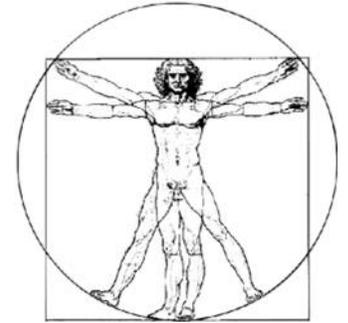


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Funding Arrangements for Addressing Loss and Damage

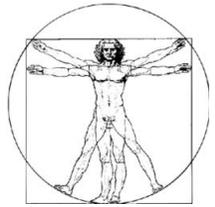
4th September 2022

Michai Robertson

Finance Lead Negotiator & Chair's Advisor, Alliance of Small Island States (AOSIS)

for sustained capacity building in support of international climate change negotiations
pour un renforcement durable des capacités en appui aux négociations internationales
sur les changements climatiques

Overview



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Purpose of the presentation: To bring in some ideas on the how the relevant guiding question(s) could be answered and break the ice for the discussion

1. Context

- *'Mind the Gap'*
- Focus of the Arrangement: Addressing loss and damage
- Placement of the Arrangement: Within the public international finance architecture

2. Guiding Question 1

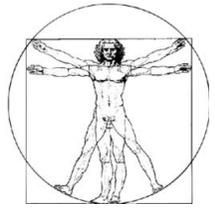
- What would the structure and functionality of a fund for financing loss and damage response look like?

3. Guiding Question 2

- How to ensure finance for those countries prioritising loss and damage response?

Context

'Mind the Gap'



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Intergovernmental Panel on Climate Change ('IPCC'): In [2022](#), the IPCC identified that gaps existing in funding arrangements for addressing actual loss and damage, in general:

'Losses and damages ... are not comprehensively addressed by current financial, governance and institutional arrangements, particularly in vulnerable developing countries'

Green Climate Fund ('GCF'): Furthermore, the Independent Evaluation Unit of the GCF stated the following on the GCF's ability (as the largest multilateral climate change fund) to fund the addressing loss and damage in the context of its [2022](#) performance review:

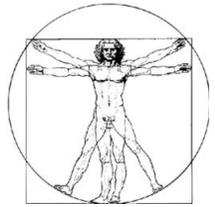
'There is evidence to suggest that based on the current GCF policy landscape and relevant decisions at COP, ... [loss and damage is] not being actively considered in the [GCF's main strategic document]...

[The GCF's main strategic document] does not explicitly consider clarifying how the existing investment and result frameworks are to integrate a loss and damage element to ensure and promote an adequate assessment of funding proposals'.



Context

Focus of the Funding Arrangement



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Primary focus of the funding arrangement is on addressing **actual loss and damage** while acknowledging that the support it provides for addressing must:

1. minimize **expected loss and damage** to the greatest extent possible, and
2. pursue efforts to contribute to the overall averting of **future loss and damage**.

ANTICIPATION
(THE BEFORE)



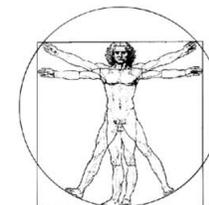
REACTION
(THE AFTER)



The point at which the event
(extreme weather or slow onset)
occurs
(i.e. adaptation limit has been reached)

