FAIR FINANCE FOR LOSS AND DAMAGE

The case of Latin America and the Caribbean, and Sweden´s responsibility

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OXFAM SWEDEN BRIEFING NOTE – APRIL 2025

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KEY MESSAGES

- High-income countries,[1] rich individuals,[2] and corporations have contributed the most to past and current emissions and should pay for climate-induced losses and damages, as grounded in the ´polluter pays´ principle under international environmental law.
- In contrast, countries in Latin America and the Caribbean have contributed very little to the climate crisis[3] but are already experiencing severe loss and damage from its impacts.
- Sweden has a great responsibility to financially support climate-vulnerable countries and communities – including those in Latin America and the Caribbean. However, Sweden´s current pledge to the Fund for Responding to Loss and Damage represents less than 0.5% of the lowest estimate of its yearly fair share of compensation for loss and damage.
- New synthesis undertaken by the Stockholm Environment Institute shows that high-income countries could unlock significant, new, and dedicated sources of funding through innovative financial instruments such as a wealth tax, a windfall tax, and a frequent flyer levy. Combined, these instruments have great funding potential, and place the highest burden on those most responsible and most able to pay.[4]
- Oxfam Sweden finds that these innovative financial instruments could unlock about five to six times more than Sweden´s yearly, low estimate, fair share of compensation for loss and damage for all developing countries, as defined in the Paris Agreement.
- Oxfam Sweden urges the Swedish government to implement innovative financial instruments such as a new wealth tax on multimillionaires and billionaires, a windfall tax on high-polluting companies, and a frequent flyer levy to mobilize the funds needed to address the harms and causes of the climate crisis.

ABBREVIATIONS

GDP: Gross Domestic Product

IPCC: Intergovernmental Panel on Climate Change

LAC: Latin America and the Caribbean

NCQG: The New Collective Quantified Goal for climate finance

ODA: Official Development Assistance

OECD: The Organisation for Economic Co-operation and Development

SIDS: Small Island Developing States

UNFCCC: United Nations Framework Convention on Climate Change

LOSS AND DAMAGE IS ACCELERATING

The impacts of climate change are escalating rapidly, and losses and damages are already a costly and deadly reality for many communities. Millions of people, particularly in lower-income countries, are already losing their lives, livelihoods, educational opportunities, homes, land and territories, culture and mental wellbeing due to a crisis they did not cause.[5]

"By 2030, the financial needs of developing countries, as defined in the Paris Agreement, are already expected to range from US$ 447 billion to 1604 billion per year (2024).[6] This is many times more the yearly average of US$ 82 billion in climate finance provided by high-income countries between 2013 and 2022.[7] And the costs of climate impacts will continue to skyrocket with every fraction of a degree of warming."

The climate impacts and escalating costs limit countries´ ability to pursue development goals regarding poverty reduction, health, food, and water security.[8] Furthermore, these impacts increase inequality, as people living in poverty are more affected, and have less capacity to recover than wealthier people.[9] People living in poverty, as well as people who are marginalized and discriminated against, due to their gender, race, colour, religion, caste, class, (dis)ability or age, are paying the highest price. They urgently need finance to recover from climate induced extreme weather events, and establish new livelihoods, while proactively building resilience to prepare for future unavoidable climate impacts.[10]

Latin America and the Caribbean region (LAC) is one of the worst affected regions by climate change. This brief presents examples of loss and damage experienced by communities in the region to shed light on the scale of loss and damage financing required. Building on recent research from Oxfam and partner organisations, the brief highlights the losses and damages and reflects on the responsibility of major polluters. The brief also puts forward recommendations on how the Swedish government could mobilise loss and damage financing through innovative financial instruments[a] centered on equity and fairness.

BOX 1. WHAT IS LOSS AND DAMAGE?

Under the United Nations Framework Convention on Climate Change (UNFCCC), ´loss and damage´ is widely used to refer to the harms caused by climate change where adaptation efforts are either overwhelmed or absent. These impacts result from both slow-on-set processes, such as sea level rise, glacial melt, gradual temperature increases and drought, and sudden extreme weather events, including storms and heavy rainfall.

Economic losses and damages affect resources, goods and services commonly traded in markets, such as property, infrastructure or revenue. Non-economic losses and damages refer to untradeable material and intangible items, including lives, human health, biodiversity, displacement, cultural identities and peace and security.

