

EIG in-session written submission on matters relating to funding arrangements responding to loss and damage associated with the adverse effects of climate change, including a focus on addressing loss and damage

On behalf of the Environmental Integrity Group we submit the following suggestions for a possible COP and CMA decision on matters relating to funding arrangements responding to loss and damage associated with the adverse effects of climate change, including a focus on addressing loss and damage. We trust the two co-facilitators with the support of the Secretariat to present us with a suitable draft text including on the elements, which we captured as placeholders.

With this we would like to engage and provide further clarity on our understanding of the further process to arrive at a decision on funding arrangements responding to loss and damage in 2024.

We suggest to have a mirror decision of the COP and the CMA.

[Placeholder for contextual preambular paragraphs, along the lines of 1. Recalling of the context of the co-fac elements paper, including the three elements of understanding that accompanied the adoption of this agenda item, and recognizing the willingness of all Parties to help address gaps in the funding arrangements for loss and damage inside and outside the UNFCCC/PA]

1. *Recognizes* the existing relevant funding sources, processes, channels and initiatives, already providing elements for funding arrangements to avert, minimize and address loss and damage, such as:
 - a. disaster risk reduction tools and mechanisms;
 - b. funds, funding arrangements, initiatives and processes in the area of humanitarian aid;
 - c. funds, funding arrangements and initiatives from multilateral development banks, international financial institutions,
 - d. United Nations funds, programs and specialized agencies;
 - e. funding arrangements and initiatives from bilateral development and climate finance providers;
 - f. Tools, initiatives and processes supporting the development and improvement of early warning systems;
 - g. Private sector risk pooling and insurance schemes;
 - h. Multilateral initiatives on a global and / or regional level building on a combination of elements from a-f above
2. *Recognizes* the need to enhance the collaboration, coherence and complementarity between the various channels, processes, institutions and initiatives mentioned above;
3. *[Placeholder on gaps and challenges building on the elements under 3. Acknowledgement of gaps and needs in the co-fac elements paper, also recognizing the specific challenges in specific regions and types of countries, in particular LDCs and SIDS]*
4. *Recognizes* that the gaps and challenges mentioned in para x-y above [reference to placeholder para above] need to be further assessed and analyzed with a view to identifying possible ways to address and overcome them;
5. *[Placeholder capturing clearly that funding arrangements for averting, minimizing and addressing loss and damage will:*
 - a. *Focus on the most vulnerable countries and communities, in particular LDCs and SIDS*
 - b. *Be coherent and complementary to existing funding arrangements*

- c. *come from a variety of sources and instruments, including innovative sources of funding*
 - d. *include contributions from all Parties based on their capacity to pay and their mitigation potential, including high potential economies, such as major economies]*
- 6. *Decides* to establish a open, transparent, inclusive and participatory two year work programme on funding arrangements responding to loss and damage to assess possible gaps and challenges and options to overcome these in the context of existing and possible new funding arrangements for averting, minimizing and addressing loss and damage, ensuring the effective participation of Parties, international organizations, civil society, indigenous peoples and local communities, academia and private sector;
- 7. *Decides* embed the Glasgow Dialogue into the work programme on funding arrangements responding to loss and damage and build on its open and inclusive format with two additional inter-sessional focused expert dialogues in 2023 and 2024 with the objective to:
 - a. Analyze the current landscape of funding arrangements under the UNFCCC and the PA and outside the UNFCCC and the PA;
 - b. identify potential gaps and challenges, as well as strengths and opportunities;
 - c. provide focused recommendations on the solutions for overcoming these gaps and challenges, while harnessing existing strengths and opportunities, and effectively provide and mobilize resources to avert, minimize and address loss and damage
- 8. *Decides* to focus the deliberations in the work programme on funding arrangements responding to loss and damage along the following thematic areas:
 - a. Rapid response
 - b. Reconstruction
 - c. Non-economic losses, including displacement, loss of culture, and ecosystems
 - d. Slow onset events
 - e. Extreme weather events
- 9. *Decides* to explore the following considerations in each of the above mentioned thematic areas:
 - a. Identification of possible funding instruments and mechanisms to ensure timely and effective access and disbursement of funds generating positive impact on the ground;
 - b. Assessment of existing and new potential funding arrangements, including a potential facility;
 - c. Discussion of existing and new potential mechanisms to effectively provide and mobilize finance to avert, minimize and address loss and damage from public, private and innovative sources
 - d. Identification of the most effective existing and potential new mechanisms and funding arrangements to target the most vulnerable countries and communities;
- 10. *Requests* Parties, relevant international organizations, civil society, private sector and academia to submit their views on the thematic areas mentioned in paragraph 8 by 1 April 2023;
- 11. *Requests* the Secretariat to prepare a technical paper to inform the work programme on funding arrangements focusing on the thematic areas, building on (i) the submissions mentioned in para 10 above, (ii) the work of the WIM ExCOM, as well as its taskforce and expert groups, (iii) available data and reports on the above mentioned thematic areas;
- 12. *Further requests* the Secretariat to produce an annual report capturing key findings, lessons learned and potential recommendations based on the work and deliberations conducted as part of the work programme for consideration at COP28 / CMA5 and COP29 / CMA 6 respectively with a view to deciding on the most effective funding arrangements to avert, minimize and address Loss and Damage

Further to the above mentioned elements, the decision will have to reflect and take these **overarching considerations** into account:

1. Limiting global warming to 1.5°C and ensuring effective and immediate mitigation action is absolutely critical to reduce the scale of losses and damages associated to climate change;
2. Responding to the scale of the challenge to avert, minimize and address loss and damage will require efforts being stepped up by all Parties and non-state actors who can contribute, and from all sources, public, private and innovative sources.
3. We will have to ensure the most vulnerable countries, communities and people are front and center in our deliberations and that support actually reaches those who need it most. “to leave no one behind” should be the benchmark for assessing the solutions coming out of the process we design;
4. The funding arrangements to avert, minimize and address L&D can not be assessed and improved in a silo: The COP and the CMA have limited purview over other processes but as the foremost multilateral regime on climate change, it is in the hands of the COP and the CMA to give a decisive impulse to other actors in order to achieve an effective response to L&D that is commensurate with the scale of the challenge;
5. There are many effective channels that already exist now and through which funds can be channeled immediately, this will have to be considered in particular when discussing the need for urgent response