

ADDRESSING LOSS AND DAMAGE

At A Glance

January 2025

SENATE ECONOMIC PLANNING OFFICE

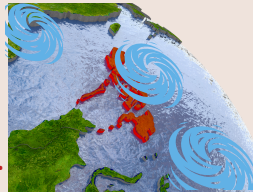
AAG 25-01

The Philippines tops the 2024 World Risk Index, making it one of the most climate-vulnerable countries. Climate change already costs the economy 1.2%–4.6% of GDP each year (World Bank, 2022), and the toll is expected to rise further. Beyond financial losses, countless lives are disrupted—families are displaced, livelihoods are lost, and communities struggle to recover.

Despite massive funds spent on disaster risk reduction over the years, many of the most vulnerable remain at risk. Gaps in loss and damage (L&D) accounting, technical capacity, financing, and coordination make it harder to respond effectively. Strengthening data systems, expanding social protection and insurance, and ensuring L&D funding is part of national planning are critical to helping communities withstand future climate threats.

UNDERSTANDING LOSS AND DAMAGE

Situated along the typhoon belt in the Pacific and characterized by its archipelagic nature, **the Philippines is highly exposed to both extreme weather and slow-onset events.**



About 25% (10.66M) of the Filipino workforce rely on climate-sensitive agriculture and fisheries. Frequent typhoons, extreme rainfall events, flooding, and rising sea levels keep farmers and fisherfolk—the country's poorest sector—trapped in a persistent cycle of disaster and poverty.

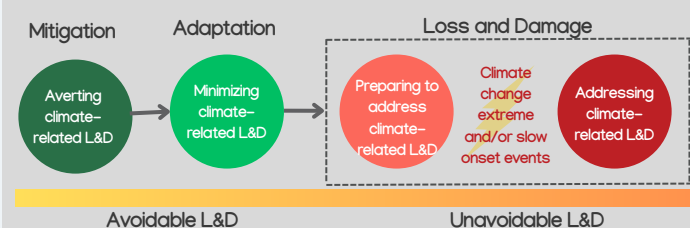


“Loss and damage” (L&D) refers to the adverse effects of climate change that people cannot prepare for or adapt to. It includes the costs and impacts that remain even after efforts to reduce emissions (mitigation) and prepare for climate risks (adaptation).

It results from both extreme weather events and slow-onset climatic processes, including rising temperatures, sea level rise, ocean acidification, land and forest degradation, and biodiversity loss.



Figure 1. Distinction between climate change mitigation, adaptation, and loss and damage-related actions



Loss and damage can be categorized into two types: **economic** and **non-economic**.

ECONOMIC LOSS AND DAMAGE

- Quantifiable negative impacts, such as damage to infrastructure, crops, or other assets that can be assessed in monetary terms
- Includes costs associated with post-disaster relief, rehabilitation, and recovery
- Economic damages from climate-induced disasters and extreme events in the Philippines from 2006 to 2023 amount to PhP741 billion (SEPO calculation based on PSA data, 2024).
- From 2000 to 2010, typhoons, floods, and droughts impacted over 7.4 million hectares of Philippine farmland, causing more than PhP100 billion in damages (PIDS, 2012).



Figure 2. Projected GDP losses due to climate change

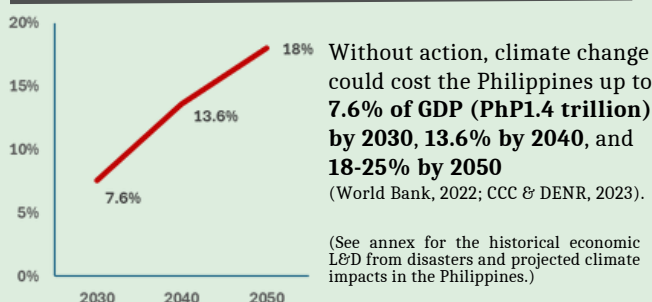
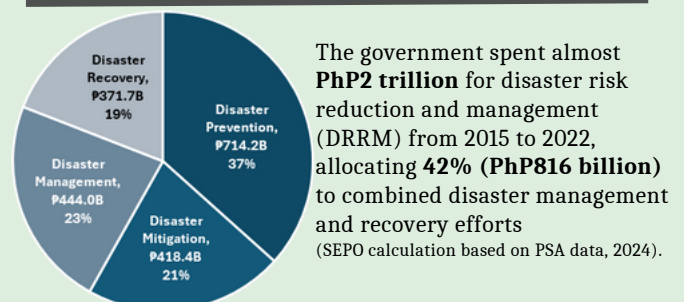