Context

Placement of the Arrangement

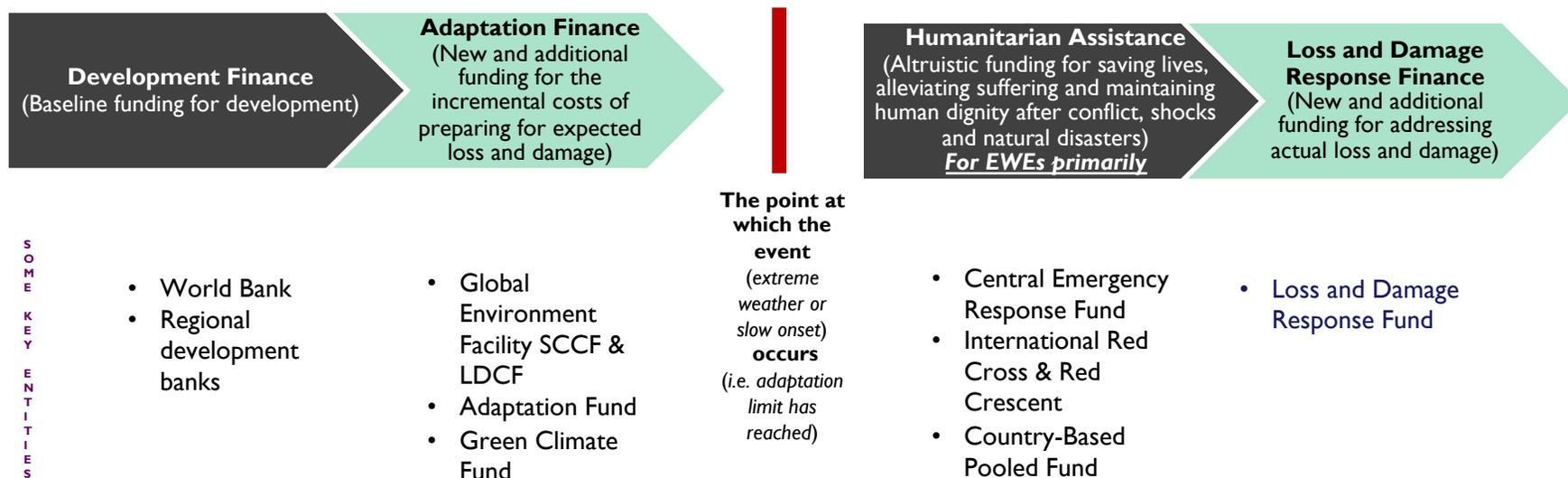


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There is a need for a **fit-for-purpose contribution by the UNFCCC Financial Mechanism** in supporting loss and damage responses of developing countries. The reasons for this include, *inter alia*:

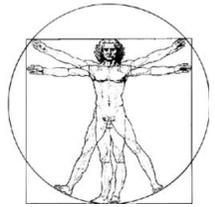
- UNFCCC Financial Mechanism also serves as the Paris Agreement ('PA') Financial Mechanism (Art 9[8]) which includes its recommendation to Parties to enhance such support on cooperative and facilitative basis (Art 8[3]); and
- Apparent gaps in the ability of current operating entities to adequately fulfil this aspect of the PA

This contribution will come in the form of a fit-for-purpose fund as an operating entity of the UNFCCC Financial Mechanism (*NOTE: This fund is not envisioned to be a panacea in relation to support for addressing loss and damage*)



Guiding Question I

Structure and Functionality of a Fund



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Governing Framework

Investment Criteria Elements

Understanding what activities need such support

- Those to address non-economic loss
- Those to address economic loss

Access Elements

Understanding the way(s) in which such support needs to be received

- Grant-based
- Commensurately urgent
- Commensurately sustained and programmatic
- Local non-state actor accessible (i.e. challenging the current accreditation paradigm)

Results Management Elements

Understanding what are the required results to achieve effectiveness of such support

- Results areas should be framed in way that capture success in a reactionary manner (e.g. *fiscal space created, assets/livelihoods/human health rehabilitated, culture/lives memorialised, etc.*)

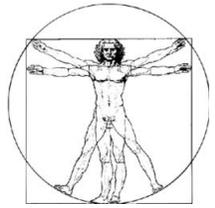
Governance Elements

Understanding what institutional arrangements & entities are needed to oversee and administer the programming of such support

- Governing body
- Secretariat
- Trustee
- Independent Units

Guiding Question I

Structure and Functionality of a Fund



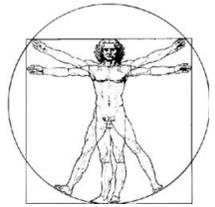
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Potential guiding principles for the Fund:

1. Focus on **addressing** loss and damage and acknowledgement of importance of minimizing & averting
2. Recognition of the **limits of adaptation**
3. Provision of support on **cooperative and facilitative basis**
4. Adoption of a **high risk appetite in programming** by the Fund
5. Provision of support in a manner that is:
 - a. **timely** for a response that can actually supplement any other existing finance types (e.g. humanitarian assistance), especially for addressing any type of loss and damage from extreme weather events; and
 - b. **programmatic**, especially for addressing any type of loss and damage from slow onset events
6. Balanced and equitable **enhanced direct access** to funding, including with local non-State actor
7. Active **involvement of civil society** in Fund operations & governance

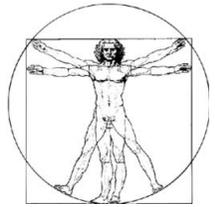
Guiding Question 2

Ensuring Financing for those Prioritizing Loss and Damage



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1. Eligibility criteria aligned with those of the FM
2. Use of resource allocation benchmarks
3. Any other suggestions?



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THANK YOU!

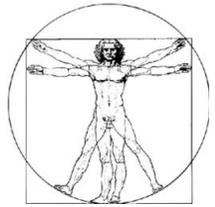
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Funding arrangements for addressing L&D



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- (i) What would the structure and functionality of a facility for financing Lnd look like?
- (ii) How to ensure finance for those countries prioritising L&D