COP 8(f)/CMA 8(f) Matters relating to funding arrangements for addressing loss and damage

Elements paper by the co-facilitators

1. Recalling of the context
   i. Note, as per the best available science, that insufficient mitigation contributes to increasing loss and damage and adaptation does not prevent all loss and damage,
   ii. Recall the principles of the Convention,
   iii. Recall the Paris Agreement,
   iv. Recall previous work done as part of the UNFCCC process to consider the current state of finance for loss and damage, for example:
      a. 2016 Forum of the Standing Committee of Finance on financial instruments that address the risks of loss and damage,
      b. Technical paper on the elaboration of the sources of and modalities for accessing financial support for addressing loss and damage (FCCC/TP/2019/1),
      c. Suva expert dialogue on loss and damage associated with climate change impacts,
      d. 1st Glasgow Dialogue to discuss funding arrangements for activities to avert, minimize and address loss and damage associated with the adverse impacts of climate change,
      e. …
   v. Recall the three elements of understanding that accompanied the adoption of this agenda item,
   vi. Note developed countries’ willingness to address gaps in funding for loss and damage.

2. Recognition of existing sources, relevant funds, processes and initiatives, including outside the UNFCCC
   1. Recognize relevant existing sources of financial support, relevant funds, processes and initiatives, including outside the UNFCCC, that may include funding arrangements for responding to loss and damage, such as:
      a) Those under disaster risk reduction;
      b) Those under the humanitarian domain (e.g. Central Emergency Response Fund, Disaster Response Emergency Fund);
      c) Those under multilateral development banks and international financial institutions (e.g. Global Facility for Disaster Reduction and Recovery, Resilience and Sustainability Trust);
      d) Those focusing on early warning (e.g. Climate Risk and Early Warning Systems, Early Warnings for All);
      e) Multilateral initiatives at the global and regional level (e.g. Global Shield against Climate Risks, regional risk transfer facilities);
      f) …

3. Acknowledgement of gaps and needs

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1 This item and the outcomes thereof are without prejudice to the consideration of similar issues in the future. It is understood that (1) the outcomes of this agenda item are based on cooperation and facilitation and do not involve liability or compensation; (2) this agenda item includes the Glasgow Dialogue; and (3) the agenda item will launch a process with a view to adopting a conclusive decision no later than 2024.
2. Access to and scale and timeliness of disbursement of existing funding arrangements for responding to loss and damage, including for addressing loss and damage from the climate change impacts associated with slow onset events.

3. Existing gaps in finance for responding to loss and damage from the climate change impacts associated with slow onset events.

4. Existing gaps in finance for responding to economic and non-economic losses, including displacement and loss of cultural heritage, resulting from both extreme weather events and slow onset events.

5. Existing gaps in finance provided under the Financial Mechanism of the Convention and the Paris Agreement for recovery, rehabilitation and reconstruction.

6. Existing gaps in the availability of rapid response funding.

7. The need for finance, at scale, targeted to address the gaps referred to in paragraphs 2–6 above.

8. The need for broadening sources of finance, including identifying innovative sources, to achieve the scale of finance referred to in paragraph 7 above.

9. …

4. Noting of the nature, types and scope of funding arrangements

10. Note that the nature of funding arrangements for responding to loss and damage includes funding that is:
   a) Urgent and immediate
   b) New, additional, predictable and adequate so as to assist developing countries in meeting the costs of addressing loss and damage;
   c) Additional to adaptation and mitigation funding;
   d) Additional;
   e) Predictable;
   f) Public in origin;
   g) Multilateral in origin;
   h) Taking a whole-of-institution/organization approach;
   i) Timely and through a simple and fast process, without the need for lengthy bureaucratic procedures;
   j) Disbursed quickly;
   k) …

11. Note that arrangements for funding for responding to loss and damage may include:
   a) A new fit-for-purpose fund under the UNFCCC;
   b) An operating entity of the Financial Mechanism;
   c) The strengthening of existing operating entities of the Financial Mechanism, recognizing their governance/governing instruments;
   d) Public finance, including in the form of grants;
   e) Grant-based funding from multiple sources;
   f) Development finance;
   g) Debt relief;
   h) Reform of multilateral development banks and international financial institutions;
   i) Humanitarian assistance;
   j) Innovative sources of funding;
   k) …

