TSU Working Paper relating to paragraph 5(a) on Access modalities, Triggers and Gaps

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This paper was prepared by the Technical Support Unit (TSU) to provide information relating to decisions 2/CP.27 and 2/CMA.4 paragraph 5 (a), with a focus on access modalities, triggers and gaps. The contents are prepared for the consideration of the Transitional Committee (TC) and does not prejudge the deliberations and recommendations of the TC.

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I. Introduction

1. One of the limitations of the current funding architecture for loss and damage relates to issues of understanding the various access modalities, which invariably leads to challenges in accessing funding to address loss and damage. Identification of the appropriate funding mechanisms and access modalities for loss and damage has been determined as critical to assist developing countries in their response to climate change induced losses and damages. As such, this working paper has been prepared by the Technical Support Unit (TSU) to inform the TC's consideration of the access modalities, triggers and gaps related to the fund and funding arrangements.

2. The objective of the working paper is to discuss options for the loss and damage funding architecture with a focus on the access and delivery modalities. It assesses the existing modalities, the criteria that trigger funding, and the gaps in the current landscape, and proposes for consideration, potential solutions to address the priority gaps especially for the most vulnerable populations and the ecosystems on which they depend.

3. The information presented in this paper do not constitute a recommendation by TSU nor reflect any particular views expressed by the TSU. The paper is proposed for consideration by the Transitional Committee (TC) and does not prejudge the final recommendations of the TC on access modalities, triggers and gaps. There has been limited institutional review on some of the contents due to lack of feedback from some agencies.

II. Summary

4. An effective funding structure needs to respond to the whole spectrum of loss and damage and should encompass different modalities that are fit-for-purpose and flexible. The fund may use multiple modalities, that are characterized by rapid approval and disbursement, long-term programmatic approaches, direct policy and budget support to governments, and grant-based finance.

5. Funding modalities can be accessed through various channels, including through accredited entities, direct support to government, and non-state actors. Financing mechanism for the loss and damage fund should prioritize devolved, direct accessible finance solutions that ensures full participation of the most vulnerable.

6. The determination of triggers and disbursement options for the loss and damage funding arrangements and fund will ultimately depending on the instruments that will be utilized. Nonetheless, the existing mechanisms have value in shaping the operation of the loss and damage funding arrangements and fund based on the diversity of instruments that may be adopted. Disbursement triggers range from payouts immediately before and after disasters, to those tied to policy and programmatic activities over a longer period.

7. Countries have adopted international frameworks for which data and information are being collected, among which are the 2030 Agenda for Sustainable Development and its Sustainable Development Goals as well as the Sendai Framework for Disaster Risk Reduction. These along with other tools and methodologies such as disaster databases and post-disaster needs

assessments (PDNAs), provide important baseline data and information, and the opportunity to identify existing data sources within potential beneficiary countries.

8. Gaps in access to loss and damage financing is one of the key gap categories that have been identified by countries and agencies, some of which have a mandate of providing support to countries in the wake of loss and damage impacts. The priority access gaps presented in this paper are categorized as follows; government, insurance, social protection, economic/livelihood protection, housing, and environmental protection.

9. Government support is further detailed as budgetary support, limited fiscal space and structural issues which pose a barrier to access. Insurance gaps include the need for increased financing to broaden coverage by governments and the need to create instruments for new types of perils. Social protection covers issues related to updating tools used to assess loss and damage, to address vulnerable groups. Livelihood protection was also flagged as a critical gap in responding to loss and damage by individuals and vulnerable communities. Along with livelihoods, housing[1] is a critical asset which is lost in any hazard resulting in loss of human security and home-based livelihoods. Relatedly, providing access to finance for communities to engage in ecosystem rehabilitation and restoration is also a priority gap in loss and damage financing.

10. The proposed actions are listed for each of the gaps identified with either the loss and damage fund, the loss and damage funding arrangements or both identified as having a response to address the gap. There are nine proposed actions identified for the fund and eight for the funding arrangements.

III. Access Modalities: reviews the (non-exhaustive) funding mechanisms in the existing landscape relevant to loss and damage

11. Addressing loss and damage covers a wide spectrum of actions, ranging from anticipatory/preemptive, relief, rehabilitation, reconstruction, and recovery from disasters to comprehensive and integrated interventions that support safe migration and relocation, ecosystems, and livelihoods. It also covers the complexities of slow onset events for which there are no clear delineation of a start and end. Discussions during the first and second workshop on addressing loss and damage and TC meetings have demonstrated that an effective funding structure needs to respond to the whole spectrum of loss and damage and should encompass different modalities that are fit-for-purpose and flexible. The fund may use multiple modalities, that are characterized by rapid approval and disbursement, long-term programmatic approaches, direct policy and budget support to government, as well as non-budgetary support earmarked for specific purposes and devolved direct access for local actors.

Rapid approval and disbursement process

12. During the TC discussions, there was consensus that speed and predictability are critical elements for an efficient loss and damage funding mechanism. Humanitarian pooled funding and disaster risk financing instruments offer pre-defined conditions for their disbursement,

[1] In most PDNAs conducted, the highest damage is always to the housing sector

which can increase predictability and the speed especially when the objectives and quantifiable disbursement triggers and planning are in place.

13. United Nations Office for the Coordination of Humanitarian Affairs (OCHA) humanitarian pooled funds allow governments and private donors to pool their contributions into common, unearmarked funds to deliver life-saving assistance to people who need it the most. Two types of pooled funds provide rapid and flexible funding to support emergency response efforts: Central Emergency Response Fund (CERF), which can cover emergencies anywhere in the world, and the Country-Based Pooled Funds (CBPFs), which cover crises in specific countries. CERF and CBPF allocations are designed to complement other humanitarian funding sources, including bilateral funding. These funds are received and implemented by UN agencies only and does not go directly to government budgets. The CERF, and CBPFs, provide humanitarian assistance in over 100 countries and territories. In 2020, the CERF and CBPF combined provided more than USD 1.75 billion in humanitarian assistance[2].

14. United Nations Educational, Scientific and Cultural Organization (UNESCO)'s emergency funds are designed to provide immediate assistance to countries facing natural disasters, armed conflicts, and other emergencies that threaten their cultural heritage, education systems, and scientific research. Funding mechanisms to support emergency response include the Rapid Response Facility and the Heritage Emergency Fund. **Rapid Response Facility (RRF)** provides grants to protected areas in the event of a sudden crisis. The Fund finances initiatives to reduce the impact of disasters that affect wildlife in UNESCO's natural World Heritage sites. The RRF provides grants of up to US$40,000 and makes funding decisions within 8 working days, making RRF the world's fastest conservation funding mechanism. **Heritage Emerging Fund** responds quickly and effectively to crises resulting from armed conflicts and disasters caused by natural and human-made hazards worldwide. The Heritage Emergency Fund is supported by voluntary contributions received from UNESCO Member States, International Agencies and Organizations, as well as other entities, and private donors. The maximum amount which may be requested from the Heritage Emergency Fund for each application is US$ 100,000.

