

## Support for New Funding Arrangements for Loss and Damage Response



In March 2023, the ecbi Director attended the [OECD Climate Change Expert Group \(CCXG\) Global Forum](#), where he facilitated the session on “Understanding the scope of funding for Loss and Damage”. He subsequently attended the first session of the [Transitional Committee for the new Loss and Damage Response Fund](#) established at COP27 in Sharm el-Sheikh, where he was able to share a draft of and receive feedback on a new ecbi Policy Paper on “L&D Pilot Funding Arrangements”.



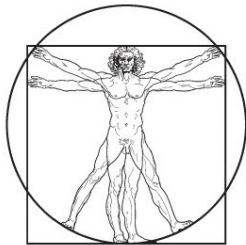
A new report by ecbi assesses key outcomes from COP27, focusing on discussions and decisions related to ambition, finance, loss and damage, and the Global Goal on Adaptation (GGA). The report explains that, while COP27 failed to move the needle closer to the temperature goal of 1.5°C, it did result in an historic (and unexpected) decision to establish a fund and funding arrangements to respond to loss and damage for those most vulnerable to the impacts of climate change. Other significant outcomes at COP27 included: agreement on institutional arrangements to operationalise the Santiago Network for Loss and Damage; agreement to establish a work programme on a just transition; and, for the first time, a call to reform the multilateral development banks and international financial institutions, so they are aligned with the Paris Agreement and Article 2.1 (c) on making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development. Some progress was also made on the mitigation work programme, as well as on the two-year Glasgow-Sharm El-Sheikh work programme on the Global Goal on Adaptation, which is expected to conclude at COP28/CMA5 in Dubai. In addition, the report also looks at what needs to happen in 2023 to ensure COP28 further advances on these issues.

The report was authored by experts with many years of experience in the UNFCCC negotiations, and features quotes and insights from ecbi's network of negotiators and delegates who attended COP27.

**Related Documents:**

[COP27 Key Outcomes.pdf](#)

**ecbi Publishes Annual Report Covering April 2021–  
December 2022**



# ecbi Annual Report

April 2021 – December 2022



ecbi has published its latest Annual Report covering the period April 2021 through December 2022. The Bonn Seminar, Fellows Colloquium, and the Oxford Seminar took place during the report period, all convening for the first time since before the pandemic. In late 2021, the Danish government agreed to provide funding for echo's Phase V for 2022-2025, which followed a 2021 bridging grant from the Swiss government. ecbi and Perspectives Climate Research co-hosted a workshop on [Supporting Adaptation Through Article 6 of the Paris Agreement](#), while ecbi convened a [webinar](#) assessing key outcomes from COP26, which was based on ecbi's [COP26 key outcomes report](#). ecbi also published a new [Pocket Guide on Article 6](#) Under the Paris Agreement. In addition, ecbi published many discussion notes, reports, and blog posts, many of which focus on the most prominent issues being discussed in the climate negotiations. Going forward, ecbi will publish reports that correspond with the calendar year.

#### **Related Documents:**

[Annual Report 2022.pdf](#)

**Former Pakistani Climate Change Minister calls for Share of Proceeds from the VCM to cover L&D Response**



Malik Amin Aslam Khan, former Pakistani Minister for Climate Change (pictured in photo), has sent an [open letter to the Board of the Integrity Council for the Voluntary Carbon Market \(IC-VCM\)](#) calling for the proposed Share of Proceeds (SoP) as a Core Carbon Principle (CCP) of the VCM to also include a Loss & Damage (L&D) Response component. He reiterates his support for letters from [AOSIS and the least developed countries \(LDCs\)](#) and from the [Climate Vulnerable Forum \(CVF\), the LDC Group, and](#)

[the West African Alliance on Carbon Markets and Climate Finance](#) sent in June 2022 calling for the inclusion of SoP for Adaptation (SoPA) in the CCPs.

Aslam Khan refers to recent changes in the international funding landscape with the [historic](#) decision taken in Sharm el Sheikh, Egypt, in December 2022 to [establish a L&D Response Fund under the Paris Agreement](#) which “[can be seen as the most important climate advance since the Paris Agreement](#)”.

Mentioning the recent devastating floods in Pakistan, which displaced 33 million people and damaged if not destroyed thousands of hospitals and miles of roads, he reiterates the urgency of addressing L&D and cites an opinion piece he co-authored with ecbi Director Benito Müller, [Time to Respond!](#), which was published on the OCP website and the news aggregator website [unclimatesummit.org](#).

In his letter, Aslam Khan stresses the importance of harnessing innovative funding sources for the L&D Response Fund, specifically calling to add, to the CCPs, a ‘dual-purpose’ SoP for adaptation and L&D Response of at least 5%. Through such a SoP, the VCM would not only align itself with the Article 6.4 Mechanism under the Paris Agreement, but “it would be ahead of the curve, in the progressive vanguard of climate solidarity finance”.

