



Joint Committee on Environment and Climate Action

Opening Statement Christian Aid Ireland, 28th November 2023

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I want to thank the Committee for the invitation to speak today. As an international aid and development organisation, we in Christian Aid Ireland also witness the devastating impact that climate change is having around the world, and the profound inequality underpinning it. I want to recognise and endorse the previous comments of my colleagues in Oxfam and Trócaire in this regard, and in the interests of time focus more specifically on the issue of Loss & Damage.

The Cost of Inaction

Earlier this month Christian Aid Ireland and Trócaire published new research entitled [The Cost of Inaction](#), in which we estimate that Ireland's fair share of Loss & Damage finance will be at least €1.5 billion per year by 2030. I want to look more closely at how we arrived at that figure, as it illustrates some of the core political questions that still remain live ahead of COP 28.

The first key principle is that we must work from a basis of need. A significant problem with previous climate finance targets is that they have generally been top-down, wholly political figures, as opposed to based on any scientific assessment of need. We should not repeat this mistake with the new Loss and Damage Fund (LDF).

Our paper draws on a number of different studies which utilise climate and economic modelling. Here we focus on two of the most thorough: from Climate Analytics and Markandya & González-Eguino. The latter is the most recent and complete estimate of how much financing will be needed for loss and damage, using an 'integrated assessment model' to calculate how much would be needed for mitigation and adaptation financing under different warming scenarios and then what 'residual' and unavoidable costs remain.

Ireland's fair share of Loss & Damage finance – 2030

| Study | L&D need 2030 (€ billions) | Ireland's fair share (EcoEquity 0.48%) | Ireland's fair share (ODI 0.54%) |
|--------------------------------|-------------------------------|---|-------------------------------------|
| Climate Analytics | €364 – €392 bn | €1.7 – €1.9 bn | €1.9 – €2.1 bn |
| Markandya & González-Eguino | €264 – €527 bn | €1.3 – €2.5 bn | €1.4 – €2.8 bn |
| Average | €314 – €460 bn | €1.5 – €2.2 bn | €1.7 – €2.5 bn |

Large uncertainties remain in these models – not least because a failure to adequately deliver emissions reductions and climate adaptation *now* could significantly increase the costs of Loss and Damage in future. Overshooting the 1.5°C target could trigger climate tipping points, underscoring the importance of frontloading action. In that sense they are *conservative* estimates, and tend to range around €350-450 billion per year by 2030.

It is for this reason that civil society has proposed an initial floor for the new Loss and Damage Fund at around this level. However, while earlier negotiating drafts did include specific targets, they were later removed and the current working text sent to COP 28 does not provide any real detail on how much money ought to be raised or by when. We would like to see Ireland push for greater focus here, as well as support for a UN-led *Loss & Damage Finance Gap Report* to provide a reliable and regular assessment of need.

Fair shares

A second important aspect is then seeking to divide these global targets into national level 'fair shares', which is the subject of a growing body of academic research. Here we focus again on two estimates in particular: first from the Overseas Development Institute (ODI), and then the *Climate Equity Reference Framework* developed by Eco Equity and the Stockholm Environment Institute.

These assessments calculate national 'fair shares' based on key factors including contribution to global greenhouse gas emissions (*historic responsibility*), current financial capacity (*capability*), projections of future loss and damage costs (*need*), population size, and differential pathways to staying within the global 1.5°C target. The CERF, as an equity-based framework, also attempts to take into account inequality *within* countries, essentially exempting those below a certain development threshold from calculation of a national fair share.

The methodologies are discussed in more detail and referenced in the paper, but while they differ somewhat they arrive at very similar figures: **0.48%** and **0.54%** respectively. What this tells us is that of the global effort needed, we can estimate that Ireland's fair share contribution is approximately half of one percent of that. Applying these fair share estimates to best projections of need gives us ranges for 2030, with **€1.5 billion as the floor** and €2.5 billion as the upper bound.

'Innovative' sources

It is important to note that we recognise that these figures, both at a global level and for Ireland specifically, are very significant. The scale here is ultimately a reflection of the seriousness of the situation that we're in: much like the efforts needed to bend the global emissions curve down and stay within 1.5°C of warming are huge, it stands to reason that the financial resources needed to deliver equitable, justice-orientated climate action would also be significant.

When we consider this scale, however, we must also try to put it into a wider international context. For example, the IMF recently stated that subsidies for fossil fuels surged to over \$7

trillion in 2022 alone.¹ Our colleagues in Action Aid and Oxfam have estimated that a small number of energy companies recently made over \$200 billion in excess profits, above already astronomic levels, in just two years.² A deep and starkly unequal concentration of resources is a defining feature of the modern global economy, with Nobel Prize winning economist Thomas Piketty and co-authors noting in the 2022 *World Inequality Report* that the richest 10% of the global population now own 76% of all wealth, while the richest 1% have captured almost twenty times the wealth of the bottom half of the world – 4 billion people – since 1995.³

That is the crucial backdrop and reference point for this debate, and a reminder that we cannot separate climate justice from economic justice. The resources needed for transformative action are significant, but they are there – what is required is bold, ambitious and coordinated international action to raise them.

This need for new thinking is reflected to an extent in the COP 27 decision text to set up the Loss and Damage Fund, which reiterates the importance of existing sources of finance (such as national contributions) but also recognises that they are unlikely to be sufficient. It specifically calls on Governments to “identify and expand sources of funding”, including “innovative sources”.⁴ There is growing realisation that business as usual won’t be sufficient, and this has been an important element of the negotiations over the past twelve months.

For this reason, in section 12 of our report, and in other research published by some of our colleagues in front of the Committee today, we also set out a number of proposals – not just from development organisations, but from a broad range of CSOs, economists, human rights experts, international institutions and Government bodies to marshal the resources needed. This includes more progressive, coordinated taxation of excessive corporate profits, extreme wealth and fossil fuel production; progress on debt relief; and new levies on aviation and shipping.

Minister Eamon Ryan has emphasised some of these proposals in his own engagements at EU and UN level, and we very much agree with his insistence that “the polluter must pay”.⁵ What is needed now is a much more detailed engagement, and work to ensure we deliver a properly capitulated Loss and Damage fund that’s fit for purpose.

¹ IMF, ‘Fossil Fuel Subsidies Surged to Record \$7 Trillion’: <https://www.imf.org/en/Blogs/Articles/2023/08/24/fossil-fuel-subsidies-surged-to-record-7-trillion>

² Action Aid Ireland, ‘How the finance flows’: <https://actionaid.ie/wp-content/uploads/2023/09/ActionAid-Ireland-How-the-Finance-Flows.pdf>

³ Chancel, Piketty, Saez & Zucman (2022) World Inequality Report 2022: <https://wir2022.wid.world/>

⁴ CMA Decision -/CP.27 -/CMA.4 (2022), *Funding arrangements for responding to loss and damage associated with the adverse effects of climate change, including a focus on addressing loss and damage*. https://unfccc.int/sites/default/files/resource/cma4_auv_8f.pdf

⁵ Minister Eamon Ryan, speaking after the EU Environment Council. Irish Times, 17th October 2023: <https://www.irishtimes.com/environment/climate-crisis/2023/10/17/eu-climate-ministers-back-polluter-pays-principle-in-agreed-declaration-for-cop28-negotiations/>