

Advancing Climate Loss and Damage Response in Nepal

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Key Messages

1. Nepal is facing rapid and slow onset climate change induced losses and damages with unprecedented floods in the past few years.
2. The occurrence of these impacts aligns well with the growing body of scientific evidence of climate change impacts at regional and global levels.
3. The 2021 Loss and Damage (L&D) National framework is a good step towards contextualizing L&D agenda in Nepal, but it requires urgent updating to provide clear guidance on what the country should do next to proactively prepare itself for action going forward.
4. While Nepal has begun discussions on L&D nationally, there is a glaring disconnect between that national discourse and the rapidly unfolding global L&D policy debate.
5. Nepal can leverage its local governance system to initiate anticipatory pilot measures at the local level, with the twin goal of getting itself L&D ready, and then to offer grounded insights from mountainous regions to the global L&D policy discussions.
6. Nepal has the opportunity to properly articulate its position on L&D financing from a climate justice perspective based on the reality of a mountainous country, recognizing L&D financing as ‘new and additional’ to conventional climate finance and development funding streams.
7. Further research, analysis and policy dialogues are needed before determining the national-scale architecture for L&D financing serving the needs at the national and local levels.
8. Given the experience of slow utilization and less than ideal performance of existing financing for climate change adaptation and development, additional analysis and discussion is required to identify effective methods for delivering L&D financing.

In recent years, Nepal has experienced devastating climate-related disasters. The recurring monsoonal floods in Melamchi and widespread forest fires in the summer have become a new normal in the country. An unprecedented flood in the rain shadow region of Mustang in 2023, which came as a total surprise as no such event occurred in recorded history (Wallace and Gurung, 2022). Across the country, people and their livelihoods are suffering from escalating losses and damages, which scientists associate with climate change. These are happening despite efforts of climate adaptation and disaster risk management that have received significant attention and investment in recent years.

These climate-induced losses and damages are not unique to Nepal. The ICIMOD-led regional study, the first Hindu-Kush Himalaya (HKH) assessment published in 2019, has confirmed

significant extreme temperature and precipitation events across most of the HKH region (Krishnan et al., 2019). This resonates with the global trend. The recent IPCC report has unequivocally established that human-induced climate change has caused widespread, rapid, and intensifying impacts resulting in losses and damages, beyond natural climate variability across the planet (IPCC, 2022).



Aftermath of the flood and debris flow in Melamchi in June 2021 (Image: Yutshu Shrestha)

As vulnerable countries are bearing intensifying climate related losses and damages, the UNFCCC has considered Loss and Damage (L&D) as the third pillar of climate action, after mitigation and adaptation (Mohieldin and Mubarak, 2023). Accordingly, an agreement was made at UNFCCC's COP27 to establish a new L&D Fund, along with the formation of the Transitional Committee (TC) with a mandate to design the new Fund (UNFCCC, 2022). The TC is having their final gathering in Abu Dhabi next month before submitting their recommendations at COP28, to be held in December 2023 in Dubai.

As global discussions have progressed on the L&D agenda, it is crucial that such discussions are actively enriched by country-level insights, especially from the most vulnerable countries and communities in the Global South. This is because for any climate policy process to be effective, an active global-local-global linkage is required, involving a two-way flow of information. In this context, vulnerable countries must focus on two things: first, vernacularise the discourse on L&D in the national context, and second, articulate vulnerable communities' voice for the L&D Fund that is now under discussion.

There is also great value in doing anticipatory pilot work at the local level. In fact, drawing on lessons from past efforts, such as the Nairobi work programme shows that anticipatory groundwork can enhance UNFCCC's global policy outcomes (UNFCCC, 2010).

Where does Nepal stand?

Ahead of COP26 in 2021, Nepal published a national L&D framework, which has contributed significantly to contextualise L&D in Nepal (MoFE, 2021). Since COP26, the L&D discourse has significantly advanced globally but our national discourse review and ongoing interactions with key players show that Nepal could contribute more actively to global discussions on L&D by taking more proactive actions at national and sub-national levels. Such proactive actions can offer crucial and grounded ideas on how L&D can be operationalised locally, not only in Nepal but more generally across the Global South.

Nepal's policy community remains keen to advance L&D agenda, but a glaring disconnect we have noticed is that the national discourse on L&D seems to miss out on the critical climate justice link that is at the heart of the global L&D policy debate, particularly around building the rationale for the flow of new and additional L&D financing to support the most vulnerable groups impacted by climate change. It should be noted here that the justice rationale of L&D financing rests mainly on the fact that vulnerable countries in the Global South, despite contributing very little to climate crisis, are disproportionately affected by climate-induced losses and damages. This is why the global L&D discourse emphasises the urgent need for financial support for developing countries and vulnerable communities. In Nepal's case, the contribution to global greenhouse gas emissions remains negligible at 0.027% of the global total, yet it experiences substantial economic losses of NPR 2,778 million annually due to climate-induced disasters (MoFE, 2021).