15. Pre-arranged, triggered-based and rapidly available financing instruments are described as integral to addressing loss and damage.[3] Pre-arranged financing mechanisms provide layers of protection to vulnerable communities against shocks that threaten lives and livelihoods. They ensure quick disbursement of funds to impacted communities when most needed through social protection systems, cash transfers, risk transfer and risk retention instruments.

16. Many national governments have disaster funds in place, as well social protection and cash transfer financing modalities that could potentially reduce the access gap to the most at-risk communities. As one example, the Vanuatu blockchain-based cash and voucher assistance (CVA) project has supported more than 35,000 people to recover from triple crises of Cyclone Harold, Volcano Yasur's eruption and COVID-19.[4] Based on a decentralized and digital payment platform, the blockchain programme leverages local organizations in the community and works with small and informal vendors across the islands. National mechanisms in countries facing losses and damages can ensure that immediate support is available following a climate-induced extreme weather event[5].

[2] Technical Committee Meeting 2: Synthesis report on existing funding arrangements and innovative sources relevant to addressing loss and damage associated with the adverse effects of climate change
[3] Second TC Meeting: Report of the workshop on addressing loss and damage.
[4] Blockchain revolution in digital cash for Vanuatu
[5] Designing a fair and feasible loss and damage mechanism

17. While there are concerns about affordability, insurance can offer benefits to the new loss and damage funding architecture, especially when considered as part of a holistic climate risk management approach.[6] Regional sovereign risk pools (African Risk Capacity and the Pacific Catastrophe Risk Insurance Facility), micro-insurance (households, farms and small and medium enterprises) and development institutions disaster risk instruments (such as the World Bank's CAT DDO, and Inter-America Development Bank's Contingent Credit Facility for Natural Disaster Emergencies) are instruments that can finance the much needed and timely recovery from extreme and rapid on-set events.

Long-term programmatic funding

18. Long-term programmatic approaches are increasingly adopted by multilateral development organizations and international agencies to provide more effective financing support for developing countries and economies in transition. The use of programming approaches can enhance country ownership and provide more opportunities to leverage capital or co-financing from various sources[7]. In extreme and large-scale events, donor funds are mobilized for Disaster Recovery based on the cost estimates from the Post Disaster Needs Assessment (PDNA). The donor conferences result in multi-year funding against the PDNA and Disaster Recovery Framework. The funds flow through the Multi Donor Trust Fund for programmatic initiatives.

19. The World Bank's Multiphase Programmatic Approach (MPA) allows countries to structure a long, large, or complex engagement as a set of smaller linked operations (or phases), under one program. As a result of breaking down a single loan into phases, countries can match borrowing more closely with financing needs, permitting more efficient use of financial resources for both the Bank and clients. In 2019, the World Bank approved a $310 million loan (Climate Resilience Multi-Phase Programmatic Approach) to reduce and mitigate flood risks in the lower Kelani basin in Colombo and improve weather forecasting and early warning systems across Sri Lanka. MPA's can be "sequential", supporting interventions that are scalable in nature, or that follow a causal chain but require more than one project or program cycle to achieve overall results or a "parallel" design that supports multi-sectoral objective based on a common analytical diagnosis or an over-arching development objective for connected projects in multiple countries[8]. An MPA Program would be expected to last about eight to ten years.

20. The Global Environmental Facility (GEF)'s programming approach helps secure larger and sustained impact on the global environment through integrating and mainstreaming global environmental objectives into a country's national strategies and plans through a partnership with the country[9]. The instrument is demand-driven and involves the development of a Programming Framework (PFD) for the defined scope of the program, and requires full engagement and participation of key agencies, sector specialists, civil society, the GEF family, and other interested donors and development agencies. While the indicative resource envelope and the approximate sequence would be understood at the outset, the resources are committed in a phased way in response to key triggers and benchmarks. Evaluation

[6] Linnerooth-Bayer, J., et al 2019. Insurance as a Response to Loss and Damage?
[7] https://www.thegef.org/sites/default/files/publications/Programmatic_Approach_3.pdf
[8] World Bank. 2017. Multiphase Programmatic Approach Paper, World Bank Board of Directors, 2017
[9] https://www.thegef.org/council-meeting-documents/gef-programmatic-approach-current-understandings

reports show that GEF's programmatic approach modality promotes projects that are better designed to produce broader and more sustainable results than stand-alone ones[10]. In addition, the multidimensional nature of the programs requires a greater need for coordination and management, with implications for efficiency, results, and performance.

21. The Adaptation Fund (AF) provides funding to developing countries on a demand basis through a proposal submission process. Funding is provided through various windows of the AF namely Action, Innovation, Learning and Sharing and Readiness. These all have various limits based on project size and type of proposal. The action window supports eligible countries to undertake high quality projects and programmes consistent with their priority needs, goals and strategies. The Innovation window supports the development and diffusion of innovative adaptation practices, tools, and technologies for effective, long-term adaptation to climate change accelerated, encouraged and enabled. This includes support for activities which fall under the averting and minimizing aspects of loss and damage. Under the action and innovation windows country can submit single country or regional (two or more countries) proposals. These are submitted on a rolling basis and undergo a process of review which facilitates submission to the AF Board once the proposals are technically cleared. Once approved, disbursement of the first tranche of funding occurs within the board stipulated six-month approval period.

22. The GCF supports developing countries in pursuing programmatic approaches in accordance with climate change strategies and plans. According to the GCF guidelines, a programme should comprise interlinked individual sub-projects or phases, unified by an overarching vision, common objectives, and contribution to strategic goals, which will deliver sustained climate results and impact the GCF result areas efficiently, effectively, and at scale.[11] Typically, sub-projects do not need to be fully developed or advanced at the time of submission of programme proposal; however, the accredited entity is expected to identify a list of future sub-projects or a description of future phases to be funded. In cases where the programmes are in the form of investment funds or financing facilities (such as debt funds, revolving facilities, grant facilities, etc), funding subprojects are approved upfront along with the programme.

23. Fiji's Climate Relocation and Displaced Peoples Trust Fund for Communities and Infrastructure offers potential insight into national-led structures that can support relocation processes for communities affected or to be affected by sea lea rise. This option enables confronting the impacts of slow onset processes and enhanced planning and policy coherence in support of larger policies that facilitate movement[12]. The fund has been supported by donors including New Zealand.

Direct budget support

24. As a financing instrument, direct budget is channeled directly into the recipient country's national budget and aims to provide the country greater control over how the funds are allocated and utilized. In 2017, Multilateral Development Banks (MDBs) made a joint

[10] https://www.thegef.org/council-meeting-documents/evaluation-programmatic-approaches-gef
[11] GCF, 2016. Programmatic Approach to Funding Proposals
[12] https://www.parliament.gov.fj/wp-content/uploads/2019/06/Bill-21%E2%80%94Climate-Relocation-of-Communities-Trust-Fund.pdf.

declaration[13] to align their activities, including financial instruments with the Paris Agreement's objectives. Through Policy Based Lending (PBL), MDBs are proving budget support to developing countries in exchange for policy actions. The implementation of these policy measures is anticipated to provide a stronger financial foundation for countries that are already grappling with significant levels of debt, as well as enhance the efficiency of development investments.

