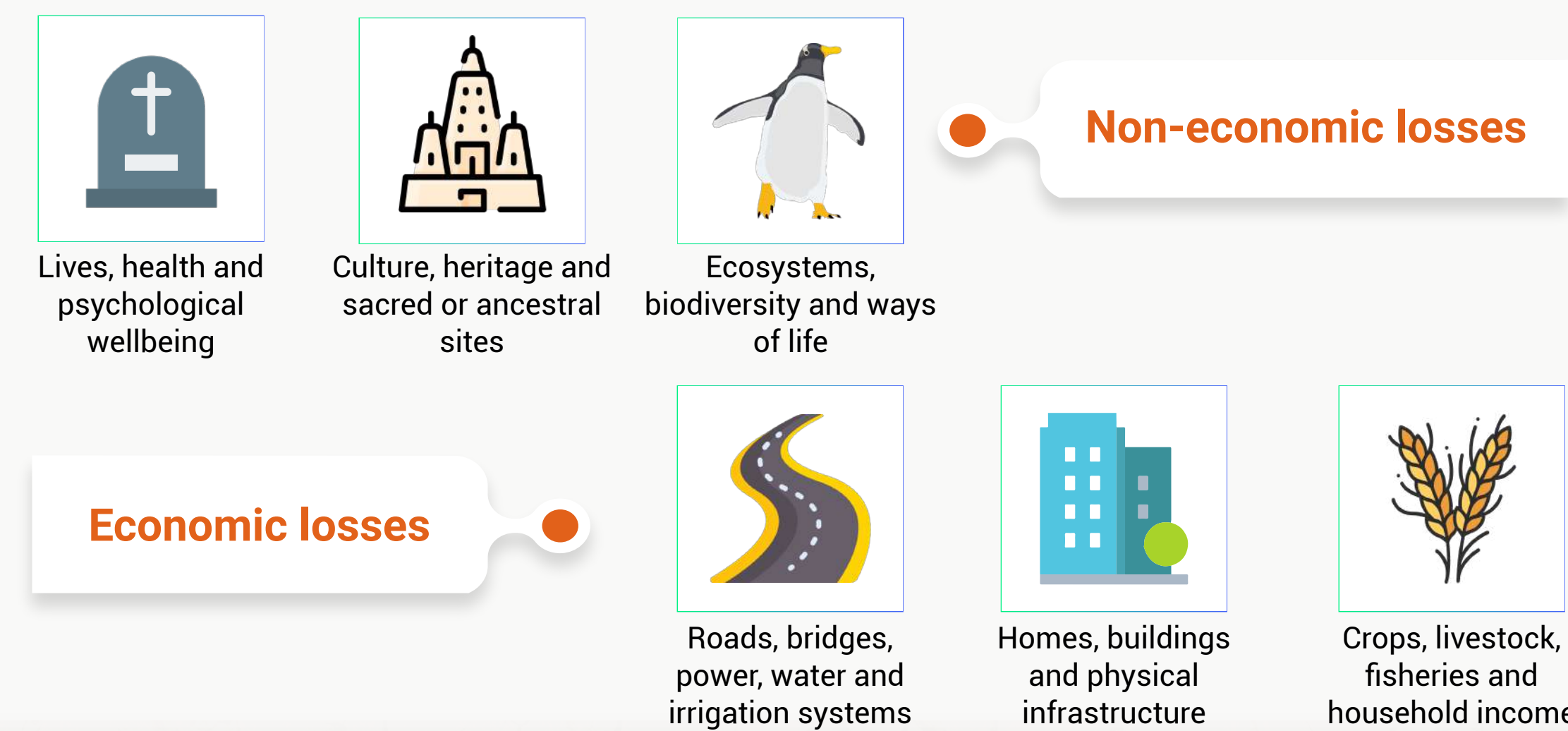


Loss and Damage: The Need and the Path Ahead

What Is Loss and Damage?

Loss and damage refer to the harm caused by climate change that cannot be fully avoided through mitigation, adaptation, and other risk-reduction measures. It includes both economic and non-economic impacts on people, communities, ecosystems, and livelihoods (IPCC, 2022).



When do Loss and Damage occur?

Extreme weather events: Sudden, rapid onset losses from floods, landslides, glacial lake outburst floods, storms and fires.

Slow onset processes: losses that build up over years or decades, including sea level rise, rising temperatures, ocean acidification, glacial retreat, salinization, land and forest degradation, biodiversity loss and desertification.