[a] While there is no single agreed definition of innovative financing, it is generally accepted to include financing mechanisms and solutions that mobilise, govern, or distribute funds beyond Official development assistance (ODA). See UN, Innovative Financing Mechanisms.

LATIN AMERICA AND THE CARIBBEAN IS HEAVILY IMPACTED BY LOSS AND DAMAGE

Latin America and the Caribbean (LAC) faces devastating impacts from climate change. The economic cost of loss and damage in LAC due to climate change alone is projected to range between US$ 132 billion to 473 billion per year by 2030 (US$ 2024).[11] By 2100, this number is projected to increase to US$ 1.6 trillion to 2.4 trillion per year (US$ 2024).[12] It is important to note that these calculations only include the losses and damages for which the cost is quantifiable, so-called economic damages, and fail to include the full extent of the losses and damages experienced by communities, as described later in this section. Still, they illustrate the magnitude of the enormous costs that the LAC region will face because of loss and damage.

"The economic cost of loss and damage in LAC due to climate change alone is projected to range between US$ 132 billion to 473 billion per year by 2030 (US$ 2024). By 2100, this number is projected to increase to US$ 1.6 trillion to 2.4 trillion per year (US$ 2024)."

Hurricanes, earthquakes, landslides and volcanoes are some of the regions sudden-onset disasters.[13] And the increasing frequency and strength of these disasters reduce the capacity of countries and communities to recover. The LAC region is also prone to slow-onset climate impacts – primarily droughts and heatwaves – which are already causing financial stress and reversing development gains.[14] Furthermore, 29 of the world´s 57 Small Island Developing States (SIDS) are in the Caribbean, and are extremely susceptible to climate impacts, including the impacts of slow onset events such as drought, sea level rise, or coral bleaching.[15]

A quarter of the regions´ population live on the coast and their lives, livelihoods and communities are at risk from coastal erosion and sea-level rise.[16] Their livelihoods are reliant on marine life, which is eroding due to increasing ocean acidification and coral bleaching.[17] In particular, non-economic loss and damage in the region include a loss of cultural heritage due to loss of life and climate migration, disrupted social well-being of communities, and a loss of biodiversity and ecosystem services (see box 2).

BOX 2. THE SEA NO LONGER PROVIDES - A STORY FROM HONDURAS

"With the warming, the fish go farther out to sea. They can no longer withstand the heat here and have moved to deeper waters, where perhaps the boats used for fishing can no longer reach."

Antonia lives in a community located on the Honduran coast of the Gulf of Fonseca. She is the mother of an eight-year-old boy and a fourteen-year-old girl. She is married to Diego, a fisherman who recently decided to migrate with other men from the community in search of better opportunities for their families.

Diego has dedicated his life to the sea, but in recent years, he began to notice that the richness of the sea is no longer the same as it had been a decade ago. Fishing had become an increasingly difficult task; fish have become scarce and are getting smaller, and some species that once thrived are no longer seen. Diego had to go farther out to sea to fish, which involved a greater investment of resources and a constant risk of crossing Honduran maritime boundaries.

Antonia is worried, as, in these months, the burden of caring for and supporting her family has fallen on her.

Many losses and damages, particularly non-economic losses, are underreported in the region. Oxfam´s partner La Ruta del Clima has therefore monitored losses and damages experienced by communities in Honduras, Guatemala and El Salvador. La Ruta del Clima has asked communities to identify and describe first-hand the effects they suffer, amplifying their voices and experiences.[18]

The communities are climate-vulnerable to a number of natural phenomena, including hurricanes, floods and droughts. These communities´ experiences highlight that loss and damage go far beyond direct material losses after adverse weather events like storms, floods or droughts, and include psychological, cultural and social impacts. Economic losses, such as reduced income and food insecurity, are intertwined with non-economic losses, such as the erosion of the social fabric, loss of cultural identities and diminished trust in institutions. The feeling of vulnerability and abandonment generates a state of hopelessness that can affect the mental health and social cohesion of communities.[19]

The communities point out the importance of having clear mechanisms that not only cover material losses, but also the psychological, cultural and social impacts. Recognizing these damages and guaranteeing the right to reparations even for non-economic loss and damage is crucial in addressing climate vulnerability and ensuring that communities do not bear the costs of a climate crisis they did not cause.[20]

