

Summary report of the Second Glasgow Dialogue

Report by the SBI Chair, July 2023

I. Introduction and background

A. Mandate

1. Decision 1/CMA.3¹ endorsed by Decision 1/CP.26² established the Glasgow Dialogue between Parties, relevant organizations, and stakeholders, to discuss the arrangements for the funding of activities to avert, minimize and address loss and damage.
2. The decision requested the Subsidiary Body for Implementation (SBI) to organize the Glasgow Dialogue in cooperation with the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM ExCom). The Glasgow Dialogue is mandated to take place in the first sessional period of each year of the SBI, starting at its 56th session (SBI 56 in June 2022) and concluding at its 60th session (SBI 60 in June 2024).
3. The 1st Glasgow Dialogue took place in three sessions, and was held in Bonn on 7, 8 and 11 of June 2022, with all discussions, including those that took place in breakout groups, made publicly available via webcast³. The 1st Glasgow Dialogue brought together a broad range of stakeholders and provided Parties and non-party stakeholders an opportunity to discuss in an open, inclusive, and non-prescriptive manner, by sharing experiences, good practices, challenges, and lessons learned from existing finance arrangements to better understand and analyse how support is and can be responsive to the implementation of approaches to avert, minimize and address loss and damage in developing countries. It provided a platform to highlight the concrete gaps in the current funding arrangements, and participants highlighted gaps on addressing loss and damage, but also on slow onset events and non-economic losses.
4. Decisions 2/CP.27 and 2/CMA.4 decided that the 2nd Glasgow Dialogue was to focus on the operationalization of the new funding arrangements and fund established in paragraph 3 of the decisions, as well as on maximizing support from existing funding arrangements relevant for, inter alia, responding to economic and non-economic losses, slow onset events and extreme weather events.⁴
5. Decisions 2/CP.27 and 2/CMA.4 also decided that the 2nd Glasgow Dialogue was to inform the work of the Transitional Committee (TC) on the operationalization of the new funding arrangements for responding to loss and

¹ Decision 1/CMA.3, paragraph 73.

² Decision 1/CP.26, paragraph 43.

³ Further information on the First Glasgow Dialogue, including link to the webcast of all sessions, is available at <https://unfccc.int/event/first-glasgow-dialogue-gd1#:~:text=COP%2026%20established%20the%20Glasgow,adverse%20impacts%20of%20climate%20change>.

⁴ Decisions 2/CP.27 and 2/CMA.4, paragraph 9.

damage and the fund established in paragraph 3 of the decisions,⁵ and requested the Chair of the SBI to provide a summary report of the dialogue.⁶

6. Decisions 2/CP.27 and 2/CMA.4 also invited Parties and relevant organizations to submit via the submission portal views on topics for and the structure of the 2nd Glasgow Dialogue.⁷ 17 Parties and 15 non-Party stakeholders responded to this invitation, and their submissions have been taken into account by the Chair of the SBI in the development of the agenda of the dialogue.⁸

II. Proceedings

7. The 2nd Glasgow Dialogue took place in three sessions held in Bonn on 8, 9 and 10 June 2023 during the 58th session of the Subsidiary Body for Implementation. The dialogue was open for all registered participants of the 58th sessions of the subsidiary bodies, and saw the number of participants, consisting of Parties, accredited intergovernmental and non-governmental organizations, representatives of constituted bodies under the Convention, as well as other relevant stakeholders, exceeding 250 at each of its sessions. Additionally, all discussions, including those that took place in breakout groups, were made publicly available via webcast.⁹

8. The 2nd Glasgow Dialogue was moderated by the Co-chairs of the Transitional Committee, Ms. Outi Honkatukia (Finland) and Mr. Richard Sherman (South Africa). It began with opening remarks by the Chair of the SBI, Mr. Nabeel Munir, by the Executive Secretary of the Convention, Mr. Simon Stiell, and by the Co-chairs of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM ExCom), Mr. Jerome Ilagan (Philippines) and Mr. Frode Neergaard (Denmark).

9. The first day of the 2nd Glasgow Dialogue was held in a plenary setting and focused on the operationalization of the new funding arrangements and fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.2. The session discussed the characteristics that could enable the new funding arrangements and fund to be fit for purpose and respond to the gaps in the existing funding arrangements.¹⁰ The session included interventions from Parties and several scene-setting interventions by a diverse set of stakeholders. The WIM ExCom provided a presentation on the work being undertaken by this constituted body, including

⁵ Decisions 2/CP.27 and 2/CMA.4, paragraph 9.