25. World Bank's Development Policy Financing (DPF) is delivered through loans or grants that are accompanied by conditions that take the form of prior actions, triggers, and benchmarks. The Bank's approval of a DPF is based on the satisfactory assessment of the Member Country's policy and institutional framework—including its economic situation, governance, environmental/natural resource management, and poverty and social aspects[14] .The Development Policy Loan with a Catastrophe Deferred Drawdown Option (Cat DDO) risk financing instrument provides a contingent financing line that provides immediate liquidity to eligible countries. The country limit is set at US$500 million or 0.25% of GDP (whichever is less) and provides an affordable source of contingent credit for governments to finance recurrent losses caused by natural disasters. To access funds after a natural disaster, the recipient country must declare a state of emergency. The specific process for declaring a state of emergency differs from country to country. The Cat DDO trigger is determined on a case-by-case basis, with the borrower's national disaster risk management legal requirements taken into account. Disbursement pricing will be determined based on the IBRD pricing policies effective on the date of withdrawal.[15] In 2022, the World Bank approved a US$230 million DPL with a Cat-DDO to support the Dominican Republic's disaster risk management efforts. Cat-DDO can be quickly disbursed to respond to a natural disaster or health-related event. The government will have immediate access to this Cat-DDO in the event of a natural disaster or health-related emergency.

Small grants to communities

26. The GEF Small Grants Programme (SGP) serves as an operational modality within the GEF family and as a financing mechanism for civil society organizations (CSOs) and community-based organizations (CBOs). By providing funds to organizations that are traditionally excluded from development assistance and participation in global environmental efforts, the SGP helps to address environmental and social issues that are at the forefront of development efforts. The SGP provides grants of up to $50,000 (and on average $25,000) directly to CSOs and CBOs to undertake projects that address global environmental and sustainable development challenges. Since its inception, the SGP has supported more than 27,300 projects in 136 countries providing grants totaling $752.89 million. Projects need to demonstrate alignment with SGP criteria and Country Programme Strategies. To further support organizations and communities in need of strengthening their capacity and experience in project design and management, there are also planning grants, which range from US$2,000 to US$5,000. More experienced country programmes can also access strategic project grants, of up to US$150,000 for regional or global initiatives.

27. The GEF SGP has sustained its role as the only dedicated direct access funding modality of the GEF that provides innovative, flexible and responsive support to environment and sustainable

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[13] MDB joint declaration and broad principles

[14] https://worldbankgroup.sharepoint.com/sites/ppfonline/PPFDocuments/b98d432b7471441b9f3936b7c380bd05.pdf

[15] https://thedocs.worldbank.org/en/doc/1820b53ad5cba038ff885cc3758ba59f-0340012021/original/Cat-DDO-IBRD-Product-Note.pdf

development efforts of communities and local CSOs with priority on the poor and most vulnerable[16]. The SGP's achievement have been attributed to a number of factors, including high levels of ownership, the dedication of national teams, the space for innovation and partnership, and the use of a landscape and/or seascape approach to grant distribution[17].

28. The Adaptation Fund (AF) provides innovation small grants of US$250,000 through two modalities. One is through accredited national institutions, and the other, through the multilateral small grant aggregator. Eligible parties can submit proposals for small-grant projects, AF national implementing entities (NIEs). Proposals submitted will be considered under the Adaptation Fund (AF) Programme on Innovation: Small Grants Projects through Direct Access Modality, under the Innovation Facility of the Adaptation Fund.[18] The second small grant modality offer by the AF is Adaptation Fund Climate Innovation Accelerator (AFCIA). Through AFCIA eligible parties including governments, non-governmental organizations, community groups, entrepreneurs, young innovators and other groups, can accessing funding to facilitate innovation in climate change action. The multilaterals involved in AFCIA include UNDP and UNEP/CTCN.[19]

Potential options for channels of access

29. Funding modalities can be accessed through various channels, including through accredited entities, direct support to government, and non-state actors. Financing mechanism for the loss and damage fund should prioritize devolved, direct accessible finance solutions that ensures full participation of the most vulnerable.

Direct budget support to governments

30. MDBs channel funds to national governments through direct budget support instruments including policy-based lending. Fund delivery is contingent on specific macroeconomic and fiduciaries requirements, for instance the World Bank's PBL for CAT DDO requires countries to:
    a. Maintain an adequate macroeconomic policy framework, as determined by the Bank with inputs from IMF assessments.
    b. Show satisfactory implementation of the overall reform program.
    c. Complete a set of critical policy and institutional actions agreed between the Bank and the country.
    d. Alignment of the DPF program with the Goals of the Paris Agreement, as determined by the Bank.

Through Accredited entities

31. Accredited entities are national, regional and multilateral institutions accredited by multilateral climate funds to receive direct financial transfers to implement projects and programmes. The AF and GCF require accredited entities to meet fiduciary standards and compliance to environmental and social safeguards, gender policies and other relevant policies specified in operational documents and fund instrument.

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[16] https://www.thegef.org/sites/default/files/publications/SGP-Manual_Digital-%20FINAL.pdf
[17] Joint GEF-UNDP Evaluation of the Small Grants Programme (2021)
[18] https://www.adaptation-fund.org/apply-funding/innovation-grants/nie-small-grants-for-innovation/
[19] https://www.adaptation-fund.org/apply-funding/innovation-grants/adaptation-fund-climate-innovation-accelerator-afcia/

32. The Adaptation Fund's accredited entities include National Implementing Entities (NIE) who are nominated by their respective governments prior to applying for accreditation, Regional Implementing Entity (RIE) who must receive a letter of support from at least 2 of the countries in which they operate (RIEs typically consist of member countries from a certain region); and Multilateral Implementing Entities (MIE) who are invited by the Board to apply for accreditation and do not require an endorsement letter to submit an application. NIEs are able to directly access financing and manage all aspects of climate adaptation and resilience projects, from design through implementation to monitoring and evaluation.

33. GEF financed projects are developed, implemented, and executed by 18 accredited agencies. Agencies include multilateral development banks, United Nations (UN) agencies and national/regional agencies. The GCF has two types of accreditation modalities: direct access and international access.[20] Entities accredited under the direct access modality, include subnational, national or regional entities, which have obtained a nomination from NDAs/focal points, and may include ministries or government agencies, development banks, climate funds, commercial banks or other financial institutions, private foundations and non-governmental organizations. International Access Entities (IAEs), on the other hand, are accredited under the international access modality track and operate across multiple regions and countries. IAEs include bilateral development agencies, multilateral development banks, UN organizations, intergovernmental organizations and private sector financial institutions.

34. The GCF structured its accreditation process as "fit for purpose", allowing institutions to become accredited at different tiers. For instance, an NIE with no experience implementing large-scale projects or projects with high levels of potential environmental or social impacts can become accredited to implement smaller or lower-risk projects[21]. This tiered approach aims to allow more institutions to become accredited while maintaining protections against fiduciary, environmental, or social risks.