The LAC region is also home to about 40% of the world´s biodiversity and a large number of Indigenous communities that are already facing marginalisation, not least due to the regions´ colonial history.[21] The non-economic losses and damages in these communities is profound and far-reaching, encompassing, among others, loss of life, cultural identity, Indigenous and local knowledge, human health, biodiversity and territory. For example, in Brazil, Afro-descendant people living in traditional communities (Quilombola) struggle to maintain their land and their ways of life in the context of climate change and environmental degradation.[22] Quilombola communities in the Amazon play an important role in protecting the forest and agrobiodiversity, but only a small fraction of these communities has received formal land titles.[23]

In every climate-related disaster, from rich to lower income countries, it is people living in poverty who are hit hardest, further increasing inequality. Wealth and income inequality intersect with race, gender and ethnicity to create even greater vulnerability to climate impacts. Richer people are less exposed to climate risks and better able to protect themselves from weather disasters. They live in more secure places and have more assets to draw on. People living in poverty have less protection and therefore experience greater loss, which accumulates over time. As a result, the gap between those at the bottom and those at the top grows ever wider.[24]

The LAC region is already the world´s most unequal region. The 10% highest earners make on average 12 times more than the poorest 10%. In comparison, within developed countries in the OECD, on average the highest earners make only 4 times as much. In addition, one in five citizens of LAC is living in poverty.[25] These stark inequalities matter as loss and damage is felt more severely in unequal countries[26] and evidence from the region shows that inequality is passed from one generation to another.[27]

For example, in Brazil, the black Afro-descendent population is disproportionally affected by loss and damage due to a history of discrimination and neglect which has left this group with the worst rates of unemployment, poverty, and violence and less access to basic services. A recent study showed that in the cities of Belém, Recife, and São Paulo, the black population is the most affected by floods and landslides.[28] In addition to harming the most marginalised groups who are least responsible for global emissions, the climate crisis also poses a direct obstacle to the pursuit of development goals such as poverty reduction, locking communities deeper into poverty.[29]

THE LOSS AND DAMAGE CAUSED BY MAJOR POLLUTERS

There is no question about who is most responsible for driving climate change. High-income countries have contributed an estimated 92% of excess historical emissions,[30] and are responsible for 37% of current territorial emissions despite being home to only 17% of the global population.[31] Between 1990 and 2019, the carbon emissions of the richest 1% of people globally were more than double the emissions of the poorest half of humanity.[32] The richest 10% were responsible for half of global emissions. Almost 70% of Sweden´s population belongs to the richest 10% in the world.[33]

In contrast, LAC countries have contributed very little to the climate crisis: LAC´s current emissions account for 5% of global emissions[b], despite being home to 8% of the world´s population.[34] About 8-9% of LAC´s population belongs to the richest 10% in the world.[35]

BOX 3. HISTORIC PATTERNS OF EXPLOITATION

Historic patterns of exploitation, not just historic greenhouse gas emissions, are also responsible for present-day inequalities that make lower income countries and communities more vulnerable to climate change. Legacies of racism, including slavery and colonialism, have led to the configuration of a deeply unequal world economy. The exploitative dynamics behind colonialism have fuelled climate change and the inequalities underlying it. After centuries of harm and exploitation through colonialism, the excess emissions of rich industrialized countries continue to cause harm as climate-vulnerable countries and communities bear the brunt of climate change.

The consumption emissions[c] of the richest 1% and 10% in the world over the past decades (1990-2019) are already causing measurable loss and damage in LAC. Attribution science is rapidly developing and able to directly link measurable losses and damages in the LAC region due to the warming caused by the emissions of the world´s richest 1% and 10%.[36] Research undertaken for Oxfam illustrates examples of losses and damages attributable to the emissions of the richest, quantifying the impacts on economies, crops and human lives.[37] However, as outlined earlier in this brief, it is important to note that losses and damages go beyond what can be quantified or monetised.

[b] Antigua and Barbuda, Barbados, Cuba, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines are not included in the calculation.

[c] Consumption-based emissions, refer to the emissions associated with the production of goods and services consumed by individuals, households, or entire nations, regardless of where in the world the production occurs.