⁶ Decisions 2/CP.27 and 2/CMA.4, paragraph 10.

⁷ Decisions 2/CP.27 and 2/CMA.4, paragraph 7 (c).

⁸ Relevant submissions are available at <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>

⁹ Further information on the 2nd Glasgow Dialogue, including link to the webcast of all sessions, is available at <https://unfccc.int/event/gd2>

¹⁰ The guiding question for session 1 was: **Q1.** *What characteristics would enable the new funding arrangements and fund to provide funding support for the different phases of addressing loss and damage in an effective way?*

through its thematic expert groups. This work could provide useful information in the context of operationalizing the new funding arrangements and the fund, as well as of maximizing support from existing funding arrangements relevant to responding to loss and damage in the context of decisions 2/CP.27 and 2/CMA.4. Following interventions focused on examples of specific and concrete country needs regarding the new funding arrangements and fund, including at the local and regional level, presentations were made by representatives from the Philippines, the Facilitative Working Group on the Local Communities (LCIPP FWG), and the Pacific Catastrophe Risk Insurance Company (PCRIC).

10. A second set of interventions during session 1 featured presentations reflecting on ways in which the new funding arrangements and fund could effectively respond to loss and damage in the context of human mobility, including displacement, through presentations on behalf of the Migration Multi-Partner Trust Fund and the Office of the Special Adviser of the Secretary-General on Solutions to Internal Displacement. An additional intervention by the UN Climate Change High-level Champion for Egypt provided an update on the relevant work of UN Climate Change High-level Champions and reflected on ways in which the new funding arrangements and fund could collaborate with non-state actors, including the private sector.

11. Day two of the 2nd Glasgow Dialogue centred around four different breakout groups facilitated by four members of the TC, Ms. Christina Chan (USA), Ms. Khadeeja Naseem (Maldives), Mr. Jean-Christophe Donnellier (France) and Mr. Sonam Pushto Wangdi (Bhutan). The breakout group session aimed to facilitate a more focused and concrete discussions in an open and inclusive manner. All four breakout groups discussed the same guiding questions and building on the discussions from session 1, participants delved deeper into more granular discussions on the characteristics and operational modalities that would allow the new funding arrangements and fund to provide fit-for-purpose funding support.¹¹

12. Day three focused on maximizing support from existing funding arrangements through an alternating of Party and non-Party interventions from the floor and targeted presentations by a select number of invited speakers. Following a brief report back from the four breakout groups of Day two, the session featured a first series of targeted interventions, featuring a diverse range of providers of finance for activities to respond to loss and damage, including a focus on addressing loss and damage, which were invited to formulate their interventions in response to a set of guiding question.¹² This set of interventions included presentations from

¹¹ The guiding questions for session 2 were: **Q2.** *What role could the new funding arrangements and fund play in providing support in the different phases of responding to loss and damage associated with extreme weather events (Preparedness, Response, Recovery, Rehabilitation, Reconstruction)?* **Q3.** *Are there any unique features for financing efforts for responding to loss and damage associated with slow onset events, or losses that are ‘non-economic’ in nature? If so, what are the specific considerations needed? What could be possible ways to address them through the new funding arrangements and fund?*

¹² **Q4** *What are the ways in which you (your institution) could contribute to maximize support from the existing funding arrangements for responding to loss and damage? What are the key limitations and barriers in maximizing support from existing funding arrangements? What lessons can be learned from the existing landscape of institutions funding activities related to loss and damage and the gaps in that landscape?*

representatives of UNHCR, the World Bank, the Asian Development Bank, the USAID Bureau of Humanitarian Assistance and Financial Futures Centre.

13. A second set of interventions focused on opportunities to increase complementarity, coherence, cooperation, and coordination, in particular through a series of interventions on relevant experiences from coordination mechanisms. The presentations featured included UNOCHA, UNDRR, CREWS Initiative and the GEF.

14. The round of interventions by representative providers of finance for activities relevant to loss and damage was followed by an open discussion, including on a set of guiding questions around coordination and complementarity.

