



Hon. Anthony Albanese MP
Prime Minister of Australia
Parliament House
CANBERRA ACT 2600

CC: Hon. Chris Bowen MP, Minister for Climate Change and Energy
Senator the Hon Penny Wong, Minister for Foreign Affairs
Hon. Pat Conroy MP, Minister for International Development and the Pacific
Senator the Hon Jenny McAllister MP, Assistant Minister for Climate Change and Energy

30 May 2024

Dear Prime Minister,

Re: Australia advocating for loss and damage finance to be included in the new global climate finance goal

The escalating climate crisis is leading to dire consequences for frontline communities across the Pacific region. At 1.1°C of warming, communities across the region are already experiencing more frequent and severe storms, coastal erosion, drought and loss of marine life. In 2023, Vanuatu was hit with two Category 4 tropical cyclones within 24 hours, directly impacting 80% of the population and causing widespread destruction of homes, livestock and crops. In Fiji, three years after Tropical Cyclones Yasa and Ana swept through the country, some schools were still operating in makeshift tents, putting children's education at risk.¹

As a member of the Pacific Islands Forum with a shared commitment to the 2050 Strategy for the Blue Pacific Continent, Australia has affirmed its understanding of the urgent challenges faced by its Pacific neighbours. The Australian Government has also committed to listening to and being guided by the wisdom of Pacific voices.²

¹ ABC News (2023) [Report highlights climate change danger to children's education in Pacific.](#)

² Australian Government (2023) [Australia's International Development Policy.](#)

Pacific Island countries have consistently emphasised that climate change poses the greatest threat to the livelihoods, security, and wellbeing of the Blue Pacific Continent.³ They have also been strong global advocates for loss and damage finance, in light of the very real losses and damages their communities are grappling with in the wake of escalating climate disasters.

Pacific nations are in a constant state of recovery due to the frequency of climate disasters as well as the exorbitant costs of repairing damaged homes, hospitals, schools, electricity and sewerage systems. The loss of livelihoods, cultural heritage, Indigenous knowledge, land and biodiversity has devastating immediate and long term economic, social and cultural impacts. Women and girls, people with disabilities, and other marginalised groups are impacted first and worst, and they often have the least resources to respond and recover when disasters hit.

When the strongest ever recorded cyclone to hit the Southern Hemisphere — Cyclone Winston — devastated Fiji in 2016, the recovery cost USD 1.4b, the majority of which fell upon the people and government of Fiji.⁴ In Vanuatu, the twin cyclones Judy and Kevin led to a 40% loss in annual GDP, and recovery costs were estimated at USD 50m.⁵ The urgent need for new and additional climate finance to respond to these disasters has made loss and damage finance a key issue for Pacific nations and other climate vulnerable countries. Estimates show a minimum of USD 400b in climate finance is needed each year to address loss and damage.⁶

Our organisations welcome Australia's recent AUD 100m commitment to the Pacific Resilience Facility, as well as its support for the establishment of the global Loss and Damage Fund at COP28 last year. However, Australia has not yet made a contribution to the Fund, and in 2022-23, Australia's climate finance contributions were only around 15% of its fair share of the USD 100b annual climate finance target for the period of 2020-2025 and came from within its aid budget.⁷ We urge Australia to take immediate steps to increase its new and additional climate finance in line with its estimated AUD 4 billion annual fair share, and to additionally provide a significant contribution to the Loss and Damage Fund.⁸

We also urge Australia to use its voice and influence to advocate for loss and damage in the ongoing UNFCCC negotiations for a new post-2025 climate finance goal (the New Collective Quantified Goal on Climate Finance, or NCQG), to be agreed at COP29 this November. To date, Australia and many other wealthy countries have suggested the NCQG should rigidly adhere to Article 9 of the Paris Agreement, which stipulates that wealthy countries will provide finance for mitigation and adaptation, and does not mention loss and damage.⁹ We encourage Australia to review its position for multiple reasons.