Figure 3. DRRM Expenditures (2015-2022)



NON-ECONOMIC LOSS AND DAMAGE

- Impacts that cannot be easily measured in monetary terms such as loss of human lives, health, cultural heritage and traditional knowledge, ecosystem services, loss of territory or displacement
- Often more irreparable, irreversible, and far-reaching in their consequences
- Annual well-being losses from disasters in the Philippines are more than double the asset losses. These losses, which affect people's ability to cope, rebuild, and recover, disproportionately impact the most vulnerable, with 31% borne by the bottom income quintile (World Bank, 2019).



CHALLENGES IN ADDRESSING LOSS AND DAMAGE

Challenges in addressing loss and damage in the Philippines are significant and include limitations in accounting, finances, technical capacity, and coordination.

L&D ACCOUNTING LIMITATIONS



L&D accounting is hindered by inadequate baseline data, inconsistent methods, slow assessments, poor database interoperability, and challenges in measuring non-economic and indirect economic losses, limiting effective responses.

TECHNICAL CAPACITY GAPS



Limited expertise in data collection, analysis, and decision-making hinders simulations and actionable insights, reinforcing reliance on risk models produced externally.

FINANCIAL GAPS



Disaster funds fall short of covering frequent, extensive damages. Many LGUs lack the robust data required to meet strict funding criteria. Conducting climate risk assessments and deploying early warning systems nationwide would cost US\$86.2 billion—far beyond available resources.

COORDINATION & FRAGMENTATION ISSUES



Weak disaster risk integration, agency fragmentation in adaptation and DRRM efforts, and unchecked upland development heighten risks. Limited guidance for inter-LGU collaboration further hampers effective implementation.

Sources: PIDS(2023), CCC(2019), DENR(2025)

RECOMMENDATIONS

National and local governments must take proactive steps to reduce disaster impacts and strengthen resilience, while lawmakers can drive climate action through strategic budgeting, legislation, and oversight. Recommendations are categorized into urgent priorities (building systems and preparing for international funding), medium-term goals (enhancing capacity, governance, and accountability), and long-term strategies (institutionalizing L&D integration, regional coordination, and sustainable financing).

URGENT PRIORITIES (1-3 YEARS)

1 STRENGTHEN L&D ACCOUNTING AND DATA SYSTEMS

Establish a national framework to standardize data collection and analysis for accurate tracking of climate-related L&D, enhancing policy and decision-making. Build robust data repositories, improve baseline information for sectors, and conduct rigorous research.

2 INVEST IN EARLY WARNING SYSTEMS & EMERGENCY PREPAREDNESS

Develop timely alert systems and equip emergency services. Senate Bill No. 2860, which seeks to establish disaster food banks and preposition relief supplies, is a vital measure for efficient emergency response.

3 EXPAND SHOCK-RESPONSIVE SOCIAL PROTECTION

Scale up social protection programs, such as Senate Bill No. 2848 to provide financial aid for disaster-affected households.

4 ENGAGE IN GLOBAL L&D NEGOTIATIONS

Advocate for equitable, timely, and direct access to L&D finance, which should be distinct and separate from adaptation finance.

(Kindly refer to the annex for the global climate talks on L&D.)

5 PREPARE TO ACCESS THE FUND FOR RESPONDING TO LOSS AND DAMAGE (FRLD)

Develop a portfolio of strategic measures to access FRLD funds by 2025. These measures should encompass pre-event risk reduction, immediate disaster response, and long-term recovery efforts, ensuring that the Philippines can fully leverage the FRLD's resources.

(See annex for the benefits in tapping the FRLD.)

