

Loss and Damage Fund & ACE Synergies: Setting a new climate finance standard

Dr. Isatis M. Cintron-Rodriguez^{1,2}, Liane Schalatek³, Lien Vandamme⁴

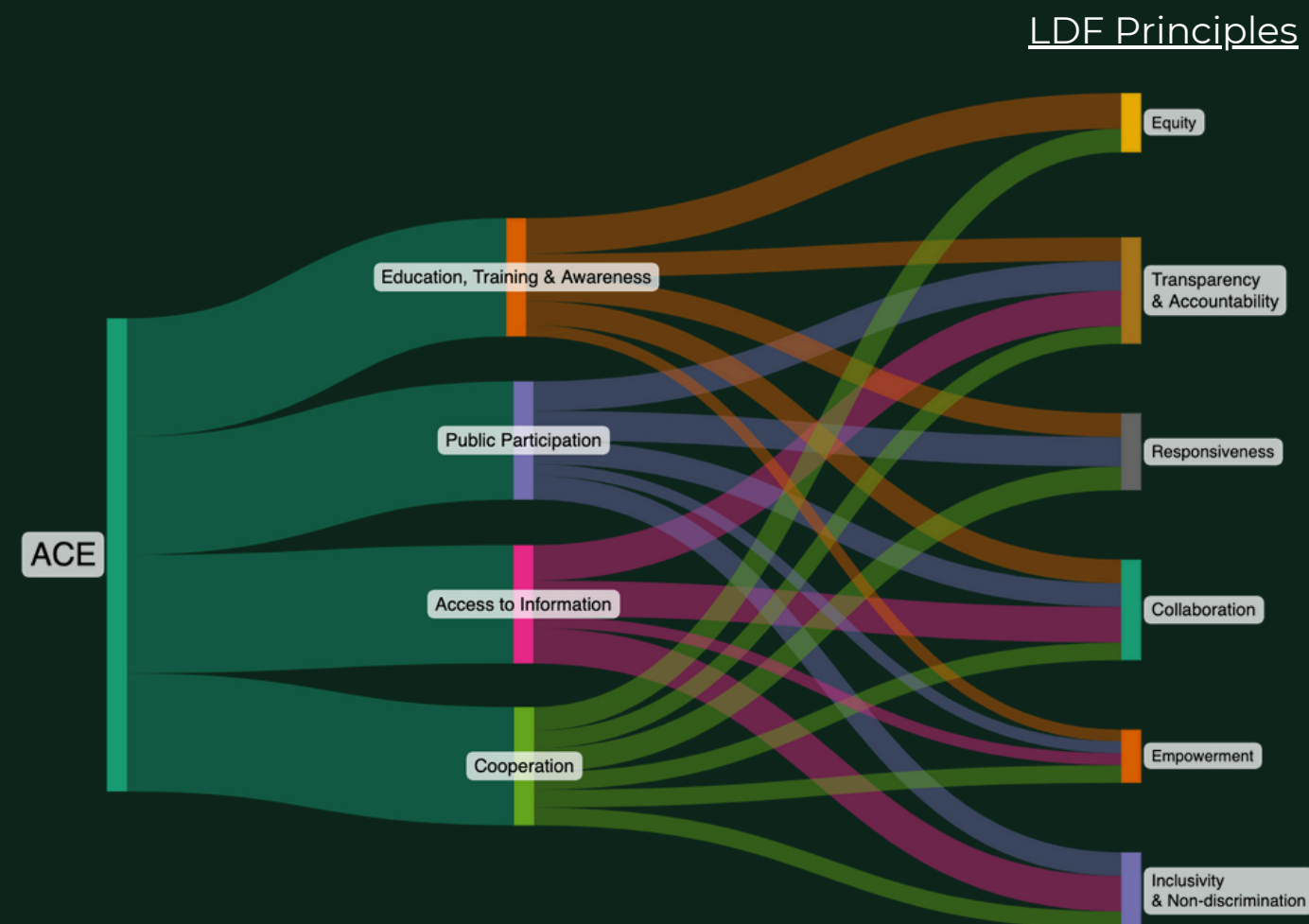
1 ACE Observatory, 2 Columbia University, 3 Heinrich Böll Stiftung, 4 Center for International Environmental Law

BACKGROUND

A transparent and fully accountable participatory framework that not only ensures equitable access to the Fund but also empowers communities to lead and innovate in efforts to deal with the unavoidable climate impacts they are facing. It is not only about the quantity of participation but quality. Clear, actionable strategies for stakeholder engagement, governance, and operational modalities are the pathway to legitimacy and effectiveness. It underscores the urgency of fostering an enabling environment where meaningful participation can thrive, thereby enhancing the Fund's impact and driving forward the global agenda for climate justice, human rights, and sustainable development.

PARTICIPATION PRINCIPLES

- **Inclusivity and non-discrimination:** Participation should be open to and made possible for all segments of society, particularly groups and communities most affected by loss and damage, including marginalized groups that often face intersecting forms of discrimination, ensuring their voices and concerns are equally considered.
- **Access to information and transparency:** Detailed and clear information about operations, decision-making processes, and the impact of its efforts must not be merely available, but must be fully accessible (i.e. in a manner and form that makes sense for those who need to be able to access it to effectively participate) to all rightsholders.
- **Responsiveness:** Efforts should be dynamic and adaptable, responding to community needs, evaluations, and the changing landscape of the challenges it aims to address.
- **Equity and equality:** Recognizing the disproportionate impact of climate change on certain regions, communities, and groups, participation should prioritize equity, ensuring that support is directed where it is most needed and that it advances substantive equality.
- **Empowerment:** Efforts should be made to empower participants through capacity-building initiatives, proactive outreach, and opportunities to submit their views, enabling them to effectively engage in processes that impact them.
- **Collaboration:** Fostering a spirit of cooperation between affected communities, other rightsholders such as Indigenous Peoples, women and diverse gender groups, and children and youth, and governments, civil society, and the private sector, to leverage diverse perspective and expertise.



RECOMMENDATIONS

1. Establish robust modalities for **Active Observers** at the level of the Board of the LDF
2. Ensure **frontline community voices and civil society** are represented in the LDF, through the development of an enhanced participation framework:
3. Put in place mechanisms that **promote community-led activities** through simplified and enhanced direct access (**community access/small grant window**) for subnational and local actors particularly groups in vulnerable situations.
4. Ensure transparency and accountability through **co-developed MERL** mechanisms that include ongoing community feedback, regular progress reports, and independent third-party evaluations.
5. Guarantee accountability through a dedicated **environmental and social safeguards (ESS) framework** and **independent, accessible, and effective grievance mechanism** to ensure the activities of the fund avoid harm, and focus on doing good.

ACE & CLIMATE FINANCE

ACE ensures that the Loss and Damage Fund not only aligns with the Paris Agreement but also fulfills its mandate to serve communities most vulnerable to climate impacts. To effectively meet these goals, it is imperative to **reform climate finance** systems. Such reforms should ensure that funding is not only adequate but also equitably distributed, prioritizing the needs of the most vulnerable communities. Key to this process are transparency, accountability, and enhanced/simplified accessibility, enabling more effective responses to the urgent challenges posed by climate change.

ACE represents a broad, dynamic framework for climate action. Within this framework, participatory budgeting serves as both a mechanism and a manifestation of ACE, deepening climate governance and strengthening community ties. This approach not only fosters more equitable distribution of resources but also enhances the effective use of public funds. By empowering communities to make informed decisions, participatory budgeting fosters greater climate resilience.