EXAMPLES OF LOSS AND DAMAGE IN LATIN AMERICA AND THE CARIBBEAN CAUSED BY THE GLOBAL RICH

Economic loss

Hotter temperatures impact annual economic growth (GDP). They can decrease productivity, leading to economic damages, as well as improve productivity in countries that are below an optimal temperature, generating economic gains.[38] These changes in economic output occur due to changes in, among others, labour productivity, agricultural productivity, and energy use.[39]

Oxfam´s analysis shows that the consumption emissions of the world´s richest 10% over the past decades (1990-2019) have already caused economic losses in LAC that amount to **Int$ 5.4 trillion**.[d] Over the same period (1990-2019), the emissions of the richest 1% alone have already caused economic losses equivalent to Int$ 1.6 trillion, which is equal to the total economic output of Uruguay between 1990 and 2019. These economic losses can have serious implications for a country´s resilience and ability to recover from climate impacts.

Crop loss (maize, wheat, and soy combined)

There is growing consensus that global warming is already reducing annual crop yields.[40] Oxfam´s analysis estimates reductions in the yields of major crops, such as maise, wheat and soy that are common in LAC, due to changes in temperatures.[41]

Oxfam´s analysis shows that the consumption emissions of the world´s richest 10% over the past decades (1990-2019) have already caused crop losses in LAC that could have fed **8.1 million people a year** (crop loss of wheat, maize, and soy combined). The emissions of the world´s richest 1% alone has caused crop losses in LAC that could have fed **2.4 million people a year** (crop loss of wheat, maize, and soy combined).

Excess deaths due to heat

The frequency and intensity of heatwaves has already increased over the past decades, and it is only predicted to get worse in the future.[42] As a result, the number of people exposed to extreme heat is growing exponentially[43] and various studies predict a drastic increase of excess deaths due to heat. Heatwave exposure is also increasing in LAC. According to one recent paper, this has been associated with an increase in heat-related mortality of 140% from 2000-2009 to 2013-2022.[44]

Oxfam´s analysis shows that only 4 years (2015-2019) of consumption emissions of the world´s super-rich 1% will cause **37,400 excess deaths** due to heat between 2020 and 2120 in LAC alone. Most of those excess deaths will occur in Brazil (34%), Mexico (13%), and Haiti (9%).

[d] Economic damages are expressed in International Dollars ($), which adjusts for Purchasing Power Parity (PPP). Taking this approach allows for a fairer comparison of climate damages since International Dollars ($) better account for differences in the cost of living between countries. Using United States dollars (US$) – as done commonly in early climate economic literature – would downplay harms caused to lower-income countries. Recently, using International Dollars has become a more accepted method in climate economics literature.

BOX 4. HOW IMPACTS ON ECONOMIES, CROPS AND DEATHS HAVE BEEN CALCULATED

The research underpinning this section quantifies the responsibility that the richest bear for selected impacts of climate change. Combining physical climate models and empirical impact models, the research first estimates the degree of heating that can be attributed to the emissions of the rich and then assesses the damage that heating causes. The research quantifies the responsibility of rich income groups, based on the consumption emissions of the world's richest 1% and richest 10% calculated by the Stockholm Environment Institute and Oxfam.[45] Read more in *Carbon inequality kills: Methodology Note*.[46]

Note that the estimates presented are conservative, as emissions have been considered over a limited period and only encompasses impacts caused by temperature changes. Impacts caused by other climate-related drivers such as floods and hurricanes will be in addition to those estimated here. Equally important is the fact that the harms focused on in this analysis by no means fully represent the wide array of losses and damages felt by people, which are in many cases immeasurable.

POLLUTERS HAVE A DUTY TO PAY

Countries and actors responsible for the largest portion of greenhouse gas emissions must bear a fair share of the costs of addressing the effects of climate change on the most affected communities. Therefore, rich countries, corporations, and individuals with historical and current responsibility for the climate crisis must provide finance and support for addressing loss and damage in lower income countries.

This is grounded in the principle of "common but differentiated responsibilities"[47] of the Paris Agreement and "polluters pay" principle under international environmental law, mentioned in, among others, principle 16 of the Rio Declaration on Environment and Development of 1992 and the Treaty on the Functioning of the European Union.

In 2024, the UN Secretary-General analytical report to the Human Rights Council on loss and damage stated: "In accordance with human rights law, States should ensure that people whose rights have been violated because of loss and damage from climate change have access to justice and effective remedy, which may encompass reparation, compensation, restitution, rehabilitation, satisfaction and guarantees of non-repetition."[48] The same year, the UN Special rapporteur on the right to development recommended that States "accept their obligations under international human rights law to contribute to the [Loss and Damage] Fund in proportion to their contribution to greenhouse gas emissions over the years."[49]

CURRENT CLIMATE FINANCE IS LIMITED AND NOT LINKED TO RESPONSIBILITY OR NEEDS

However, rich countries, corporations, and individuals most responsible for climate change are failing to pay for the harm they are causing. As a result, the world's poorest countries and communities are paying the price of a climate crisis they are least responsible for.