MEDIUM-TERM GOALS (4-7 YEARS)

6 BUILD TECHNICAL CAPACITY

Conduct a capacity assessment to address gaps in technical expertise for risk assessment, data management, and project proposal development, enabling NGAs and LGUs to access funding from various climate finance sources.

7 ENSURE COHESIVE ACTION AMONG GOVERNMENT AGENCIES

Enhance inter-agency collaboration to implement L&D programs at all levels and streamline data integration across government agencies to reduce inefficiencies.

8 DEVELOP MONITORING AND EVALUATION (M&E) SYSTEMS

Create a comprehensive M&E framework to evaluate the impact of L&D measures, adaptation programs, and DRRM initiatives, enabling continuous improvement and accountability for climate resilience targets.



LONG-TERM STRATEGIES (8 - 10+ YEARS)

9 PROMOTE CLIMATE-RESILIENT LAND USE AND DEVELOPMENT PLANNING WITH PROVINCIAL & REGIONAL COORDINATION

Strengthen planning and coordination to mitigate risks posed by unchecked upland development such as landslides and flooding and align strategies for shared watersheds and hazard-prone areas.

10 INTEGRATE L&D FUNDING INTO NATIONAL PLANNING

Prioritize climate adaptation, disaster preparedness, and L&D response in national budgets and planning processes.

11 LEVERAGE INTERNATIONAL CLIMATE FINANCE

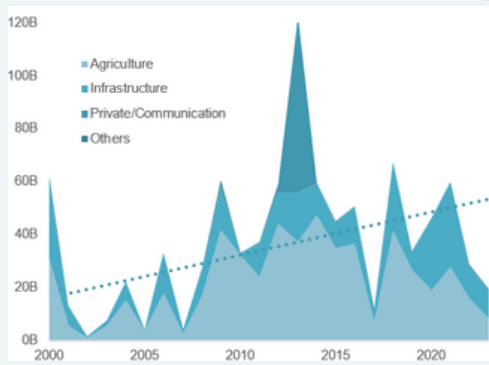
Maximize grants in support of L&D efforts, such as data generation and resilience-building actions.

12 EXPAND INSURANCE ACCESS FOR FINANCIAL RESILIENCE IN FACE OF DISASTERS

With insurance penetration below 2% of GDP, the government must collaborate with the private sector to deliver innovative and affordable insurance solutions for vulnerable and high-risk communities and small and medium-sized enterprises amid escalating climate risks.



HISTORICAL ECONOMIC L&D FROM DISASTERS IN THE PHILIPPINES (2000-2023)



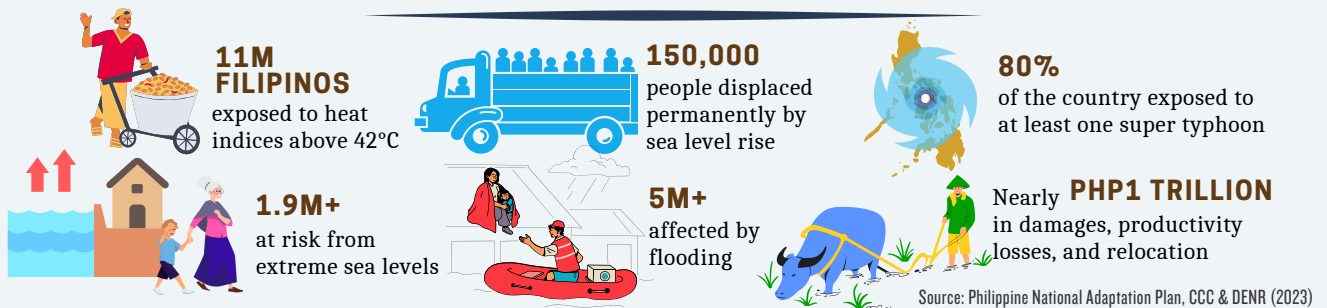
Source of basic data: Office of Civil Defense (2024)

From 2000 to 2023, the Philippines incurred PhP 911 billion in economic losses due to extreme weather events and other natural disasters.

These losses were concentrated in key sectors, with 59% impacting agriculture, 32% affecting infrastructure, and 8% borne by the private sector.

