

# PROPOSAL TO THE TRANSITIONAL COMMITTEE FROM DEVELOPING COUNTRIES ON FUNDING ARRANGEMENTS

September 1st, 2023

## Overview

1. Given the urgent and immediate needs, the Transitional Committee developed recommendations to meaningfully improve the ability of developing countries to respond to loss and damage by addressing gaps related to speed, predictability, eligibility, sufficiency, adequacy and access. These recommendations are aimed at strengthening existing funding arrangements of sources, funds, processes and initiatives to deliver impact on the ground more quickly and to complement the work of the Fund in responding to loss and damage.

## Purpose

2. The COP and CMA decided to establish new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage, including with a focus on addressing loss and damage by providing and assisting in mobilizing new and additional resources, and that these new arrangements complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement.
3. The broad global financial architecture on loss and damage provides international financing for measures that address loss and damage with existing institutions already playing an important role. There is broad consensus however about the existing gaps of scale, access, effectiveness, and coherence of these institutions, platforms and efforts, leading to a necessity to reinforce and better coordinate amongst them to provide the necessary support to strengthen the financing for addressing loss and damage,
4. The purpose of the new funding arrangements is to mobilize significant new and additional, grant-based, concessional and non-debt financing for addressing loss and damage by strengthening country response; promoting a more coordinated approach to loss and damage response; and convening key stakeholders and serving as a platform for discussion and advocacy around strengthening loss and damage responses that complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement.
5. The activities and support provided under the new funding arrangements should be consistent with the provisions and principles of the Convention and its Paris Agreement, including the principles of equity and common but differentiated responsibilities and respective capabilities.
6. The funding arrangements could contribute to advancing the goal of new, additional and predictable funding as well as coherent and well-coordinated loss and damage

finance as part of the overall climate finance architecture to better reflect the principles and provisions of the Convention and the Paris Agreement. The various channels to finance measures to address loss and damage should have clear roles, avoid duplication of efforts, maximize and leverage comparative advantages, share best practices, and promote synergies across communities of practice related to loss and damage.

7. In order to correctly establish, enhance and promote synergies within loss and damage funding arrangements, we foresee a structure of different levels of coordination: the LDF leading the technical coordination space of the funding arrangements and a High level advisory and coordinating Dialogue as the policy and orientation coordination space of the funding arrangements, and the COP and CMA structures of guidance, support and accountability.

### Coordinating the Funding Arrangements

8. Building on the institutional knowledge of loss and damage from the UNFCCC and the Paris Agreement, the Fund should be the the centrepiece of the broad loss and damage finance structure, coordinating a coherent global response to loss and damage by supporting developing countries in their respective responses and ensuring country-led initiatives to respond to loss and damage.
9. The Fund shall organise and lead a central platform for exchanging information, good practices, consultation between existing mechanisms and linkages to country programmes. It shall act as a leader in charge of ensuring coherence, cohesion, complementarity, and synergies on responsiveness and relevance of activities with the decisions of the UNFCCC Parties, on good practices and consultations between the different existing mechanisms based on the best available science.
10. The Board of the Fund shall provide reports to the COP and CMA, for their consideration, detailing possible means to enhance the harmonization of activities within the broader funding arrangements with the policies and programme priorities, which could be established by the COP and CMA.
11. Taking into account input from the Loss and Damage Fund and the recommendations of the COP and CMA, entities that constitute the funding arrangements will be invited to explore ways to promote better coordination within the funding arrangements to work better together and interact more frequently. Coordination is encouraged to also occur at the operational, national, and programmatic levels.

### Technical and procedural coordination

12. Requests the Board to recommend criteria to identify sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement that constitute the Funding Arrangements for the consideration of the COP and CMA by ensuring that they:
  - (a) are consistent with the provisions of the UNFCCC and the Paris Agreement;

(b) have a relevant mandate, window, programme and/or policy for assisting developing countries to respond to loss and damage from sudden and slow onset events, including economic and non-economic loss and damage; and

(c) are informed, inter alia, by the work of the WIM and its Santiago Network;

13. Further requests the Board to support these funding arrangements in developing and/or suggesting methodologies for reporting, to the Fund and the High Level Council, on the loss and damage finance they are providing.
14. The Board will promote an institutional linkage between the Fund and the Funding Arrangements with the Warsaw International Mechanism for Loss and Damage (WIM) and its Santiago Network in their efforts to enhance action and support, including finance, technology and capacity building, to address loss and damage associated with the adverse effects of climate change and by regularly exchanging updates on their work and develop collaborative programmes.

### High Level Dialogue / Political Coordination

15. The COP and CMA will establish a high-level advisory and coordination dialogue on the new funding arrangements. The Council shall be mandated to ensure policy and orientation related greater coordination and coherence amongst designated funding arrangements to support the scale of finance and to better respond at scale to the growing impacts of loss and damage of today and the future. This would be done through the facilitation of broad support and participation across sources, funds, initiatives and processes under and outside the Convention and the Paris Agreement and supporting the Fund and working with the different funding arrangements to achieve complementarity and coherence.
16. The Board will set a process to convene the high-level advisory and coordination dialogue once a year in order to:
  - a) Establish criteria for identifying, engaging and convening in funding arrangements
  - b) Review the Board's reports on steps taken by sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement in support of responding to loss and damage;
  - c) Facilitate a structured and timely exchange of relevant knowledge and information;
  - d) Strengthen capacity and synergies to enhance the integration of measures to respond to loss and damage into sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement by drawing on the experiences of others, exchanging good policy and practice and leveraging research and data systems; and

- e) Promote exchange of experiences with from countries and communities perspectives on actions undertaker to address loss and damage
  - f) Identify new opportunities for cooperation, coordination and complementarity.
17. The Fund's Secretariat will produce a report describing the outcomes of the Dialogues so that they might inform the Board and the COP/CMA. This report is to be referred to COP/CMA as an annex to the annual report of the Board of the Fund.