

EU Speaking Points: Agenda 8(f)

- I'll start by thanking the Honourable Prime Minister of Antigua and Barbuda for his compelling remarks at the opening of this new agenda point. The gravity of his words set the right tone for the importance of the work we must do together in this room.
- The EU welcomes this agenda item and its understandings. We see the need and urgency to strengthen funding for actions to avert, minimise and address loss and damage. We recognise that current financing mechanisms are not able to cover all necessary actions.
- This has been a catastrophic year in terms of climate impacts. We have heard many examples in this room and the EU has been deeply involved in the responses to the Horn of Africa drought, the horrific floods in Pakistan, the forest fires and floods throughout this summer, and much more. We see the urgency for more action. The EU is ready to go beyond our existing engagements on the topic.
- In terms of responding to the needs related to loss and damage, we see multiple solutions to address the range of challenges and impacts. In our first session, for example, colleagues spoke to long term finance for reconstruction and recovery, but also quick, agile funding that could be dispersed rapidly for sudden events – these are both valid needs, but require very different funding arrangements.
- On this, we agree with the views expressed by Minister Aminath from the Maldives, that a mosaic of solutions is needed. We believe that will mean looking within *and* beyond what lies directly under the Paris Agreement and the UNFCCC.
- We envisage that under this agenda item we will launch a *process*. We are keen to make *full use* of this process to identify ways to address the challenges vulnerable people face due to loss and damage.
- We maintain our understanding of loss and damage from article 8 of the Paris agreement – which includes activities along the spectrum of averting, minimising and addressing loss and damage. That said, we do understand the particular concerns about gaps at the 'post-event', or responding end of this spectrum, and where helpful we can zone into that area, while recognising that solutions will involve activities before events happen (such as setting up triggers to release finance for early action, or anticipatory action etc.)
- The EU is committed to supporting countries and communities that are the most vulnerable, both to climate change impacts and other factors.
- So what could this process look like?
- In terms of **process**, we could support many of the elements that the colleague from AOSIS outlined. We could see, for example, requests for submissions, mapping funding arrangements and actors inside and outside of the UNFCCC, gap analysis of existing funding arrangements, or analyzing finance solutions at regional levels.
- This process could also involve some specific **areas of focus**, for example slow onset events, non-economic loss and damage, funding responses appropriate to specific regions or contexts.

- We support the views expressed by colleagues from AOSIS and AGN, it is timely to consider a focus on innovative sources of finance, recognising the scale of need and knowing that these needs will increase over the years to come.
- This process does not mean waiting to act, we can still take active steps to scale up action and support, including finance to respond to loss and damage now. We are not working in a vacuum – we have many years of development cooperation, humanitarian action and work on innovative solutions at regional and country level to build on. We can welcome new initiatives, which we recognise are not ‘THE’ solution, but do provide significant contributions to the mosaic of solutions needed.
- These include the joint V20-G7 “Global Shield against Climate Risk” as a substantial contribution to avert, minimize and especially address LnD while focusing on pre-arranged financial protection solutions. Other important contributions are the call from the UN Sec Gen for universal access to early warning systems, the IMF Sustainability and Resilience Fund, broader MBDs and IMF reform as also mentioned by AGN, and, we hope, the operationalization of the Santiago Network, along with many others.
- In summary, the EU is here to agree a process to identify solutions and to take urgent action to scale up finance for the most vulnerable people and communities affected by loss and damage. We remain open to solutions, and believe a clear process will support us to arrive at an outcome that with solutions that can work best.

Further detail on the elements of the process, timeline and decisions, role of the Glasgow Dialogue and complementary work, as requested by co-facilitators:

1. The first two sessions under this agenda item were deeply informative, constructive and reflected a shared understanding of the urgency of scaling up the response for dealing with the climate impacts and thus importance of our work in this room. We hope that the spirit which allowed us to reach consensus to agree this agenda point over the weekend can be kept to help us reach consensus within the room, by keeping it moving, and rather than closing the conversation on one specific proposal, we stay open to all proposals on the table.
2. A number of new and innovative actions are happening now, or are being established – Global Shield, Early Warning Systems, Bridgetown Initiative, Santiago Network, IMF Sustainability and Resilience Fund – we should be able to use this process to create space for these to feed back into this agenda item at COP28, going beyond welcoming them, but also enabling them to feed back findings and lessons to inform decisions about solutions at COP28 and COP29.
3. In terms of strengthening the Glasgow Dialogue, taking place at the Bonn SB sessions - A process involving activities, to include: submissions by Parties, and relevant stakeholders to loss and damage, including constituencies of vulnerable groups (including indigenous groups and children or youth) and civil society; technical papers, synthesis reports, workshops at country, regional or global levels. These

could feed into the Glasgow Dialogue, to facilitate reporting and recommendations to the COP28 and COP29.

4. We have the advantage of the good work of the WIM EXCOM to feed into this process, noting the new 5-year rolling workplan which includes technical work that can feed into, or draw on, the elements just described. For example, the Action and Support Expert Group will conduct an update to their 2019 technical paper on 'sources of finance for loss and damage'. Some key activities could be frontloaded, and could be informed by Submissions by Parties and Stakeholders, to inform this process.
5. No time to waste – we foresee concurrent processes that feed into each other.
 - a. Year 1 to focus on gaps in the existing arrangements - conduct a gap analysis, building on and expanding the existing work in this area through submissions by Parties and stakeholders on needs and funding gaps in their specific context or region. Within this analysis of the needs and gaps, we could expand on certain areas, such as:
 - i. By themes: slow onset, non economic, rapid response finance, long term recovery and rebuilding, debt relief
 - ii. By climate impacts: sea level rise, extreme weather, floods, drought, displacement
 - iii. By vulnerability: LDCs, SIDS, fragile states, heavily indebted countries affected by climate effects, marginalised groups – indigenous, women, children etc.
 - iv. To get this level of granularity, we may need to take a regional, or context-specific approach. In a way we need to embrace the complexity of the task ahead, for example in a slow onset event like the HoA drought – protracted, overlapping crises and multiple vulnerabilities – this is not an exception but the norm in fragile states.
 - b. Mapping and analysis of funding modalities within UNFCCC and outside of UNFCCC through a loss and damage lens. Possible questions
 - i. Scale
 - ii. Scope and mandate
 - iii. Ability to reach most vulnerable – design and track record
 - iv. Timeliness of funding flows
 - v. Governance – suitability to change (timeline, flexibility)
 - c. Innovative sources of finance – Here at COP27, Prime Minister Mia Mottley of Barbados, and French President Macron, launched the initiative of a high-level panel of experts who will make recommendations on innovative climate financing in order to lay the ground for a boost to concessional finance. For the next spring meetings, the IMF, World Bank and OECD have been asked to propose very practical range of solutions (new loans capacities, liquidity), including for vulnerable middle-income countries, as well as a modification of the rules of our major international banks, development banks to mobilise exceptional public- and private-sector finance. They will also work on the

concept of vulnerability clauses aiming at facilitating financial recovery after a disaster hit. The quick timeframe for this initiative – by Spring 2023 – gives us time to deliver on the proposed solutions within the course of our work under this agenda item.

There are also initiatives from the Paris Club on climate resilient debt clauses the Bridgetown Initiative which could inform solutions. We could also consider submissions from Parties and stakeholders to propose innovative financing solutions for loss and damage.

- d. At COP28 we should already be able to take some decisions based on recommendations from the process to date – where it is clear that financing arrangements could be immediately scaled up, decisions could be taken. Where gaps in funding require enhanced or new arrangements, or further analysis, this could be the focus for year 2, to inform the final outcomes in 2024.