15. The 2nd Glasgow Dialogue concluded with a brief reflection by the Co-facilitators on the next steps, including an encouragement for participants to continue engaging with the TC process through the submission of relevant case studies and with closing remarks by the Chair of the SBI.

III. Summary of discussions

A. Operationalization of the new funding arrangements and fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.2

1. The fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.2

16. The fund was seen by most participants as being central to the new funding arrangements, and as an important solution to the many identified gaps in the support landscape for loss and damage. However, different views were presented regarding central aspects for the operationalization of the fund.

17. Regarding the scope of the fund, some participants saw that the fund should be targeted, specialised and to the extent possible not duplicative. To this end, they saw the fund as having a more circumscribed scope focused on addressing priority gaps such as slow onset events. Other participants viewed a role of the fund in providing support in all different phases of responding to loss and damage, and in addressing both economic and non-economic losses resulting from both extreme and slow-onset events.

18. Regarding eligibility, some participants maintained the fund should focus on benefiting vulnerable countries and communities most impacted by the adverse effects of climate change and should not be open to all developing countries. Other participants emphasized that all developing countries should be eligible to access the new fund without differentiation, prioritizing accessibility, and equity for all, particularly for the most vulnerable communities.

19. Some Parties noted that governments can meet fiduciary requirements and use social protection mechanisms that exist in local communities to allow for a direct flow of funds to affected individuals in those communities. This can be achieved through access modalities such as programmatic support and direct access, as well as direct budget support to national governments. To ensure simplified access, it is important not to impose unrealistic data and information burdens.

20. There is a desire for flexible and responsive programmatic approaches to climate finance in addition to project-based approaches, working directly with national/regional partners to maintain safeguards and drawing on experience from existing financial mechanisms to ensure the process is not drawn out. The fund must be operationalized quickly to ensure rapid disbursement of resources to address climate-induced loss and damage.

Table 1

Illustrative list of suggestions

| <i>Suggested scope or windows</i> | <i>Key considerations</i> |
|---|--|
| Disaster response/fast response window | Ensure speed of access, including through triggers, that will address immediate needs of affected people. |
| Rehabilitation and reconstruction | Grant-based fund providing funding for rehabilitation and long-term reconstruction efforts in developing countries. |
| Slow onset events | Provide funding for long-term loss and damage planning and policy framework. Support transformative approaches, such as permanent relocation or just transition to alternative livelihoods. |
| Micro/small grants window | Ensure direct access for local communities and indigenous peoples. |
| Special windows focusing on SIDS and LDCs | Ensure focus on the most vulnerable and affected communities. |

21. The Fund and instruments should be fit-for-purpose and respond to national contexts, designed to fit the needs of each individual country, rather than a one-size-fits-all approach. Instruments need to consider factors such as different vulnerabilities, debt profiles, geographies, and sizes of developing countries.

22. It was stressed that the fund should provide additional and predictable resources that are distinct from other adaptation, development, and humanitarian assistance. Some participants argued that the sources of funding should be as diverse as possible to provide new, additional, and predictable resources through both existing and innovative sources. Meanwhile, other participants maintained that the fund should rely primarily on public grant-based financing to avoid overburdening developing countries with debt.

23. Some participants proposed that the fund should be housed and administered by an existing institution to ensure quick delivery of financial resources. Others suggested that the fund should be a self-standing financial mechanism/entity accountable to the COP and CMA, separate from existing funds like the Green Climate Fund (GCF) and the Global Environment Facility (GEF).

24. Participants emphasized that the loss and damage fund must be in line with the provisions and principles of the UNFCCC and Paris Agreements, including equity, common but differentiated responsibilities, and respective capabilities in light of different national circumstances.

25. It was suggested that the Fund to play a coordinating role in aligning funding arrangements with the principles of the Convention and its various agreements, including historical responsibility, to ensure coherence and broader financing. This involves a coordinated and integrated approach involving multiple stakeholders and sectors, with the fund serving as the centrepiece of new loss and damage funding arrangements to support vulnerable countries.

2. The new funding arrangements

(a) Role of the funding arrangements in the different phases of responding to loss and damage

26. During the sessions participants deliberated on the importance of having instruments that are layered across the different phases of response, including immediate response, recovery, and reconstruction, but also preparedness and long-term risk reduction and resilience building (ADB).

