

To be or not to be: Access to climate finance lessons from Malawi/LDCs that can improve climate justice and Loss and Damage finance policy design

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Abstract

Despite the ratification of the Paris Agreement evidence shows that climate change is hampering the efforts of Least Developed Countries (LDCs) to attain the Sustainable Development Goals (SDGs). For example, for every three Malawians that moved out of poverty between 2010 and 2019, four fell back in poverty due to the impact of weather shocks.¹ Additionally, despite the establishment of various climate modalities to improve equitable access to climate finance, research shows that LDCs represent approximately only 14% of total climate finance flows as LDCs struggle to access and navigate climate finance mechanisms given their complexity, uncertainty and fragmentation.²

Most climate change policies focus around rapid onset risks hence ignoring slow onset climatic events (e.g. desertification, sea level rise, etc.) which are likely to undermine ongoing poverty reduction efforts and bring new risks not covered by existing social security policies and programmes.³ Moreover, despite Article 8 of the Paris Agreement incorporating the Warsaw International Mechanism for Loss and Damage (WIM), loss and damage is still one of the most controversial issues within climate negotiations.⁴ Reasons for this stem from disagreements between developed and developing countries on issues such as (i) who should have legal liability for loss and damage suffered by developing countries, (ii) how can national disaster risk reduction frameworks and humanitarian programmes address loss and damage, and (iii) if international policy and legal frameworks can be the best approach for financing loss and damage. These issues highlight how LDCs are in jeopardy of having financing gaps for both climate adaptation and Loss and Damage.

¹ Caruso, G.D., Sosa, C., Marcela, L. (2022). Malawi Poverty Assessment: Poverty Persistence in Malawi - Climate Shocks, Low Agricultural Productivity, and Slow Structural Transformation (English). World Bank Group, Washington, D.C.

² Keane, J., Bird, N., Tanjangco, B. and Colenbrander, S. (2021a). Aligning climate finance and Aid for Trade: a new agenda for LDC negotiators. Policy brief. Overseas Development Institute, London.

³ Aleksandrova, M. and Costella, C. (2021). Reaching the poorest and most vulnerable: addressing loss and damage through social protection. *Current Opinion in Environmental Sustainability* 50, 121–128.

⁴ Calliari, E., Surminski, S. and Mysiak, J. (2019). The Politics of (and Behind) the UNFCCC's Loss and Damage Mechanism. In Mechler, R. et al. (eds.), *Loss and Damage from Climate Change, Climate Risk Management, Policy and Governance*, https://doi.org/10.1007/978-3-319-72026-5_6.

This paper provides insights on how climate adaptation and Loss and Damage policies, and eligibility and access requirements can be improved to promote climate justice in LDCs. The paper provides a case study on the strides Malawi has taken to increase climate finance flows and quantify its economic and non-economic loss and damage. The paper argues that private sector actions rather than Official Development Assistance and Bilateral financing will have a greater role in increasing funding for climate adaptation and Loss and Damage. The paper concluded that promoting climate justice and increasing funding for climate adaptation and Loss and Damage in LDCs requires new innovations and capacity building to improve transparency and accountability for private sector actors that mobilize and disburse finance.

Brief Statement

The United Nations Framework Convention on Climate Change (UNFCCC) established the LDC Fund hence highlighting that LDCs are not in a position to 'compete' with other, more capable developing countries for climate finance.⁵ Unfortunately, the scale of available resources in the Fund has been far from adequate to enable the Fund to implement its mandate effectively.⁶ These issues show that LDCs require special consideration in both academic and policy discourses on climate justice, and funding for climate adaptation and Loss and Damage.

In the abstract submitted, there is a focus on LDC issues and perspectives related to funding for climate adaptation and Loss and Damage to help the conference participants and wider research community to understand the peculiar challenges that need more consideration in climate issues related to sub-saharan Africa and LDCs.

⁵ Tenzing, J., Andrei, S., Gaspar-Martins, G., Jallow, B.P., Njewa, E. (2016a). A vision for the Least Developed Countries Fund in a post-Paris climate regime. The International Institute for Environment and Development (IIED) Briefing July 2016. IIED, London.

⁶ Tenzing, J., Andrei, S., Gaspar-Martins, G., Jallow, B.P. (2016b). Developed Countries: A future for the LDCF? The International Institute for Environment and Development (IIED) Working Paper May 2016. IIED, London. <https://pubs.iied.org/pdfs/G04040.pdf>