

Open Letter

To the Board of the Integrity Council of the Voluntary Carbon Market regarding the adoption of a Share of Proceeds including for Loss & Damage Response as a Core Carbon Principle

January 2023

Dear IC-VCM Board members,

I am aware of and fully support of the letters from [AOSIS/LDCs](#) and [VCM](#) sent to you in June last year advocating the inclusion of a Share of Proceeds (SOP) for adaptation in the IC-VCM Core Carbon Principles (CCPs). However, the international funding landscape has since fundamentally changed with the [historic](#) decision taken in Sharm el Sheikh in December to establish a Paris Agreement [Loss and Damage Response Fund](#), which according to the [BBC](#), ‘can be seen as the most important climate advance since the Paris Agreement.’

The recent catastrophic floods in Pakistan – leaving the country with 33 million displaced, thousands of miles of roads and thousands of hospitals damaged or destroyed – made it abundantly clear that countries are liable to incur disastrous loss and damage from adverse climate impacts, and that it is ‘[Time to Respond!](#)’ (as I wrote earlier).

This is why I advocated the establishment of the Loss & Damage Response Fund at COP 27, and I believe it is imperative to harness innovative funding sources for it. In this context I would like to ask you to add to the CCPs a ‘dual-purpose’ SOP *of at least five percent, to be contributed to the relevant entities of the financial mechanism of the Paris Agreement for supporting developing countries in adapting and/or responding to adverse climate impacts.*

With such a SOP for the dual purpose of adaptation and L&D Response, the VCM would not only align itself with the Art. 6.4 Mechanism of the Paris Agreement, but it would be ahead of the curve, in the progressive vanguard of climate solidarity finance.

Yours sincerely



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Minister for Climate Change (2004-07 and 18-22),
Pakistan