27. Some participants highlighted the need for a system-wide approach, as many actors already contribute to various phases of responding to loss and damage, and the need to address the existing structures and improve coordination between them, especially building on what already exists in the context of preparedness, response and reconstruction, instead of duplicating existing arrangements, while still accounting for the complexity of the rapidly increasing climate change impacts and moving beyond traditional disaster risk management phases. Some participants further suggested that many of these funding arrangements could be delivered now and not after years of establishment. At the same time, other participants expressed concerns about existing funding arrangements being under-resourced and their not fulfilling their mandate to date, and how the existing funding arrangements mainly should be complementary, and not be the solution itself. Some participants see the recovery, rehabilitation, and reconstruction phases to primarily be part of the fund rather than the funding arrangements.

28. Regarding the immediate response phase, some participants called for strengthening humanitarian assistance and for scaling up and including anticipatory action within the humanitarian sphere. Other participants questioned the capacity of humanitarian actors to expand their potential role in funding arrangements.

29. Regarding the preparedness phase, several participants highlighted the importance of funding arrangements being compatible with needs on the ground for context-specific preparedness and long-term risk reduction and resilience planning to prevent loss and damage and reduce the costs in later phases. New instruments to enhance understanding of vulnerabilities and priority needs were suggested as well as the improvement of NAPs as a tool for this.

30. Regarding the reconstruction and rehabilitation phases, some participants mentioned MDBs as key actors. Others stressed the gap in funding for reconstruction after the response phase.

(b) Complementarity and coordination in funding arrangements

31. Participants highlighted the need for the fund and funding arrangements to be complementary. Some participants focused on the need for the funding arrangements to be part of the loss and damage architecture, with the fund as the centrepiece in charge of coordination, promoting coherence and

complementarities among a broader landscape of diverse actors, and for it to operate under the principles of the UNFCCC. The need for a coordinating mechanism in the long-term to provide guidance and aligning different activities were also mentioned, whereas some participants highlighted the role of the Santiago network and Global Shield in this context.

32. Funding arrangements were mentioned by several participants to be complementary with national level funds and mechanisms, and to be locally driven, flexible, and enhanced by bottom-up approaches that meet the complex continuum of loss and damage at the intersection of slow-onset and extreme weather events, in addition to having a dedicated window for communities to access funding. Some participants suggested that established national climate funds and local community funds could play an important role in the funding arrangements architecture. To address the needs of local communities and the particularly vulnerable, several participants highlighted the usefulness of direct access modalities in the funding arrangements and in working with regional solutions and actors, including regional risk pools. One participant suggested reforming existing funding arrangements in a way that change the validity of assessing needs based on GDP metrics and balance payments risks and go beyond solidarity-based deployment. Others emphasized how funding arrangements need to build on national systems rather than project intermediaries and be based on locally identified priorities.

33. Some participants understand both the fund and the funding arrangements to be under the UNFCCC, and thus see the need for new arrangements under the convention to bring outside institutions and actors together to deliver on the growing scale of needed funding.

34. It was mentioned that UNFCCC has a critical signalling function and significant convening power to bring different parts of the funding arrangements together, despite not having a mandate on the different funding arrangements outside of the UNFCCC.

(c) Maximizing support

35. A critical need to maximise the scale of support that can be mobilized and can ensure that all aspects of loss and damage are collectively covered between the fund and funding arrangement were mentioned. For the funding arrangements, some participants suggested that innovative sources of finance include climate resilient debt clauses, grant subsidy, increasing the fiscal space, expanding eligibility, and pause debt payments. Participants also mentioned the need for methods to include the polluter pays principle. It was mentioned that new instruments for funding arrangements should not add new fiscal burdens but help relieve the pressure of debt and address the need for pre-arranged funding including, but not limited to, insurance and risk pooling within and between regions.

Table 2

Illustrative list of possible elements of the funding arrangements for responding to loss and damage