Efforts to include SoP in the CCPs have been ongoing although they have now taken on the addition of a proposed SoP for L&D following the COP27 decision. In March 2022, ecbi and Oxford Climate Policy published a [Discussion Note on a SoPA in the VCM](#). In October 2022, the Climate Vulnerable Forum published a blog post by Saleemul Huq, Chair of the CVF Expert Advisory Group and Head of the ecbi Training and Support Programme, titled [Voluntary Carbon Markets’ Credibility in Question Over Support for Adaptation](#). OCP/ecbi provided [input to the IC-VCM consultation on CCPs](#), calling for inclusion of a SoP. Launched in July 2022, the public consultation ran for 60 days. Several July 2022 news articles highlighted the SoP as a CCP of the VCM, including those published on the websites of Thomas Reuters Foundation ([In carbon markets we trust? New global guidance aims to stop greenwashing](#)) and Climate Home News (Make polluters for climate adaptation, voluntary carbon market body proposes).

#### **Related Documents:**

[MAAK Open SOP2 Letter ICVCM .pdf](#)

# OCP/ecbi Submission to COP 28 and CMA 5: Views on topics for 2nd Glasgow Dialogue and workshops referred to in paragraph 7(a) of Decision -/CP.27 -/CMA.4



## Submission to COP 28 and CMA 5

Views on the topics for the 2nd Glasgow Dialogue and the workshops referred to in paragraph 7(a) of [Decision -/CP.27 -/CMA.4](#)

24 January 2023

OCP<sup>1</sup> and ecbi welcome the opportunity to submit their views on topics for the 2nd Glasgow Dialogue and the workshops referred to in para.7(a) of [Decision-/CP.27 -/CMA.4], in line with para.7(c) of that decision.

The COP and CMA agreed [in para. 9] that the second Glasgow Dialogue should focus on the operationalisation of the funding arrangements and the fund established in paras. 2 and 3 of the Decision, and that it will inform the work of the Transitional Committee established under para. 4. The Committee has been mandated with making recommendations on elements for the operationalisation of the funding arrangements and the fund, including “Defining the elements of the new funding arrangements [...]” and “Identifying and expanding sources of funding”[paras. 5 (b) and (c)].

The Decision further provides that the Committee’s work will be informed by the current landscape of funding and gaps within that landscape, and potential sources of funding, recognising the need for support from a wide variety of sources, including innovative sources [para.6].

We consider that innovative sources of funding and what we refer to as ‘loss and damage response tools’ should be key topics of the 2nd Glasgow Dialogue and mandated workshops. We set out why below.

The decision to establish a Loss and Damage Response Fund in Sharm el Sheikh has been hailed as “historic” in the multilateral climate regime, and recognises that loss and damage is not a future threat, but a reality that many countries, particularly developing countries, face today. Paragraph 7(a) of that decision ([Decision -/CP.27 -/CMA.4](#)), requests the Secretariat to conduct two workshops in 2023 relevant to addressing loss and damage, while paragraph 7(c) invites Parties and relevant organizations to submit views on topics for and the structure of the 2nd Glasgow

Dialogue and the workshops.

In response to this invitation, [OCP/ecbi has prepared a submission of its views](#) on the topics for the 2nd Glasgow Dialogue and workshops. The COP/CMA agreement stipulates that operationalisation of the new fund will require “defining the elements of the new funding arrangements”, including where the funding comes from and what activities the Fund will support, which the submission proposes that the Dialogue and workshops address.

With respect to the fund’s financial viability, the submission points to concerns raised with respect to the risk that the fund could, under traditional national/public contributions, remain severely underfunded, or end up diverting funding originally intended for the Green Climate Fund. To ensure the fund is fit for purpose, the submission underscores the need to consider “innovative funding sources”, including from sub-national stakeholders, such as corporations, individuals, and foundations.

The submission also refers to “loss and damage response tools”. It notes that while the decision describes some of the challenges or events that such response tools should address, such as “climate-related emergencies, sea level rise, displacement, relocation, migration, insufficient climate information and data, or the need for climate-resilient reconstruction and recovery”, it does little to shed light on exactly what types of activities should be funded. Thus, the submission mentions insurance as one type of response tool that has been identified, as well as challenges, including non-economic losses and those related to slow-onset events, that may require other types of response tools apart from insurance schemes.

Hence, the OCP/ecbi submission proposes that the 2nd Glasgow Dialogue and the mandated workshops showcase examples of both innovative funding sources and loss and damage response tools that the Fund could support financially. The full submission has been [posted on the UNFCCC website](#).

#### **Related Documents:**

[Submission to CP 28 and CMA 5.pdf](#)

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