Non-state actors

35. For the purpose of this working paper, non-state actors broadly include CSOs, NGOS, subnational entities, indigenous communities, farmer groups, and the private sector.

36. Nonstate actors are widely recognized as fundamental agents in implementing and delivering development goals at local, national, and regional levels. Most importantly, given their significant contributions to fostering climate action and resilience at the local level, specific measures are needed to ensure funds are devolved to these actors and the most vulnerable populations[22].

37. The AF and the GEFs Small Grants Programme have put in place measures to ensure direct access to local actors. AF is facilitating direct access to non-state actors nominated by their government to coordinate national efforts. In 2014, the Adaptation Fund Board introduced the "Streamlined Accreditation Process" (Decision B.23/17) to consider the approval for accreditation of smaller National Implementing Entities (NIE), a process that is designed to increase possibilities for smaller NIEs to access resources while considering the limited capacities of these entities. The GEF's Small Grant Programme channels funds through NGOs,

[20] GCF Programming Manual
[21] WRI, 2015. Direct Access to Climate Finance
[22] Reaching local actors in climate finance

and communities while facilitating multi-stakeholder participation and mainstreaming gender issues.

38. GCF's Enhanced Direct Access helps channel climate financing to local organizations in developing countries. Characterized by a devolved decision-making process, the funding window aims to enhance country ownership of projects and programmes through a dedicated access window for GCF'S Direct Access Entities. Through the EDA, DAEs can move beyond the financing of individual projects towards a more comprehensive and stakeholder-driven programmatic approach. The EDA differs from other GCF access windows because individual sub-projects neither have to be presented in the funding proposal nor subsequently submitted to GCF for approval. Instead, the decision-making mechanism for such sub-projects is devolved at the country level through preapproved selection criteria[23]. To be eligible for funding, activities should target local actors (address gender aspects and needs of the vulnerable communities), and should directly support communities or small and medium enterprises (SMEs).

39. Private actors are increasingly recognized as critical partners in advancing development and climate change objectives. Climate funds, such as the GCF and the GEF, have established mechanisms to channel funds through the private sector. The Private Sector Facility (PSF) of the GCF, is a dedicated modality designed to fund and mobilize private sector actors, including institutional investors, project sponsors, and financial institutions. PSF promotes private sector investment through concessional instruments, including low-interest and long-tenor project loans, lines of credit to banks and other financial institutions, equity investments, and risk mitigators, such as guarantees, first-loss protection, and grant-based capacity-building programme''.[24] To date, GCF has financed 50 private sector projects with over US$ 4.5 billion in GCF financing. GCF provides debt, equity, guarantee, and grants to its accredited entities to de-risk investments, drive systemic transformation, scale small projects and bundle them into larger portfolios, promote innovation, and support capacity building.

40. The Non-Grant Instrument of the GEF aims to expand private sector investment aligned with GEF strategic priorities and to create replicable business models and financial structures to accelerate private sector investment in the environment. The use by GEF Agencies of non-grant instruments such as debt, equity, or guarantees (amongst other instruments) offers unique advantages for private investment as it enables the GEF to support innovation, and de-risk financial structures, to create adequate risk and return profiles for private investors to invest in the environment. Efforts in advancing blended finance have evolved over the years, resulting in a dedicated NGI window starting in GEF-4, receiving increasing support from GEF Council in each subsequent GEF cycle, and growing from $40 million in GEF-4 to $75 million in GEF-5, $99 million in GEF-6, $136 in GEF-7, and $196 million in GEF-8.[25]

[23] Enhanced Direct Access
[24] GCF Private Sector Facility
[25] GEF Blended Finance Global Program and Non-Grant Instruments Policy Update

Assessment of eligibility criteria for access

41. Eligibility criteria for accessing finance varies across development and climate finance institutions. To access finance from climate funds, countries must be Parties to the conventions, including the UNFCCC (GCF, GEF) and Kyoto Protocol and Paris Agreement (AF). In addition, funds, such as the GCF and AF, require accreditation, which is designed to assess countries' fiduciary management and safeguarding capacity. Moreso, dedicated financing mechanisms such as the LDCF and SCCF are eligible to countries based on needs and vulnerability; specifically targeting countries classified as small island developing and least developed countries.

42. With multilateral development banks, countries must be Member States of the institution. Importantly, eligibility for accessing finance is based on countries' needs (gross national income, GNI per capita), creditworthiness, policy performance, and institutional capacity[26]. For instance, the World Bank IDA grant window is accessible to countries based on relative poverty, defined as GNI per capita below an established threshold and updated annually ($1,315 in the fiscal year 2024)[27], and lack the creditworthiness needed to borrow from the IBRD. As countries migrate to lower-middle-income (GNI per capita between $1,136 and $4,465) or upper-middle-income economies (GNI per capita between $4,466 and $13,845)[28] or above, they are no longer eligible to receive concessional capital. As such, experts have called for the use of multidimensional vulnerability (metrics as a standard complementary measure to income per capita) as criteria to access concessional financing.[29] See Table 3 in Section IV below for detailed eligibility in selected institutions.

43. There are three major ways resources are allocated in existing institutions: formula-based systems, through call for proposals, or by setting a country cap/quota. Some examples of country allocation frameworks are listed in table 1.

Table 1: Country allocation framework in the current funding landscape

Allocation Framework	**Institutions**	**Reference**
Formula-based framework	African Development Bank	Performance-Based Allocation System
	World Bank (IDA)	Resource Allocation Index
	GEF-Trust Fund	STAR allocation
Call for Proposals	ACCF, AWF	Allocation varies. Approved proposals meet published selection criteria.
Country cap	LDCF, SCCF	Country cap based on replenishment objectives. For instance, the LDCF per country allocation was doubled from US$10 million in GEF-7 to US20 million in GEF-8.
Country cap and additional funding windows	Adaptation Fund	Country cap of up to US$20 million as per Board decision. Additional funding available for enhanced direct access (EDA), regional projects, innovation and locally led adaptation, updated periodically under Fund's medium-term strategy (MTS). Current additional funding windows under MTSII (2023-2027) include window for large innovation projects $5M, and small innovation for .25M, EDA for max US$5 million, regional window for up to $14M for projects targeting two or more countries and locally led adaptation (amount TBD).

[26] UNDESA, 2022. Improving the criteria for accessing aid for countries that need it the most. Policy Brief
[27] https://ida.worldbank.org/en/about/borrowing-countries
[28] https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups
[29] UNDESA, 2022. Improving the criteria for accessing aid for countries that need it the most. Policy Brief

IV. Triggers and conditions for funding disbursement

Review of triggers for disbursements under existing institutions

44. Despite the absence of consensus on the specific types of activities that will be financed by loss and damage fund and funding arrangements, there are already different sources of data and information that can be considered in designing the triggers for funding, as well as tracking the impact of the measures implemented to address loss and damage. There are established indicators in global multilateral processes the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) and the Sendai Framework for Disaster Risk Reduction.

