

Co-Chairs Note: Scope of the fund; Country ownership; Access, delivery modalities, and triggers**Scope of the fund (non-exhaustive, indicative list of issues raised during the discussion)**

Areas of convergence:

- Starting point for the scope is language from decisions 2/CP.27 and 2/CMA.4 which includes slow onset events and extreme weather events and economic and non-economic loss and damage.
- Other thematic areas include: recovery, reconstruction and rehabilitation; human mobility; range of non-economic losses including ecosystem services; permanent loss of cultural heritage
- Priorities and specific activities funded within the broad scope are country-led and country-owned
- Flexibility for fund, including scope, to evolve over time in connection with evolving needs, priorities, and science

Areas of divergence:

- Whether the scope of the fund should include support for planning, preparedness (including through pre-arranged finance and insurance) and capacity-building. Some members believe that preparedness and resilience building are part of adaptation activities and that capacity building for loss and damage is already done/should be done by the Funding Arrangements or the Santiago Network. Other members believe that the Fund should address the full continuum of loss and damage.
- Degree of specificity or prescriptiveness with respect to how scope is reflected in the decision
- An eligibility issue was raised regarding the interpretation of and prioritization in relation to some groups of developing countries that are particularly vulnerable or based on different capacities to respond.
- The need to have sub-funds such as slow onset, recovery and reconstruction and small markets. There is a potential risk of earmarking resources to some of the funding windows only and leaving other windows underfunded the importance of developing different funding modalities to respond to different challenges.

Country Ownership (non-exhaustive, indicative list of issues raised during the discussion)

- Funding support should be responsive to the needs of the country as defined by the countries
- Once funded, each country can oversee the activity or programme in a country driven manner. This includes flexibility to reallocate funding to other areas of addressing loss and damage as needs or priorities change.
- Should be country driven approach and should be embedded in the national system, acknowledging that not all countries may have relevant systems in place and that country ownership still applies in the absence of such systems.
- Identifying focal points/institution at national or regional level and support to be done through the focal point/institution
- Fund should be designed to support and capitalize national systems, funds and arrangements for addressing L&D following a request from a country, including through programmatic approaches
- Funding should be provided directly from the entity as national budget support
- Country ownership to be reflected in multiple parts of the terms of reference/governing instrument, including objectives and structure and operational modalities

Access, delivery modalities, and triggers (non-exhaustive, indicative list of issues raised during the discussion)

Access

- Direct and rapid access for national governments following extreme weather events.
- Programmatic access based on country-defined needs communicated to the Board in relation to slow-onset events or rehabilitation and reconstruction
- Access through national/regional entities or entities accredited to other funds
- Potential for enhanced access for communities and other groups through designated entity
- Access to resources may be on a first-come, first-served basis or by setting priorities such as LDCs and SIDS while one member proposed setting funding windows or sub-funds, another member proposed access to resources through stages/timelines of loss and damage and another member proposed setting allocation criteria. One member noted though that the allocation of resources will depend on the scale of contribution to the Fund.

Delivery modalities

- Direct budget support
- Disbursement of proportion of funds (e.g. up to 25 per cent of anticipated disbursement) in the aftermath of a disaster, followed by remainder once needs assessment undertaken

Triggers

- No one-size-fits-all trigger; important to consider different potential types of triggers or thresholds, including for both extreme weather events and slow onset events, and economic and non-economic loss and damage. Different types of mentioned include:
 - Indemnity based (e.g. Event leading to loss of certain percent of GDP)
 - Soft trigger (e.g. declaration of national disaster)
 - Parametric
 - Projection of hazards
 - Cumulative trigger for slow-onset events
 - Submission of proposal to the fund
- Whether or not triggers are linked to allocation or prioritization of disbursements
- Questions surrounding data to be used to define and assess triggers
- Triggers to be based on scientific criteria