During COP28 in 2023, the parties of the Paris Agreement agreed to operationalise the Fund for Responding to Loss and Damage. However, pledges so far represent less than 2.0% of what is needed (low estimate) by people on the frontline of the climate crisis.[50] A drop in the ocean. In many cases, the pledged resources allocated for loss and damage are not additional funds, but funding that has been shifted away from critical adaptation and humanitarian aid,[51] which ultimately negatively affects the enjoyment of human rights.

In addition, the COP28 decision failed to include an obligation for rich countries with historical responsibility for the climate crisis to provide finance to address loss and damage. This was echoed at COP29, as parties failed to include finance for loss and damage in the new collective quantified goal (NCQG). The text merely acknowledges the significant gaps that remain in responding to the increased scale and frequency of loss and damage. As a consequence, finance for loss and damage remains voluntary and there is no target for the provision of funds dedicated to loss and damage.

Finance for loss and damage should not be considered in isolation. Climate finance for mitigation and adaptation will continue to be crucial – to reduce further losses and damages, build resilience to climate shocks, and save lives in the wake of climate-linked emergencies.[52]

However, the current lack of adequate climate finance for mitigation and adaptation,[53] as well as long-promised development aid from historically wealthy countries means that lower-income countries are being forced to take on billions of dollars in debt to protect themselves from or respond to a climate crisis they have barely contributed to. Moreover, much of the climate finance has been provided as loans, which means that it risks increasing the debt burden of the countries it is supposed to help.[54]

The New Collective Quantified Goal for climate finance (NCQG) of US$ 300 billion adopted at COP29 is inadequate compared to the overall finance needs for mitigation and adaptation. During COP29, it was acknowledged that scaling up climate finance to developing countries is needed and it was therefore also decided to launch a "Baku to Belem roadmap" aiming to mobilise US$ 1.3 trillion per year by 2035.[55] While loss and damage is not formally included in the core NCQG decision (i.e. the US$ 300 billion target), it can be argued that loss and damage should be included in the US$ 1.3 trillion roadmap.

Due to the large climate finance gap, the Global Solidarity Levies Task Force was launched at COP28 in November 2023. The task force is working on ways to make polluters pay and advance political will for innovative financial instruments (or solidarity levies). Its primary goal is to explore feasible options for progressive levies that can contribute to filling the climate finance gap and fund development actions.[56] The Global Solidarity Levies Task Force is bringing together a group of countries, "a coalition of the willing", that is ready to implement one or more of the solidarity levies and use the proceeds for climate and development at home and globally.

SWEDEN´S FAIR SHARE OF COMPENSATION FOR LOSS AND DAMAGE

Climate-vulnerable countries and marginalised communities urgently need financial support to be able to adapt to and recover from climate impacts now and in the future. High-income countries, including Sweden, have a responsibility to pay their fair share to compensate for the losses and damages they have contributed to.

During COP29 (2024), Sweden committed US$ 18.9 million (200 million SEK)[57] to the Fund for Responding to loss and damage. While welcomed, it´s far from enough.

"Sweden´s one-time pledge to the Fund for Responding to Loss and Damage is ad hoc, not linked to Sweden´s historic and current responsibility or development needs. It represents less than 0.5% of Sweden´s lowest, yearly, fair share of compensation."

This one-time pledge – spread over several years - is ad hoc, not linked to Sweden´s historic and current responsibility or needs. It represents less than 0.5% of Sweden´s lowest, yearly, fair share of compensation for loss and damage outlined in Table 1. Furthermore, it was suggested that the pledge would be funded by the already shrinking official development assistance budget. As of February 2025, Sweden had not yet delivered on its pledge to the Fund for Responding to Loss and Damage.[58]

Sweden´s fair share of compensation for loss and damage was calculated based on Schäfer et al. (2024) using three criteria: (1) capacity to contribute to climate finance, (2) historic responsibility, and (3) development needs.[59] There is an ongoing debate about which countries should pay. Therefore, the study tests different scenarios for different donor bases, showing that the results vary marginally between cases. For Sweden, the fair share of compensation varies between 0.8 and 0.9% of financing needs.[60] Table 1 shows ranges for Sweden´s fair share compensation for loss and damage, based on the case where the donor base matches the Paris Agreement country grouping, that is, Sweden being responsible for 0.9% of financing needs.