| <i>Possible elements of the funding arrangements</i> | <i>Key potential roles in the funding arrangements</i> | <i>Possible approaches to enhance support provided</i> | <i>Potential concerns raised</i> |
|--|--|---|--|
| Multilateral climate funds | Preparedness | <ul style="list-style-type: none"> Increasing availability and access of resources while enhancing collaboration. Examining contributions that can be made from MDBs and within existing funds. Innovative sources of finance such as taxes, levies, risk pooling, bilateral support, etc. Pre-arranged finance using a pre-direct access model. Premium subsidies to make insurance and other elements of pre-arranged financing available for vulnerable countries. Ensuring accountability to the COP. | <p>Current funding is lacking, too late in its operation to responding to loss and damage.</p> <p>Lots of uncertainty in the funding arrangements space.</p> <p>Traditional disaster risk phases are not applicable in the face of rapidly rising risks from slow-onset events and increased extreme weather events.</p> <p>Large administrative burdens which accompany climate-related financing that exceeds country capacity building.</p> |
| Multilateral development bank | Recovery Rehabilitation and reconstruction Build back better | <ul style="list-style-type: none"> Increasing fiscal space. Expanding eligibility to concessional resources. Programmatic approaches and financing with policy-based financing national systems. Climate resilience debt clauses. | <p>Debt burden increase.</p> <p>Effectiveness concerns in terms of the adequacy and predictability of resources.</p> <p>Reforms of MDBs and their governance.</p> |
| Other existing funds | Varies | <ul style="list-style-type: none"> Opportunities within existing funds. Utilizing innovative sources of finance such as taxes, levies, risk pooling, debt relief, and bilateral support. Coordinating and building on existing instruments. Incorporation climate resilience debt clauses. | <p>The need for coherence between various channels, processes, and institutions that fund loss and damage.</p> <p>Lack of effectiveness, inclusively, and accessibility of current funding arrangements.</p> <p>Need to avoid unhelpful burdens through a focus on</p> |

| <i>Possible elements of the funding arrangements</i> | <i>Key potential roles in the funding arrangements</i> | <i>Possible approaches to enhance support provided</i> | <i>Potential concerns raised</i> |
|--|--|---|---|
| Humanitarian system | Emergency response Immediate disaster relief Early recovery | <ul style="list-style-type: none"> Humanitarian system can be made more anticipatory and faster. Increase available resources. Establish dedicated climate windows (for example under the CERF). | <p>top-down project-based disbursement.</p> <p>Humanitarian sector is not under the principles of the UNFCCC.</p> <p>Monitoring system needs to shift power and decision-making process responses to local leadership.</p> |
| Development system | Build back better Support effective social protection systems | <ul style="list-style-type: none"> Premium subsidies to make insurance and other elements of pre-arranged financing accessible to vulnerable countries. Complementary funding arrangements. | <p>Integrating L&D into all phases of development</p> <p>Aligning ODA and development system with new funding arrangements</p> <p>Positioning the role of humanitarian aid and L&D in the development system</p> <p>Extent that L&D funding arrangement should pursue developmental solutions</p> |
| Regional risk pools | Parametric insurance | <ul style="list-style-type: none"> Increasing availability of resources to increase coverage. | |
| Pre-arranged financing (e.g., Global Shield, anticipatory funding) | Planning and Readiness Premium and capital subsidies Insurance | <ul style="list-style-type: none"> Adaptive social safety nets. Empowering countries with tools, knowledge, and support. Use of premium subsidies to make insurance and other pre-arranged financing elements available for vulnerable countries. Regional solutions and regional risk pools. Tailored country packages adapted to the local context containing portfolio of instruments | <p>Support limited to a select group of countries.</p> <p>Role beyond insurance schemes.</p> <p>Build on elements of adaptive social safety nets.</p> |

| <i>Possible elements of the funding arrangements</i> | <i>Key potential roles in the funding arrangements</i> | <i>Possible approaches to enhance support provided</i> | <i>Potential concerns raised</i> |
|--|--|---|--|
| | | for financial and social protection. | |
| National funds and mechanisms | Varies | <ul style="list-style-type: none"> National climate funds to address loss & damage and disasters. Locally driven flexible, bottom-up approaches. Effectiveness of instruments depends on the country systems and architecture as well as institutional capacity. | Ensuring process is local/community based and bottom-up, rather than top-down project-based. |
| Santiago network | Technical assistance and capacity building (readiness function for the new fund and the funding arrangement) Could provide support to overcome challenges with programmatic approaches. | <ul style="list-style-type: none"> Support to national systems towards the development of loss and damage solutions. Comprehensive risk management approaches at regional, national, and local levels. | Need to avoid duplication of process and instruments. |

1. Cross-cutting issues to be considered in the operationalization of the new funding arrangements and fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.2

(a) Responding to slow onset events (SOEs)

36. Some participants highlighted the fact that addressing SOEs should not be undertaken through delayed support, while other participants highlighted the fact that SOEs do allow more time to prepare, focusing on the opportunity of repurposing approaches and funding arrangements available for adaptation by augmenting support and enhancing access; and on the special need to focus on prevention due to the irreversible nature of most SOEs. In relation to the irreversible nature of some SOEs, some participants underlined the importance of considering transformative approaches and the need to consider compounding impacts with extreme weather events.