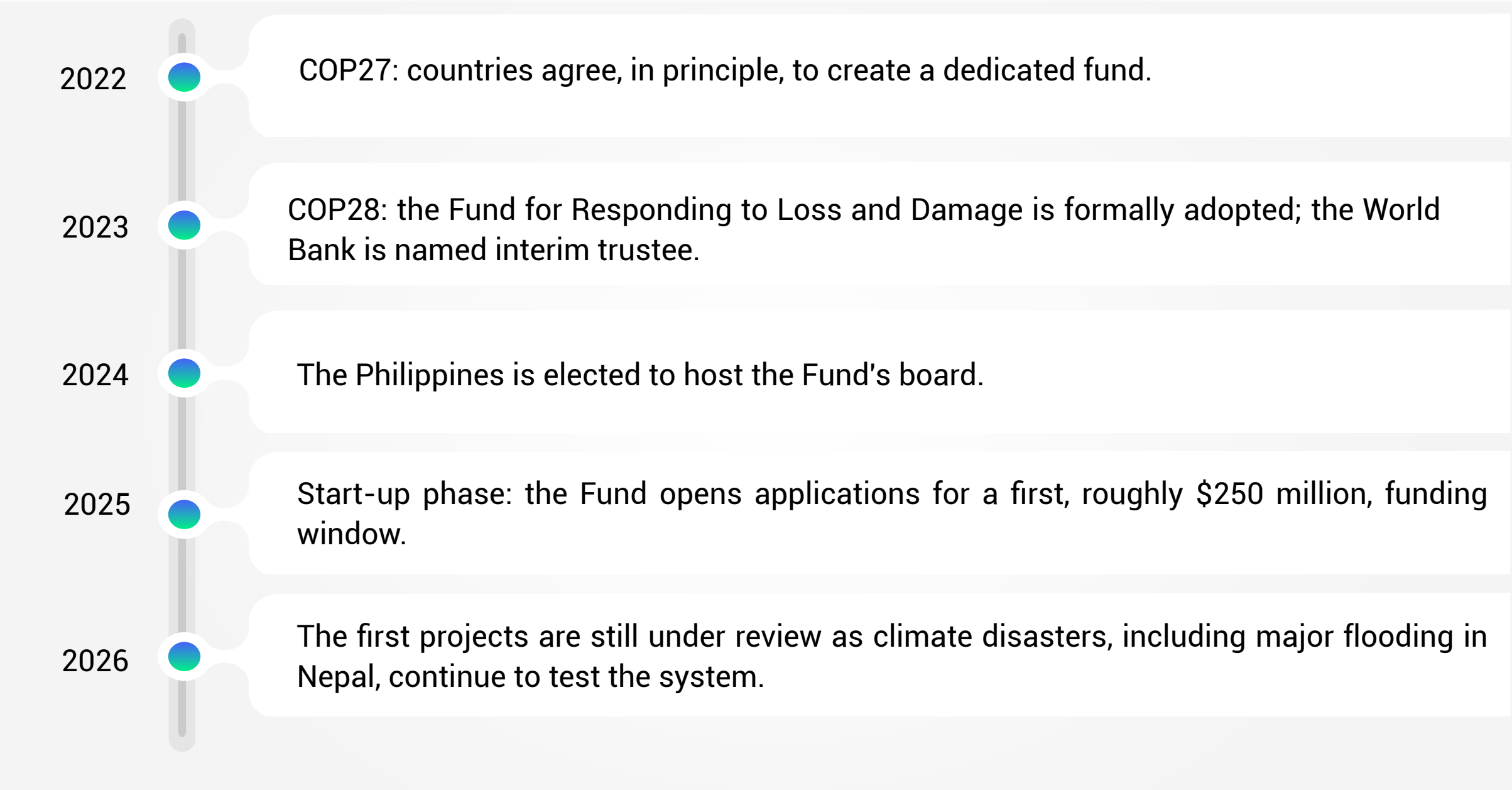
Why does it matter?

Communities that have contributed relatively little to global greenhouse gas emissions can face severe climate impacts while having limited financial and technical capacity to recover. This has made finance, support, and international cooperation on loss and damage an important part of global climate negotiations.

From Demand to Global Action

The issue of loss and damage has developed over several decades through international climate negotiations.

Year	Milestone
1991	Alliance of Small Island States first raised the issue of insurance and compensation for climate-related impacts.
2007	Loss and Damage formally appeared in the UN climate process through the Bali Action Plan at COP13.
2010	The Cancun Agreements create a dedicated work programme on loss and damage.
2012	At COP18, countries agreed to address Loss and Damage as a distinct climate issue.
2013	The Warsaw International Mechanism for Loss and Damage is established.
2015	The Paris Agreement (Article 8) separates loss and damage from adaptation.
2019	The Santiago Network on Loss and Damage is launched.
2021	COP26 increased attention to the need for finance to address Loss and Damage.



Where Things Stand Today

The Fund for Responding to Loss and Damage is now formally established, with a board, an interim trustee (the World Bank), and a host country (the Philippines). Its first funding window, roughly \$250 million, opened for applications in late 2025. As of 2026, that first round of projects is still moving through review, a reminder that operationalizing a fund is a different, slower task than disbursing money in the immediate aftermath of a disaster.

In Context of Nepal

Nepal is highly exposed to floods, landslides, droughts, heatwaves, glacier-related hazards, and other climate and disaster risks. These hazards can cause losses that go beyond what adaptation and existing disaster-response systems can prevent. Long before the global fund existed, Nepal was already counting the cost of climate-induced disasters: floods, landslides, epidemics, and fires.



Indicator	Figure
Share of Nepal's disaster deaths that are climate-induced	~65%
Average annual economic loss from climate-induced disasters	~0.08% of GDP
Loss from the 2017 Tarai floods (a single event)	~2.08% of GDP
Annual loss to agriculture from climate variability alone	1.5–2% of GDP

Nepal adopted its own National Framework on Climate Change Induced Loss and Damage in October 2021, two years before the global fund was even agreed. That framework has since been tested directly: in late August 2026, a major flash flood swept through Rasuwa and neighboring districts after an ice-and-rock avalanche dammed a mountain river, which then broke suddenly. The disaster caused well over a thousand deaths and widespread destruction of homes, bridges, and roads, and figures were still being confirmed as of this writing. It is a stark, current example of the kind of sudden, unavoidable loss the global fund was designed to address, and of how far implementation still must travel to match the urgency on the ground.

What Need to Happen Next ?

- **Faster access:** a rapid-onset window that a country can trigger by simply declaring an event, rather than submitting a lengthy proposal.
- **Direct access:** channels that reach local and community-level actors, not only national ministries.
- **New and additional finance:** grants and non-debt instruments, kept separate from existing aid and adaptation budgets.
- **Better monitoring and early warning:** including transboundary systems that cover glacial, slope, and other slow-building hazards, not only rainfall.
- **Finance that matches the scale of loss:** closing the gap between current pledges and the true, and raising cost of climate harm.

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