their families and communities. ActionAid is a catalyst for that change.

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