We have also noticed another major point that needs more discussion in Nepal. Too often, L&D is seen as just another element of disaster risk reduction, adaptation, or resilient development, again overlooking the justice perspective. Of course, when new L&D funding becomes accessible, this needs to be integrated with other related efforts, including disaster management, adaptation, and overall development. However, this is the time when Nepal and other climate vulnerable countries should work together to influence global L&D financing debate around UNFCCC, ahead of COP28.

Another worrying concern we have is that current L&D debates feature a strong worldview in which L&D is portrayed solely as a global agenda, requiring minimal action at the national level. "This climate problem is the one created not in Nepal so why should we bother about it?" is a typical narrative that we hear frequently. During a recent national stakeholder workshop, national stakeholders expressed additional concerns about the ongoing ineffectiveness in utilizing the available climate finance in Nepal, raising question the effectiveness of prospective L&D financing. Such perspectives undermine the importance and necessity of addressing L&D as a matter of justice, thus compromising Nepal's ability to effectively engage and contribute to the global L&D agenda.



Settlements at riverbanks are at high risks of climate change induced extreme precipitation leading to floods (Image: Hemant Ojha)

Scope for anticipatory L&D localisation

In understanding the L&D agenda, it is crucial to account for both national and local contexts, since the impacts are felt differently. Nepal's recent adoption of a federal constitution has empowered local government granting them significant autonomy. Managing climate related losses and damages at the local level is also the responsibility of the local governments. This means that it is crucial to incorporate their visions and voices into discussions about the design of a new L&D architecture.

Localisation of the L&D agenda is crucial taking an anticipatory planning approach. However, institutional conflicts, coordination problems among different government levels (federal, provincial, and local) and capacity constraints have all complicated the process of creating useful insights for designing an effective L&D system.

Localising L&D necessitates empowering local governments to better understand climate losses and damages within their specific contexts. This involves bolstering the capacity of local institutions for data collection, enhancing coordination among all levels of government, and fostering their active participation in decision-making processes. Past efforts of localisation have not delivered intended outcomes. Despite Nepal's policy of allocating 80% of climate finance to the local level, less than half of these funds reach their intended destinations (MoFE, 2021; ISET, 2018).

In view of these, climate justice principles should extend beyond the global context and be handled as global-local processes. This approach can help advance climate justice and promote equitable access to financial resources at the local level to support vulnerable communities in addressing the impacts of climate change.

Way forward

Under a warming climate, Nepal will continue to face increasingly devastating climate-induced disasters, resulting in losses and damage. To prepare, Nepal should take proactive steps starting at the local level, where the impacts are not only more pronounced but there is genuine desire to address them. For this, localising the L&D discourse and establishing the local-global linkages from a climate justice lens are crucial.

Given the urgency of addressing the escalating losses and damages, it is now imperative to move beyond creating frameworks and focus on upgrading and implementing them. The 2021 L&D framework needs further updating in line with the rapidly evolving global L&D agenda.

Most importantly, drawing lessons from past mitigation and adaptation efforts, Nepal can take proactive measures to not only test and institutionalize just climate financing at the sub-national level but also bring a justice-oriented viewpoint to ongoing global debates on L&D climate finance. This can be achieved by amplifying voices and providing evidence from the world's most vulnerable mountainous region that is at the frontline of climate risk.

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About STRENGTH Project

Strengthening Loss and Damage response capacity in the Global South (STRENGTH) is a research and capacity building project jointly developed by International Centre for Climate Change and Development (ICCCAD) and Institute for Study and Development Worldwide (IFSD) implemented with support from IDRC Canada. The project's general objective is to understand and address the knowledge and capacity gaps of most vulnerable countries in the Global South so that they are better able to develop country level L&D policy and implementation mechanisms, considering both national as well as international financing opportunities. The project covers four Tier 1 (T1) countries: Bangladesh, Nepal, Vanuatu, and Senegal where primary research will be conducted contributing to the project's overall capacity development and research outputs.

This Blog is published days after the untimely demise of ICCCAD Director Prof Saleemul Huq who shaped and co-led the STRENGTH research. This blog is devoted to him in honor of his inspirational leadership and contribution to climate justice and the Loss and Damage agenda globally.



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