45. There are 17 SDGs with 169 targets[30] and 231 unique indicators[31]. The process to adopt the targets and indicators was a rigorous one, benefiting from multi-stakeholder consultations, and adoption by the UN General Assembly. Not all indicators will be applicable in the context of loss and damage, but with the cross-cutting nature of climate change, there is scope to consider appropriate indicators that cuts across different goals based on the sector and scope of impact. The indicators are varied, with both quantitative and qualitative data requirements.

46. The Sendai Framework has 7 qualitative targets and 38 quantitative indicators.[32] A rigorous process was used to finalize the indicators, which were subsequently included in the SDGs and SAMOA Pathway[33] monitoring systems. Some indicators were designed to be comparable, for example, indicator A-2 tracks the number of deaths attributed to disaster, per 100,000 population, and others to provide absolute estimates of the impact of disaster, for example, C-2 on direct agricultural loss attributed to disasters and C-6 on direct economic loss to cultural heritage damaged or destroyed attributed to disasters.

47. Countries report official statistics for the Sendai Framework to the UN Office for Disaster Risk Reduction (UNDRR) based on the indicators referenced above. A special platform was established for the Sendai Framework Monitor (SFM). As at July 2023, over 155 countries have reported on one or more indicator.[34] Countries are also collecting and analysing data on impact of disaster of varying scales (local to national) using the DesInventar platform. It facilitates report on the socio-economic impact of hazard events, down to the subnational scale. It also allows for analytical functions through the generation of maps and charts. The key limitation of the data platform is that it does not provide any estimates of loss and damage.

48. The Post-disaster needs assessments (PDNA) methodology is well established and used following the aftermath of a disaster to estimate the socio-economic and environmental impact.[35] It is used by national government /countries (often with the support of international organizations and experts) to identify priority needs, while also documenting losses and damages associated with the extreme or rapid event as well slow onset events such as droughts that has occurred. Outputs from these assessments have produced national

[30] https://sdgs.un.org/
[31] https://unstats.un.org/sdgs/indicators/indicators-list/ (access 26 July 2023)
[32] https://www.preventionweb.net/sendai-framework/sendai-framework-indicators
[33] https://sdgs.un.org/documents/development-monitoring-framework-samoa-pathway-34262 (accessed 27 July 2023)
[34] UNDRR statistics
[35] https://recovery.preventionweb.net/build-back-better/post-disaster-needs-assessments/country-pdnas#:~:text=A%20PDNA%20pulls%20together%20information,term%20recovery%20needs%20and%20priorities. (accessed 27 July 2023)

estimations of the impact of disaster by each sector of the economy covering both economic and non-economic losses[36], including official statistics reported under the Sendai Framework. Several countries have already pre-established baseline data for all sectors to conduct post disaster needs assessments and this can be scaled up quickly. Challenges lie with countries with limited capacities to collect and store data and the technical capacity to estimate damage and loss.

49. Consideration must be given to the different capacities and data available in countries. The lack of varying types of data in some countries has been well established; one specific example of deliberations that noted this reality is captured in reports on workshops under the Glasgow–Sharm el-Sheikh work programme on the global goal on adaptation submitted during CMA 3.[37] It will be necessary, therefore, to design triggers and disbursement systems that do not inadvertently hamper the ability of particularly vulnerable countries to have access the resources of the funding arrangements and fund.

50. The existing financial architecture has multiple disbursement triggers (Table 3). Entities involved in insurance and other risk transfer/pooling and pre-arranged financing mechanisms have triggers based on the occurrence of extreme events. Index-based mechanisms are triggered once the agreed parameters are met, for example, windspeed, volume and spread of excess rainfall, etc. Pay outs are therefore faster. On the other hand, indemnity insurance policies are slower, but based on the assessed impact of an event.

51. Humanitarian aid is also primarily tied to the occurrence of extreme events, and in formal/established systems such as the CERF, is triggered following identification of the most urgent needs in partnership with local/national authorities, and upon request through appropriate channels.[38] Assistance is also often provided through bilateral channels, though often ad hoc and discretionary.

52. Deliberations on triggers for funding may include early warning systems and anticipatory action that are among the growing measures being employed in responding to the effects of climate change. At COP 27, the UN Secretary-General launched the Early Warning for All (EW4All) initiative, recognizing the role of multi-hazard early warning systems (MHEWS) in reducing loss and life and livelihood. Anticipatory action enables the forecasting of extreme events that can result in disasters, and early action taken to reduce the likely impact.[39] MHEWS are triggers for early action, but themselves require adequate time-series data and equipment to be effective.

53. The use of debt suspension clauses (DSC) has gained prominence. DSCs are applied when a pre-determined trigger is met from a hazard or crisis and allows the recipient country to pause payments to creditors so as to increase liquidity for responding to the event.[40] Countries such as Barbados and Grenada have restructured some of their debt stock to include these clauses.[41]

[36] Biodiversity loss , loss of forests etc is quantified but it does not quantify the impact on health, migration,etc
[37] Document FCCC/SB/2022/INF.2
[38] https://www.unocha.org/our-work/humanitarian-financing (accessed 26 July 2023)
[39] de la Poterie, et al, 2023
[40] https://www.cgdev.org/publication/debt-suspension-clauses-to-rescue (accessed 26 July 2023)
[41] ibid

54. Slow onset events (SOEs),[42] identified as a gaps during TC1 and TC2 meetings, inter alia, have less clearly defined characteristics for identifying potential triggers. During the 2019 review of the Warsaw International Mechanism for Loss and Damage (WIM), countries identified the need for technical guides with respect to risk assessments and monitoring systems for loss and damage generally, including SOEs.[43] Relatedly are challenges with respect to documenting and tracking the progression of these events, and appropriate assessment methodologies to quantify the past, present and projected impact and risk for SOEs. In a technical paper on SOEs prepared by the UNFCCC, it noted challenges with respect to the use of assessment methodologies to quantify the impact of some SOEs, contrary to more established ones for rapid onset events.[44] These challenges will impact the determination of potential funding triggers for SOEs.

55. Work under the WIM, particularly expert groups and task forces of the ExCom will advance the preparation of technical guides specific to loss and damage.[45] The use of these guides will contribute to the tools available to countries in conducting loss and damage risk assessments, as per the 2019 WIM review, and establishing baseline information for priority sectors and locations, where possible. Technical experts on existing methodologies on loss and damage assessments should also be consulted to advance the thinking on how existing methods can be leveraged to understand the loss and damage from SOEs.

56. The unique nature of the loss and damage funding arrangements and fund will require a specific focus to understand the impact from SOEs. Whereas extreme or rapid onset events have defined start and end dates, SOEs do not and, based on reports of the latest and best available science (IPCC, etc.), are ongoing. Triggers for accessing and disbursing funds will therefore require different treatment and may need to be further disaggregated based on decisions regarding the types of activities to be funded. The decisions to be made, in particular for SOEs, will also need to consider the (social and environmental) safeguards in place that prevent maladaptation, but also do not create hurdles for access by vulnerable communities and countries.