12. Agree/note the scope of funding arrangements for responding to loss and damage as being as follows:
   a) The areas of cooperation and facilitation to enhance understanding, action and support listed in Article 8.4 of the Paris Agreement;
   b) Activities for averting, minimizing and addressing loss and damage;
   c) The enhancement of early warning systems;
   d) Activities for addressing loss and damage from the impacts associated with slow onset events, including displacement, social protection systems and loss of cultural heritage;
   e) Ex post and reactive actions covering all stages of relief and recovery from extreme weather events;
   f) …

5. Agreement of the ‘process’ to be launched at COP 27

13. Agree to launch a two-year process for implementing the activities referred to in section 8 below.
14. Agree to consider the outcomes, including interim results, of activities referred to in section 8 below with a view to adopting decisions associated with those activities at COP 28/CMA 5 (November 2023) and COP 29/CMA 6 (November 2024).

15. Agree on the role of the subsidiary bodies:

   a) SBI to implement the ‘work programme’ and report on progress to COP 28/CMA 5 and COP 29/CMA 6 with a view to recommending a draft decision on funding arrangements for loss and damage in 2024;
   b) SBI to provide overall coordination for implementing the work programme through an ad hoc body/expert group.

6. Modalities concerning the ‘process’

Option 1
An ad hoc body/working group, (or other name, e.g. expert group/committee) to provide guidance/oversight, as appropriate, to the activities referred to in section 8 below and report on progress to the SBI or to the COP and the CMA with a view to making recommendations thereof for consideration and adoption by COP 28/CMA 5 and COP 29/CMA 6.

Option 2
No specific group/body to oversee the undertaking of or undertake the activities referred to in section 8 below, with COP 27/CMA 4 decisions mandating different bodies or arrangements under the UNFCCC to undertake each activity without overarching oversight. The activities can be referred to collectively as a work programme.

7. Outcome of the ‘process’ up until 2024

Option 1
Funding arrangements, such as a new operating entity of the Financial Mechanism, as agreed at COP 27, responding to loss and damage, including a focus on addressing loss and damage, to be operationalized no later than by COP 29 (November 2024).

Option 2
Decision(s), on the basis of the negotiations, informed by technical work to be conducted, taken between 2023 and 2024, on the role of the Convention and the Paris Agreement in the context of the mosaic of funding arrangements for responding to loss and damage.

8. Activities to be carried out and decisions to be made between 2023 and 2024

16. Invitation for submissions from Parties, observers and other stakeholders on the topics and structure of the Glasgow Dialogue and workshops

17. Complementary technical work to the Glasgow Dialogue comprising, inter alia:

   a) At least two workshops per year at the national, regional or global level;
   b) A gap analysis, building on and expanding the existing work in this area through submissions from Parties and other stakeholders on needs and funding gaps in their specific context or region;
   c) A mapping and analysis, through a loss and damage lens, of funding modalities within and outside the UNFCCC;
   d) A technical paper on the current landscape of institutions that fund activities and support measures on loss and damage, as well as on measures and gaps;
   e) A synthesis of information from relevant reports produced by non-governmental organizations.

18. In relation to the Glasgow Dialogue

   a) The focus of the next two Dialogues are to be on loss and damage funding questions that need to be addressed in the design of the facility, including slow onset events, non-economic losses, economic

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2 To be adapted pending modalities concerning the ‘process’.
3 To be adapted pending an arrangement on the outcome of the ‘process’.
loss and damage, rapid response to extreme weather events, and the impacts of climate change on the debt burden of developing countries;
b) Parties and the SBI are to recommend themes for future Glasgow Dialogues;
c) An annual report on the Glasgow Dialogue and workshops held under it is to be for consideration at the sessions of the subsidiary body coinciding with the sessions of the COP and the CMA.

19. Invite submissions from United Nations agencies, intergovernmental organizations, both bilateral and multilateral, and international financial institutions on how they might enhance access to and/or enhance the speed, scope and scale of finance for activities relevant to loss and damage, including potential limitations and barriers and potential options to address those limitations.

20. Topics for technical work include:
a) Detailed examination of issues such as slow onset events (e.g. sea level rise), rapid onset events (e.g. floods, wildfires and cyclones), climate-induced displacement, and cultural and other non-economic losses;
b) Examination of issues by region;
c) Topics that take into account the results of the high-level panel of experts, which will make recommendations on innovative sources of climate finance.