37. Many participants agreed that SOEs tend to be very context specific and require a deep understanding of the national context which is in turn reflected in the need for and importance of nationally developed solutions.

38. Many participants also highlighted the importance of ensuring that funding for SOEs is grant-based and predictable over time, and that it results in no

additional burden for countries. Specifically, some participants highlighted that it is critical to ensure that funding for SOEs does not lead to further indebtedness.

39. Many participants agreed on the longer-term nature of support needs in relation to SOEs, and some highlighted the need to ensure that the fund can commit funds over the long-term horizon (30–40 years).

40. Many participants highlighted the importance of programmatic approaches in the context of loss and damage, in particular SOEs, with some highlighting the importance of including national capacity building in these approaches. In this context, some participants raised the fact that many SOEs tend to have transboundary implications and suggested considering regional programmatic approaches.

41. Many participants agreed on community-based approaches, including ensuring that communities are consulted in a participatory and ongoing manner, and on integrating their inputs into programmatic approaches. Other participants noted that the role of communities, vis-a-vis the new fund, should also extend to community access, including through dedicated small and micro grant programmes.

42. Data gaps and data collection needs were identified as important focus areas when responding to SOEs. Participants also mentioned the need for long-term data collection, filling gaps in data quality, as well as for ensuring that data is used as a basis for programmatic approaches. Capacity building to process data and technology transfer were also identified as a need by some.

43. National planning processes were mentioned as relevant in the context of effectively responding to SOEs, including NAPs, and some participants noted that the fund could play an important role in supporting planning processes. In this context, some also suggested integrating human mobility considerations in such processes.

44. Many participants highlighted the important role the WIM ExCom could play in providing technical guidance, including through its expert groups; as well as the important role that the Santiago network could play in capacity-building.

45. Some participants highlighted the need for finance for SOEs to be additional to adaptation, and for the fund to ensure a resource allocation buffer for SOEs.

46. While some participants see SOEs as the primary focus of the new fund, others highlighted that the fund would need to cover the full spectrum of responding to loss and damage, and that conversely, SOEs could be addressed both through the fund (with some participants suggesting a dedicated window) as well as through other elements in the funding arrangements.

(b) Responding to non-economic losses (NELs)

47. Some participants highlighted the need to ensure that communities have a leading role in determining what they value and how NELs should be valued. Additionally, others acknowledged that, although it may be difficult to value NELs, this does not mean that the necessary actions cannot be costed or that NELs do not require financial support.

48. Some participants suggested modifying the PDNA and DaLA methodologies to consider the cost of responding to NELs which could help funding arrangements better respond to NELs.

49. Some participants highlighted that existing funding arrangements are not designed in a way that allows them to take NELs into account. To effectively respond to NELs, the results framework of the new fund will need to be developed with NELs in mind (being phrased in past tense and requiring steps such as memorialization).

50. Some participants highlighted the importance of thinking of ways in which innovative sources, including the private sector, could be explored in the context of NELs, including the consideration of ESG approaches.

51. Some participants highlighted a possible role for the fund in supporting national level systems, for example supporting the funding of state subsidized health insurance.

(c) Human mobility

52. Many participants identified key gaps that need to be addressed, including the lack of resources reaching the highly vulnerable, such as refugees and displaced and migrant populations in conflict-affected and fragile contexts. The resources for preparedness, action, and recovery of these communities, refugees, and their host communities, who are already in marginalized situations, are insufficient. Additionally, there is limited access to funding for local actors, including organizations led by refugees and displaced persons themselves. There is also a significant gap between humanitarian and development cooperation that needs to be bridged. Therefore, it is necessary to build and reinforce existing tools, taking into account the vulnerabilities of countries.

53. Some participants emphasized the need for the fund and the funding arrangements to be accessible to climate refugees, as well as other displaced populations and communities who host them.

54. Many participants recognized the need to better understand the drivers of displacement, how to reduce it, and how to better prepare people for it. This relates to the capacity of governments to identify who is at risk of displacement.