Options for Disbursement Triggers for the L&D Fund

57. The table below presents an overview on selected funding mechanisms and instruments that could be considered by the L&D Fund. This does not pre-judge the deliberations of the TC and Parties but presents an overview of options that can be considered if the respective mechanism or instrument is to be used in the Fund. Further details can be provided once there is clarity on the types of initiatives to be supported by the Fund.

Table 2: Disbursement trigger options

Funding Mechanisms	Disbursement Options	Additional Considerations
Budget Support/ Reserves/reallocations (grants, guarantees and loans)	i) Pre-arranged, triggered by the occurrence of a climate-or weather related hazards ii) Programmatic with a focus on addressing loss and damage	The L&D Fund should consider the triggers and disbursement options within the context of the addressing loss and damage.

[42] The Cancun Adaptation Framework notes that SOEs include sea level rise, increasing temperatures, ocean acidification, glacial retreat and related impacts, salinization, land and forest degradation, loss of biodiversity and desertification.
[43] FCCC/PA/CMA/2019/6/Add.1
[44] FCCC/TP/2012/7
[45] https://unfccc.int/wim-excom

Funding Mechanisms	Disbursement Options	Additional Considerations
	associated with extreme weather or climate related event(s)	
Pre-arranged Finance	i) Index/parametric-based triggers (e.g., extreme flooding, extended drought, etc.) ii) Indemnity (impact-based payout)	
Humanitarian Aid (grants)	Occurrence of disaster or potential disaster (for anticipatory action in lieu of extreme events)	The inclusion of humanitarian support is not to pre-judge the outcomes of the TC's work.
Projects and programmes	Programmatic	Disbursement must be fit for purpose based on the nature of the project and the type of loss and damage for which resources are being sought.

Table 3: Disbursement triggers of Selected Institutions in the Loss and Damage Funding Landscape

Institution	Facility	Eligibility	Disbursement Trigger	Disbursement Timeframe	Amount	Notes
Climate Investment Funds (CIF)	Pilot Program for Climate Resilience (PPCR)*	In 31 developing countries, and 2 regions (Asia and Latin America and the Caribbean) (see source online – as at July 2023)	Based on approved strategic programme and implementation milestones through grants, concessional loans, and guarantees	Based on approved programmes	Based on investment plans	Funding available for state and private sector actors. Source includes TC synthesis paper
	Forest Investment Program (FIP)*	In 22 developing countries (see online source – as at July 2023)	Based on investment programme approved and co-financing through grants and low-interest loans	Based on approved programme	Based on investment plans	
Global Environment Facility (GEF)	Special Climate Change Fund (SCCF)	34 small island developing states (SIDS) and least developed countries (LDCs)	Based on approved and government-endorsed projects. Grants. Disbursed through GEF's implementing agencies (18)	Based on council approved biannual work programs	Per country cap of US$3 million in GEF-8	
	Least Developed Countries Fund (LDCF)	46 LDCs	Based on approved and government-endorsed projects. Grants. Disbursed through GEF's implementing agencies (18). Co-financing is not required	Based on council approved biannual work programs	Per country cap of US$20 million in GEF-8	
	GEF Trust Fund	In 164 countries (parties to the UNFCCC or eligible for World Bank financing)	Based on approved and government-endorsed projects. Grants, Concessional Loans. Disbursed through GEF's implementing agencies (18). Co-financing is required	Based on council approved biannual work programs	STAR allocation	

Institution	Facility	Eligibility	Disbursement Trigger	Disbursement Timeframe	Amount	Notes
	GEF Small Grants Program	National CSOs and CBOs. Aligns with GEF SGP criteria and SGP Country Programme Strategy (CPS) in respective country	Performance based. SGP grants are paid in three installments: an up-front payment to initiate the project; a mid-term payment upon receipt of a satisfactory progress report; and a final payment on receipt of a satisfac-tory project completion and final report	Based on approved proposals in the national SGP work programme	US$50,000	
UNESCO	Rapid Response Facility (RRF)	ODA countries; Sites must be a listed UNESCO natural World Heritage site (or an internationally recognised site of high biodiversity value)	Hazard event affecting UNESCO natural World Heritage site (or an internationally recognised site of high biodiversity value. NB: Other conditions apply	Funding decisions within 8 working days	Grants of up to US$40,000	Provides grants to protected areas in the event of a sudden crisis. We mainly finance initiatives aimed at reducing the impact of disasters affecting wildlife in UNESCO's natural World Heritage sites. Source: website, synthesis report (TC2)
	Heritage Emergency Fund	UNESCO Member States	Based on envelope (i.e., preparedness or emergency)	One week for emergency response, and two weeks for emergency preparedness activities	US$ 100,000 (max. amount)	The Fund finances activities in the area of emergency preparedness and response within the domains of the UNESCO Culture Conventions. This includes immovable cultural and natural heritage, movable cultural heritage, cultural repositories, underwater cultural heritage, intangible cultural heritage and the diversity of cultural goods, services and expressions. Source: website
International Monetary Fund (IMF)	Catastrophe Containment and Relief Trust (CCRT)	Countries eligible to borrow from the IMF's Poverty Reduction and Growth Trust (PRGT) and their per-capita income is less than the International	A natural disaster: • has directly affected at least one-third of the population, • is estimated to have destroyed more than a quarter of the			Provided if a life-threatening epidemic has affected several areas of their country, can spread or is already spreading to other countries, and is causing significant economic disruption. Significant economic disruption is defined as a cumulative

Institution	Facility	Eligibility	Disbursement Trigger	Disbursement Timeframe	Amount	Notes
		Development Association's (IDA) operational cut-off –for relief	country's productive capacity or • has caused damage deemed to exceed 100 percent of GDP			loss of the country's real gross domestic product (GDP) of 10% or greater, or a cumulative loss of revenue and increase of expenditures equivalent to at least 10% of GDP. Source/More info on website.
	Rapid Credit Facility (RCF) -- Four windows, based on country quotas: • Regular – urgent balance of payment needs • Exogenous shock – urgent needs due to sudden, exogenous shock • Large natural disaster: When damage equiv. to or exceeds 20% GDP • Food shock – needs due to food insecurity	Poverty Reduction and Growth Trust-eligible (Low-income) countries	• Regular – up to 50 percent of quota per year and 100 percent of quota on a cumulative basis, with the annual access subject to a norm of 25 percent of quota. • Exogenous shock – up to 50 percent of quota per year and 150 percent of quota on a cumulative basis. A higher cumulative access limit (175 percent of quota) would be applied if the food shock window is used • Large natural disaster – up to 80 percent of quota per year and 183.33 percent of quota on a cumulative basis • Food shock – Access up to 50 percent of quota during the 12-month period from September 30, 2022 to September 29, 2023. Access under the food	Single Disbursement; Grace period of 5½ years, and a final maturity of 10 years	Based on country quota and Special Drawing Rights (SDRs)	Provide concessional, rapid, and low-access financial assistance to qualifying LICs facing an urgent balance of payments need from a wide variety of circumstances, including external shocks, natural disasters, and emergencies connected to fragility. Source/More info on website.