TABLE 1. SWEDEN´S ANNUAL FAIR SHARE OF COMPENSATION FOR LOSSES AND DAMAGES FOR 2030, 0.9% OF FINANCING NEEDS, EXPRESSED IN 2024 US$ AND 2024 SEK.

Region	Low estimate in billion US$ (billion SEK)	High estimate in billion US$ (billion SEK)
Non-Annex I ("developing") countries	4.0 (43)	14.4 (153)
LAC	1.2 (13)	4.3 (45)

Based on loss and damage needs estimates from Markandya and González-Eguino (2019).[61] Non-Annex I countries are parties, mostly developing nations, that have ratified or acceded to the UNFCCC and are not included in Annex I of the Kyoto. Assuming that Sweden´s fair share for all developing countries was applied to LAC.

NEW SOURCES OF INNOVATIVE FINANCE IN SWEDEN

Not only do rich nations have a responsibility to respond to loss and damage needs such as those highlighted for the LAC region, but rich nations also have the resources to do so. Oxfam Sweden has calculated that a new wealth tax on Swedish millionaires and billionaires alone could generate US$ 14.9 billion (158 billion SEK) per year.[62, 63]

Stockholm Environment Institute´s brief commissioned by Oxfam Sweden sets out potential new innovative financial instruments that high-income countries could implement to provide significant sources of finance for loss and damage. All instruments adhere to the polluter pays principle, placing the highest burden on those most responsible and most able to pay.[64] These financial instruments include:

- **Wealth tax** targeting high-polluting individuals
- **Windfall tax** targeting high-polluting companies
- **A frequent flyer levy** targeting high-polluting individuals
- **Shifting fossil fuel subsidies,** diverting government support for highly polluting companies to use as revenue

Within the Group of Twenty (G20), IMF and World Bank, proposals such as a global wealth tax, debt reform, and taxing major polluters have been considered within broader discussions on reforming the international financial architecture to be more equitable and reduce climate vulnerability. Several of these instruments are also considered by the Global Solidarity Levies Task Force.[65]

Oxfam Sweden finds that a new wealth tax on Swedish millionaires and billionaires, a windfall tax on high-polluting companies, and a frequent flyer levy targeting high-polluting individuals alone could raise between US$ 20.3 and 24.3 billion (215-257 billion SEK)[66] annually (see Table 2). This is about five to six times more than Sweden´s yearly fair share of compensation for loss and damage for all developing countries for 2030.

TABLE 2. POTENTIAL REVENUE GENERATION IN SWEDEN THROUGH SELECTED INNOVATIVE FINANCIAL INSTRUMENTS.

Instrument	Potential annual revenue raised in Sweden in billion US$ (billion SEK)
New wealth tax on Swedish millionaires and billionaires[1]	14.9 (157.5)
Windfall tax[2]	4.0 – 8.0 (42.3 – 84.6)
Frequent flyer levy[3]	1.4[4] (14.8)
Annual revenue potential	**20.3 – 24.3 (214.6 – 256.9)**

[1] Oxfam Sweden calculations based on ISD, Oxfam, and Patriotic Millionaires (2023)
[2] Chancel et al (2021). See Table 8.1 - scenario with 25% minimum tax without carveouts (e.g., exemptions).
[3] Grebe et al (2024). Global frequent flyer levy. Assumes no charge for the first return flight per year and an incremental increase every second flight (€50 for flight 3 and 4, €100 for flight 5 and 6, €200 for flight 7 and 8, €400 for 9 and more flights) in combination with surcharges for first/business class (€100), medium-haul (€50) and long-haul flights (€100) per individual flight. Converted from € (2023) to US$ (2024).
[4] Includes revenue from Sweden´s existing aviation tax on short-haul (SEK 69), medium-haul (SEK 288) and long-haul flights (SEK 461).

These instruments have been selected as they would enable high-income countries to raise large amounts, would embody the polluter pays principle and can be implemented equitably, placing the highest burden on those most responsible and most able to pay.

As Stockholm Environment Institute´s brief outlines, another financial mechanism could be the shifting of fossil fuel subsidies. Sweden currently spends US$ 2.2 billion (23.7 billion SEK) in fossil fuel subsidies every year.[67] However, an equitable implementation would require including compensations for potentially affected low-income groups.