55. Many participants also highlighted the importance of rebuilding cities/societies to enable migrants to return and to be less affected by future disasters. There is also a lack of legal protection for communities impacted by climate crises.

56. Many participants identified the need for quick and sustainable recovery after displacement and emphasized the need for preparedness to include longer-term considerations, especially in the context of human mobility resulting from these events. As displacement becomes more common in vulnerable countries, more funding will be needed.

57. Some participants noted that most people displaced during 2022 returned home on their own but without adequate assistance, and that these people are not reflected in the data.

58. Some participants pointed out that while humanitarian action is an important tool, more needs to be done to address internal displacement beyond the current approach.

(d) Engagement with local communities and indigenous peoples

59. Some participants and organizations providing humanitarian support recognised the role of local communities as first responders following a climate related event. While some support is available following an extreme climate-related event, it is often not sufficient, with gaps in funding arrangements, to support local communities with rehabilitation and long-term reconstruction.

60. Some participants identified the need to have mechanisms in place to ensure that finance flows to the local level where it is most needed. Different suggestions were shared for how this could be achieved, including the use of a programmatic approach and direct access to local communities through a small grants window. This may help to ensure that the response to loss and damage is locally led.

61. Indigenous peoples were recognised for their unique knowledge and practices which could enhance our understanding of climate change and associated loss and damage. It is therefore important that they are included in developing solutions and some Parties noted the potential role of the Santiago network in receiving and sharing ideas from indigenous peoples. In addition, the new fund and funding arrangements should ensure access to indigenous peoples and other vulnerable groups such as women, youth and people with disabilities.

B. Maximizing support from existing funding arrangements

1. Challenges and opportunities in maximizing support from existing funding arrangements

62. Many participants reiterated the importance of additionality, highlighting the need for coordination and to build on existing funding arrangements. Others noted specific avenues of opportunity. Some mentioned that building on existing arrangements would allow for a faster disbursement of funds. Faster and granular delivery would also be faster if funding was delivered through existing arrangements or programmes. Other participants specifically highlighted the humanitarian system and its potential in making enhancements and improvements to the existing mosaic.

63. Some participants noted the challenge of maximizing support from existing funding arrangements due to the unique nature of loss and damage arrangements and a lack of existing systems for long-term rehabilitation and reconstruction processes and for addressing slow-onset events. Some noted specific limitations of the existing funding arrangements, relaying that some countries are uniquely disadvantaged with the necessary capacity when it comes to accessing existing funds. Other participants observed how existing institutions are under-resourced to meet their own mandate and have not delivered in an effective way in the past.

64. Dimensions of complementarity to the existing funding arrangements were emphasized by some participants, which would allow building on existing arrangements and avoid duplication. Others highlighted the need for improvement of coordination, adopting a holistic approach and creating synergies and coherence.

Along these lines, some participants noted the need to set up a coordination mechanism to foster coordination to promote complementarity.

2. Opportunities for increasing complementarity, coherence, cooperation, and coordination

(a) The Humanitarian system

65. Some participants stressed the crucial role of humanitarian aid and actors in the development of the fund. As such, some participants encouraged leveraging and drawing from the existing technical expertise in the humanitarian system to inform the new funding arrangements and modalities. In addition to the need to form a mosaic of international arrangements for immediate disaster relief and early recovery, the main premise of this mosaic must be its ability to create national-level mosaics of solutions, drawing on lessons learned and humanitarian aid. Concrete opportunities mentioned included supporting the design of anticipatory action frameworks, filling gaps between response and recovery, and opening windows dedicated to climate-related humanitarian assistance.

66. Some participants echoed the need for further support to make the humanitarian systems as anticipatory as possible, which could be possible through scaling up humanitarian anticipatory funding, strengthening coordination, and shifting power and decision-making process responses to local leadership.

67. It was noted that the humanitarian system works to gain coherence at the strategic level through the Inter-Agency Standing Committee (IASC), which brings together a variety of humanitarian actors. At the operational level, a cluster system is used to coordinate operations across both local and international actors, which helps clarify responsibilities and enhances the quality control and accountability for action in different areas. A coordinated planning process must also be agreed upon by different stakeholders in the system.