Institution	Facility	Eligibility	Disbursement Trigger	Disbursement Timeframe	Amount	Notes
			shock window will be additional to the annual access limits of other windows			
	Rapid Financing Instrument (RFI) -- Three windows, based on country quotas: • Regular – urgent balance of payment needs due to domestic instability, exogenous shocks, etc. • Large natural disaster: When damage equiv. to or exceeds 20% GDP • Food shock – needs due to food insecurity	All countries	• Regular – up to 50 percent of quota per year and 150 percent of quota on a cumulative basis. A higher cumulative access limit (175 percent of quota) would be applied if the time-bound food shock window is used • Large natural disaster – up to 80 percent of quota per year and 183.33 percent of quota on a cumulative basis • Food shock – up to 50 percent of quota during the 12-month period from September 30, 2022 to September 29, 2023. Access under the food shock window will be additional to the annual access limits of other windows	Single Disbursement; Repayment within 3¼ to 5 years. Conditional scope for repeated use within any three-year period.	Based on country quota and Special Drawing Rights (SDRs)	Source/More info on website.
	Resilience and Sustainability Trust (RST)	• All PRGT-eligible low-income countries, small states (population	Note eligibility criteria	20-year maturity and a 10½ -year grace period during which no principal is repaid. NB: Coincides with upper credit tranche	Overall cumulative access cap set at 150 percent of quota or SDR 1 billion,	Provide longer-term financing to strengthen economic resilience and sustainability by (i) supporting policy reforms that reduce macro-critical risks associated with climate change and pandemic preparedness, and (ii)

Institution	Facility	Eligibility	Disbursement Trigger	Disbursement Timeframe	Amount	Notes
		under 1.5 million) with per capita GNI below 25 times the 2021 IDA operational cutoff • All middle-income countries with per capita GNI below 10 times the 2021 IDA operational cut-off. NB: Other conditions apply.		quality policies (UCT programme) with min 18 months	whichever is smaller. Starting point of access determination is a norm of 75 percent of quota. NB: Three groups est. which det. Interest rate payable	augmenting policy space and financial buffers to mitigate the risks arising from such longer-term structural challenges. Source/more info on website. Launched in 2022. From climate finance summit, agreed to reach US$35bn of contributions to the RST. (Source: TC Loss and damage workshop). achieved, reaching 41bn in June 2023, objective lifted to 60bn USD Press release. Source/more info on website.
World Bank	Disaster Risk Financing and Insurance (DRFI) program	Developing countries NB: conditions apply	Hazard event/emergency		Policy-based (contingent credit)	Support for developing countries seeking to develop and implement comprehensive financial protection strategies. Source: website 1, website 2
	Global Facility for Disaster Reduction and Recovery (GFDRR)	Low- and middle-income countries at high risk of disasters	Varied NB: provides grants and technical expertise	Varied NB: provides grants and technical expertise	Policy-based	Grants (TC synthesis report)
	Global Risk Financing Facility (GRiF)					Jointly formed by the World Bank's Disaster Risk Financing and Insurance Program (DRFIP) and the Global Facility for Disaster Reduction and Recovery (GFDRR)
	Rapid Social Response Umbrella Trust Fund					
Asian Development Bank (ADB)	--	Climate finance available to 49 Asian and Pacific countries	Programmatic	Programmatic	Programmatic	

Institution	Facility	Eligibility	Disbursement Trigger	Disbursement Timeframe	Amount	Notes
African Development Bank (AfDB)	Africa Climate Change Fund (ACCF)	African countries	Programmatic NB: based on call for proposals	Programmatic	Programmatic	Source via website.
	Climate Action Window	37 member countries of the ADF	Programmatic	Programmatic	Programmatic	
Adaptation Fund	Action Pillar: – Single Country – Regional – Enhanced Direct Access – Project Scale Up Innovation Pillar: – Small Single country – Large Single country or regional – Adaptation Fund Climate Innovation Accelerator (AFCIA) Learning and Sharing Pillar – Learning Grants Readiness Pillar – Readiness Support package grant – Technical Assistance Grant of ESP and Gender Policy – Technical Assistance Grant for Gender Policy	135 countries who have appointed Designated Authorities to the AF and developing countries that are Party to the KP and P or the PA.	Submissions of Project and programme proposals for all pillars	First disbursements within 6 months	Per project: Action Pillar Single country- $10M Regional -$14M EDA- $5M PSU- $100,000 Innovation Small single- $250,000 Large single/regional $5M AFCIA-$250,000 Learning grants- $500,000 (Increased from $150,000 at B.40) Readiness Readiness package - $150,000 TA ESP & GP- $25,000 TA GP-$10,000	https://www.adaptation-fund.org/apply-funding/ https://www.adaptation-fund.org/apply-funding/designated-authorities/ https://www.adaptation-fund.org/pdfjs/web/viewer.html?file=https://www.adaptation-fund.org/wp-content/uploads/2023/03/AF-Funding-Windows-across-Action-Innovation-and-Learning-Sharing.pdf

Institution	Facility	Eligibility	Disbursement Trigger	Disbursement Timeframe	Amount	Notes
Green Climate Fund	Projects and Programmes	Developing countries	Programmatic	Programmatic	Programmatic	
	Private sector facility	Private sector actors	Programmatic	Programmatic	Programmatic Ranges from micro (less than US$10 million) to large (over $250 million)	
African Risk Capacity (ARC)	Incl. ARC Ltd. Various policies	35 African Union member states. Conditions apply.	Parametric triggers: Drought, Tropical Cyclones, Flood, and Outbreaks and Epidemics	Policy-based	Policy-based	
Caribbean Catastrophe Risk Insurance Facility (CCRIF)	Various policies NB: Products incl.: tropical cyclone, excess rainfall, fisheries and electric utilities policies	Member countries in Caribbean and Latin America	Parametric triggers	Policy-based	Policy-based	Source via website.
Pacific Catastrophe Risk Insurance Company (PCRIC)	Policies include Pacific Tropical Cyclone Event and Pacific Earthquake Event (including tsunami).	Countries in Pacific Island Forum	Parametric triggers	Policy-based	Policy-based	Developing insurance product for excess rainfall events. Source via website.
Southeast Asia Disaster Risk Insurance Facility (SEADRIF)	Incl. SEADRIF Insurance Company -- Various policies NB: Programmes include parametric insurance pool, public asset financial protection program, regional capacity building programme and flood risk model and tool.	All ASEAN+3 countries	Parametric triggers	Payout within 10 business days and finite risk component claim within 5 business days.	Policy-based	Source: TC synthesis report, website.