In addition, Sweden should work towards debt relief and debt cancellation of low-income countries to free up national funds to address loss and damage. Low-income countries spend almost 40% of their annual budgets managing their foreign debt, over 60% more than they spend on education, health, and social protection combined. Debt reform would not generate *additional* climate finance, but the increased fiscal space would enable indebted countries to more effectively invest in climate action.

Beyond responding to loss and damage needs, these financial instruments could be used to unlock funding for international climate finance for mitigation and adaptation, an equitable and just transition domestically and in lower-income countries, as well as funds for humanitarian and development spending. The latter will continue to play a role, both in building resilience to climate shocks and saving lives in the wake of climate-linked emergencies.[68]

OXFAM SWEDEN´S RECOMMENDATIONS

TO PROVIDE SUBSTANTIVE LOSS AND DAMAGE FINANCE, THE SWEDISH GOVERNMENT SHOULD:

- Provide substantive, annual, contributions to the Fund for Responding to Loss and Damage, in line with Sweden´s fair share and based on the UNFCCC principle of common but differentiated responsibilities and respective capabilities.
- Agree to a timely transfer of the committed US$ 18.9 million (200 million SEK) to the Fund for Responding to Loss and Damage.
- Ensure that contributions to the Fund for Responding to Loss and Damage are in the forms of grants rather than loans to avoid worsening receiving countries´ debt burdens. The funds must be truly additional to existing commitments for development and humanitarian assistance and climate finance.
- Implement innovative financial instruments at the national level such as a new wealth tax on Swedish millionaires and billionaires, a windfall tax for high-polluting companies, and a frequent flyer levy.[69]

Besides funding loss and damage responses, Sweden can require the Fund for Responding to Loss and Damage to ensure that responses are locally led and human rights-consistent, gender and conflict-transformative, and ensure communities, Indigenous Peoples, local CSOs, women´s rights organizations and groups facing marginalization have access to the financial and technical resources needed to effectively address loss and damage.[70]

To ensure scaled up climate finance in line with the polluter pays principle at global scale, the Swedish government should:

- Request that the board for the Fund for Responding to Loss and Damage adopt and implement an ambitious resource mobilisation strategy based on public and grant-based finance and on polluters pay principles, in the context of the Fund for Responding to Loss and Damage´s annual report to be adopted at COP30.
- Engage with the Global Solidarity Levy Task Force to ensure that funds raised through these levies are not counted towards the target of US$ 300 billion to be mobilized for climate finance agreed at COP29 but are reported as additional finance. In addition, Sweden should consider joining the coalition of the willing to implement and advance political will for innovative financial instruments (or solidarity levies) around the world.
- Support Brazil´s G20 proposal to institute a global minimum tax on high-net-worth individuals.[71]

TO LIMIT THE WORST IMPACTS OF CLIMATE CHANGE AND ASSOCIATED LOSS AND DAMAGE, THE SWEDISH GOVERNMENT SHOULD:

- Commit 50% of Sweden´s climate finance being for adaptation and composed only of grants. This will contribute to minimizing and averting loss and damage by enabling greater anticipatory action to reduce risks and adapt to climate impacts.

- Adopt a climate action plan in line with Sweden´s fair share, to limit global temperature increase to 1.5 ˚C to avoid the worst impacts of climate change and associated loss and damage. The climate action plan should take equity dimensions into account, implementing polluters pay principles. Polluting corporations and rich individuals should significantly reduce their emissions while contributing financially to support and facilitate the transition of lower income groups.

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Synthesis of innovative financial instruments high-income countries can implement to unlock additional finance for loss and damage: Zoha Shawoo (Stockholm Environment Institute), Emily Gosh (Stockholm Environment Institute) and Anisha Nazareth (Stockholm Environment Institute).

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ENDNOTES

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	LAC, low estimate, in billion 2005 US$	**LAC, centre of range estimate, in billion 2005 US$**	**LAC, high estimate, in billion 2005 US$**
2030	86	197	308
2050	308	385	462

Loss and damage estimates in non-Annex I countries, from Markandya and González-Eguino (2019).

	Non-Annex I countries, low estimate, in billion 2005 US$	**Non-Annex I countries, centre of range estimate, in billion 2005 US$**	**Non-Annex I countries, high estimate, in billion 2005 US$**
2030	291	668	1045
2050	1045	1306	1567

Conversion from US$ 2005 to US$ 2024 was done using the conversion factor 1.535.

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