*inflation-adjusted values; includes L&D from all natural extreme events and disasters, not limited to climate-induced events

PROJECTED CLIMATE IMPACTS IN THE PHILIPPINES BY 2030

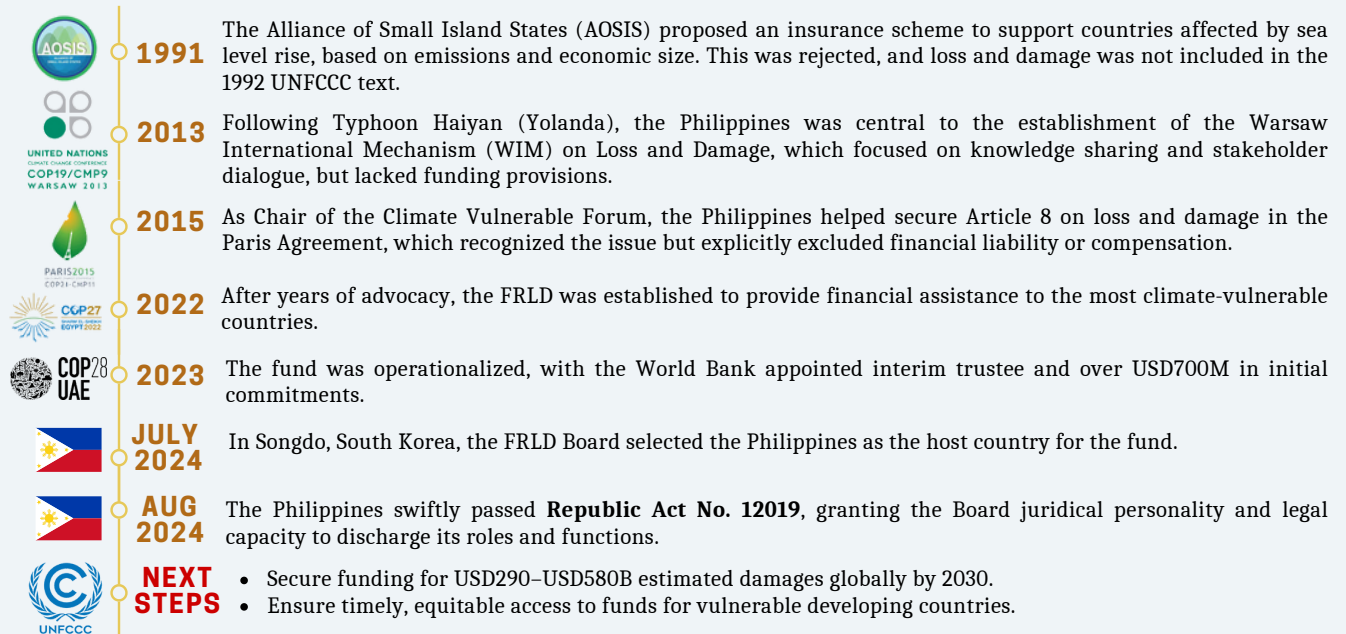


Source: Philippine National Adaptation Plan, CCC & DENR (2023)

LOSS AND DAMAGE IN GLOBAL CLIMATE TALKS

The establishment of the Fund for Responding to Loss and Damage (FRLD) stems from contentious UNFCCC negotiations, underscoring financial responsibility divides. Vulnerable nations, least responsible yet most affected, prioritize equity and climate justice. Despite challenges, key milestones have advanced its operationalization, with the Philippines at the helm.

TIMELINE



POTENTIAL BENEFITS OF TAPPING THE FRLD

The Fund for Responding to Loss and Damage (FRLD) will support efforts to address economic and non-economic climate impacts, including national response planning, strengthening climate data, and promoting equitable, dignified displacement, relocation, and migration due to temporary and permanent losses.



INCREASED CLIMATE FINANCE

The Philippines could secure financial support from the fund, increasing the flow of climate finance for post-disaster relief, rehabilitation, and recovery, as well as interventions for slow onset events.



ACCESS TO EXPERTISE

As host country, the Philippines gains direct access to international expertise and technical support to address climate impacts.



ENHANCED RESILIENCE

With additional funding and knowledge, the country can implement more robust measures to enhance its capacity to cope with climate-induced disasters.