Institution	Facility	Eligibility	Disbursement Trigger	Disbursement Timeframe	Amount	Notes
World Food Programme (WFP)	Immediate Response Account (IRA)		Onset of crisis	Deployment within 24 hours of crisis onset, with service level target of less than 72 hours		Funds are only allocated to life-saving emergency assistance such as in-kind food rations, cash-based transfers and other forms of emergency assistance. The allocation is made of emergency assistance when donor contributions are not yet available or forecasted. Source: Flexible Funding 2021 WFP Report
	Anticipatory Action (AA) Trust Fund	In development with selected governments, other humanitarian partners, in Africa, Asia, Latin America and the Caribbean NB: 28 countries as at Aug 2023	Trigger based on anticipated shock and portfolio parameters with countries	Prior to potential shock/hazard event		Pre-arranged finance with triggers linked to early warning of a potential hazard event to provide resources to prepare ahead of the event. Source: website
Food and Agriculture Organization of the United Nations (FAO)	SFERA – Special Fund for Emergency and Rehabilitation Activities	All FAO member countries	Programatic	To be determined	To be determined	More information is available here: https://www.fao.org/emergencies/partners/en
	Technical Cooperation Programme (TCP)	All FAO member countries. Special attention given to Low-Income Food-Deficit Countries (LIFDCs), Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and/or Small Island Developing States (SIDS)	Programatic	To be determined	up to USD 500 000	Emergency TCP projects support both anticipatory action and immediate responses to disasters and early rehabilitation measures through the timely delivery of essential agricultural inputs, services and training. https://www.fao.org/technical-cooperation-programme/tcp-and-emergencies/en/

Institution	Facility	Eligibility	Disbursement Trigger	Disbursement Timeframe	Amount	Notes
Multi-agency Mechanisms	Climate Risk Early Warning Systems (CREWS)	SIDS and LDCs	Pre-arranged finance, trigger-based	To be determined	To be determined	Grant-based initiative. Managed by GFDRR, WMO and UNDRR
	Global Shield against Climate Risks	Initially targeting 8 pathfinder countries and 1 region (Pacific) (as at July 2023)				Collaboration with G7 and V20 countries. Grant financing. Pledges made by donor countries.

V. Assessment of Gaps in access modalities

59. This section explores a non-exhaustive list of gaps related to access of financing to address loss and damage. The information presented is a summary of the information presented to the TC from its first meeting held in April 2023 until the second workshop which was held in July 2023. It also provides suggestions for responding to the specific gaps identified as captured in Table 4.

60. The gaps related to access of financing to address loss and damage range from the government level to the individual level. They straddle across extreme events to slow onset events and cover economic and non-economic losses. The key areas emerging from the gaps are insurance at the national and community level, budgetary support for governments, social protection/income support and livelihood protection as well as ecological protection. The case studies and other information presented to the TC also emphasized addressing gaps related to displaced persons as well as other vulnerable groups including women, children, the elderly and the differently abled. Some of the gaps related to access by vulnerable groups have been attributed to inadequate methodologies utilized in the context of post event assessments.

Figure 1 :Characterization of access gaps for Loss and damage

61. Nine possible solutions are identified as to be addressed by the loss and damage fund and eight possible solutions are identified to be addressed through funding arrangements. Table 4 presents the full listing of priority access gaps along with the possible solutions.

Table 4: Gaps in Access modalities under current loss and damage funding architecture

Gaps in Access modalities under current loss and damage funding architecture	***Pathways for addressing gaps: Fund(F) Funding Arrangement (FA)***
Priority Access Gaps	**Possible solutions**
Structural gaps limiting the ability of countries to access finance	Support countries with strengthening national systems to address structural issues in order to facilitate access. **(FA)**
Limited availability of concessional financing by governments who are also often constrained by limited fiscal space	Revamp approaches to concessional financing **(FA)**
Country level loss and damage initiatives, programmes and instruments limited in impact and scale as a result of insufficient resources.	Develop pathways to facilitate support to scale-up country led systems which respond to post event loss and damage needs **(FA)** Create facility to support countries in scaling up resources for loss and damage action **(F)**
Insurance Gaps: • Uptake of risk insurance by governments based on costs • Limited micro-insurance and meso insurance; • Limited coverage (more perils could be covered) • Low appetite by climate finance provides for insuring Fragile and conflict-affected States • Reconciling availability, affordability and risk reduction indication in insurance schemes to avoid an insurance protection gap.	• Subsidize the increase in premiums required to facilitate increased coverage by governments; and contributions to the capital base of risk pools to offer lower premiums and new products **(F), (FA)** • Establish/utilize instruments for layered risks **(F), (FA)** • Develop new models for additional perils which are not data intensive **(FA)** • Support and scale up the rehabilitation of ecosystems critical to resilience-building **(F),(FA)** • Provide allocations for civil society and communities for anticipatory actions and resilience-building **(F)**
Limited support for ongoing and ex-post loss and damage activities which limits a holistic response to loss and damage	Establish a window that addresses ongoing and ex-post loss and damage **(F), (FA)**
Limited social protection/social safety nets and temporary supplemental income to facilitate reinstating livelihood activities (income loss assistance)	Establish a window that addresses ongoing and ex-post loss and damage **(F), (FA)**
Inadequate support for climate change induced displaced persons and displacement related economic losses	Improve the breadth and scope of coverage for climate change induced displaced persons **(FA)** Provide the funding for relocation and displacement induced economic losses submitted as part of recovery plans **(F)**
Methodological constraints: • Intangible losses or non-economic loss and damage not included as part of methodologies for post event assessments which limits the ability to access resources to address the losses. • Inadequate treatment of the impact of loss and damage on vulnerable groups including women, children, the elderly and the differently abled.	Modify existing templates and develop methodologies to incorporate accounting for NELs as well as the needs of vulnerable groups including women, children, the elderly and the differently abled. **(FA)**
Limited access to funding at the local (community) level	Utilize existing funding arrangements to provide access to loss and damage financing for community and local level **(FA)** Chanel resources to existing funding arrangements to provide access to loss and damage financing for community and local level **(F)**

References – Gaps in Access modalities

Synthesis report on existing funding arrangements and innovative sources relevant to addressing loss and damage associated with the adverse effects of climate change 25 May 2023 https://unfccc.int/sites/default/files/resource/Item5a_SynthesisReport.pdf

Presentation on Addressing Extreme Weather Events, African Risk Capacity Limited

Presentation on Addressing slow onset events Melting Glaciers and Changing Snow Cover Bhutan and Nepal Case Study

Case Study: Malawi's major loss and damage over 5 to 10 years due to cyclones and climate change factors

Case study: Tropical Cyclone Evan in, Samoa Assessing non-economic losses following extreme events

Addressing extreme weather events UNHCR Office of the Special Advisor for Climate Action

Addressing Loss and Damage, The CCRIF SPC Risk Pool in the Caribbean and Central America

Presentation by the Secretariat on Item 5b Outcomes of the first workshop on addressing loss and damage in the context of decisions 2/CP.27 and 2/CMA.4

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Presentation by Climate Justice Resilience Fund at the Second Workshop of on addressing loss and damage in the context of decisions 2/CP.27 and 2/CMA.4

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