³ Pacific Island Forum (2018) [The Boe Declaration on Regional Security](#).

⁴ ReliefWeb (2016) [Fiji: Tropical Cyclone Winston – Response & Flash Appeal](#).

⁵ ADB (2023) [Vanuatu: Tropical Cyclone Judy and Tropical Cyclone Kevin Emergency Response Project](#).

⁶ Loss and Damage Collaboration and Heinrich Böll Stiftung Washington DC (2023) [The Loss and Damage Finance Landscape](#).

⁷ DFAT (n.d) [Delivering on our climate finance commitments](#).

⁸ ActionAid, Oxfam et al (2022) [Falling Short: Australia's role in funding fairer climate action in a warming world](#).

⁹ Australian Government (2024) [Submission: views on issues to be addressed as part of the 2024 workplan for the ad hoc work programme on the new collective quantified goal on climate finance](#).

Firstly, the Paris Agreement recognises that climate-induced loss and damage is already impacting vulnerable countries, and loss and damage is enshrined as a standalone article in the Agreement.

Secondly, in the nine years since it was agreed, governments — particularly wealthy countries like Australia — have failed to reduce their emissions in line with the Paris Agreement’s 1.5°C goal. This climate inaction has meant that climate-induced loss and damage is now a daily reality for frontline communities, particularly in low-income countries. This lack of access to loss and damage finance is leading to growing debt burdens across the Pacific region, as governments are forced to take out loans to finance recovery costs. Vanuatu’s experience in the wake of Cyclone Pam in 2015 provides an example: in just two years after the cyclone, government debt grew from 21% to 39% of GDP, mainly due to loans for post-cyclone reconstruction.¹⁰ The average external debt of Small Island Developing States has now risen from 45.4% between 2007-2009 to 58.5% between 2020-2021.¹¹

Given this new context, it is clear that addressing loss and damage is not only a necessity, but a natural progression of the responsibilities outlined in the Paris Agreement. This is why Pacific governments are calling for loss and damage to be integrated into the NCQG as the third pillar of climate finance,¹² alongside other Small Island States and African, Latin America and Caribbean nations.¹³

As a leader in the Asia-Pacific region, it is critical that Australia stands with Pacific countries in advocating for loss and damage to be included in the new climate finance goal. The NCQG will be the global mechanism for the mobilisation and delivery of international climate finance after 2025. While the new Loss and Damage Fund is now being established, there is no agreed target yet for how much money should be raised for the Fund, nor a plan for how to raise this money. We are deeply concerned that without loss and damage being incorporated into the NCQG, finance for loss and damage will not achieve the scale that’s needed. This would result in both the NCQG, and wealthy, high emitting countries, failing the communities across the Pacific who are bearing the worst impacts of the climate crisis, despite contributing the least to climate change.

The Bonn Climate Change Conference, beginning next week, will be pivotal in progressing negotiations to agree the NCQG. At this key moment we urge Australia to reinforce its commitment to its Pacific neighbours by advocating for the inclusion of loss and damage in the Goal, and by making a significant contribution to the Loss and Damage Fund that is new and additional to Australia’s existing aid budget.

In solidarity,

¹⁰ Debt Justice UK (2018) [Don't Owe, Shouldn't Pay: The Impact of Climate Change on Debt in Vulnerable Countries.](#)

¹¹ IIED (2023) [Sinking Islands, Rising Debts: Urgent Need for New Financial Compact in Small Island Developing States.](#)

¹² AOSIS (2024) [Implementing Mission 1.5: Opening Remarks for Opening Segment Copenhagen Climate Ministerial.](#)

¹³ Loss and Damage Collaboration (2024) [What do the submissions to inform the NCQG workplan tell us about support for a sub goal on loss and damage under the NCQG?](#)



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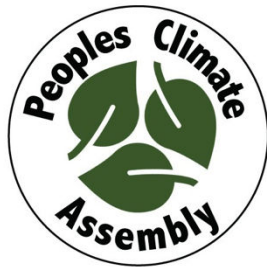
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