68. It was also emphasized that involving local actors is critical in coordination structures. For instance, within the UN system, resident coordinators (RCs) and humanitarian coordinators are responsible for coordinating planning and supporting and working closely with governments during and after a disaster. The RCs and the humanitarian cluster system bring together both the national and international organizations to work towards a common response. Furthermore, it was noted that the refugee system works in complement to the humanitarian cluster system, which supports internally displaced persons and affected populations within their countries of nationality and residents.

(b) Multilateral Climate Funds and Initiatives

69. Noting the need for a trigger mechanism for the fund addressing loss and damage, UNDRR highlighted the need for better early warning systems, setting the UN Secretary General's Early Warnings for All initiative as a good example of cooperation. UNDRR also emphasized that building a common and shared evidence base for data will be a core enabler of coordination, to which UNDRR is already capacitating countries in collecting and using localized information on loss and damage.

70. Anticipating the Global Refugee Forum later this year, UNHCR launched a new effort to mobilize multiple stakeholders around climate action and finance

pledge, which provides an opportunity to ensure financing to address loss and damage reaches refugees and their hosts as some of the most climate vulnerable communities. This includes the promotion of inclusive policy and plans to strengthen the pipeline of projects and programs while strengthening capacity in technical assistance to ensure that refugees, their hosts, communities, and countries are not left further behind. Presenting specifically on refugee coordination and response architecture, UNHCR highlighted the Refugee Response Financial Tracking (RRFT) platform, which compiles all financial data from multiple sources or organisations involved in refugee programmes and budgets for refugee-related appeals and plans, as well as gaps in the funding.

(c) The operating entities of the financial mechanism under the Convention and the Paris Agreement

71. The Long-term Vision on Complementarity and Coherence collaboration (LTV) between the GCF and the GEF is a roadmap for the two institutions to work together, developed in response to relevant guidance from the COP. The aim of the LTV is to define specific areas of cooperation, enhance the planning, implementation, effectiveness of the outcomes of GEF and GCF investments, and support the implementation of joint initiatives and inform future programming for both funds. The LTV is governed by a joint LTV Steering Committee, with four representatives from the two Secretariats. The Steering Committee provides guidance and oversees joint planning.

72. The modalities of collaboration within the LTV framework include three key areas: collaborative and coordinated programming; sharing of information, lessons learned and knowledge; and communication and outreach.

73. The GEF has regular engagements with other climate funds on issues ranging from programming of funds, complementarity (including in-country investment planning, streamlining of processes and procedures, comparability of monitoring and results), and communications and outreach. For example, the annual meeting of the heads of the climate funds provides a high-level opportunity for the funds' principals to reflect on past achievements and define priorities for collaboration. This meeting engages the GEF, the GCF, the Adaptation Fund, and the Climate Investment Fund (CIF).

74. Another initiative worth mentioning is the Climate Funds Collaboration Platform on Results, Indicators and Methodologies for measuring impact, which includes the GEF, GCF, Adaptation Fund, the CIF, and the NAMA Facility. Coherence on indicators and methodologies across funds allows countries and implementing agencies to be more efficient when reporting, and creates linkages when projects from one fund are replicated, synergized, scaled by another fund. This may also lead to greater consistency and comparability on both GHG emission reduction estimates and adaptation benefits.

(d) The role of the new Loss and Damage Fund

75. Some participants suggested for the fund to play a coordinating role in aligning funding arrangements with the principles of the Convention and its various agreements, including historical responsibility to ensure coherence and broader financing. This involves a coordinated and integrated approach involving multiple stakeholders and sectors, with the fund serving as the centrepiece of new loss and

damage funding arrangements to support vulnerable countries. UNOCHA gave an example of how the design of the framework could get the partners together for coordination and planning with climate finance assisting with the design of the types of frameworks. In a similar vein, some participants envision that the fund would serve as a convener of external funding bodies.

76. Some participants suggested the establishment of a coordination mechanism or council that can coordinate existing funding arrangements. As such, beyond its financial role, some highlighted the potential role of the fund in linking national systems to global actors and funding arrangements, such that coordination and the ability to shift from the initial response phase to recovery and reconstruction is strengthened.

(e) The role of the Santiago network

77. The potential role of the Santiago network with regard to coordination and complementarity was considered by some participants to build on existing structures and strengthen the coordination between them. For example, noting the low absorptive capacity of vulnerable developing countries, UNDRR relayed the Santiago network’s high significance and role as a key enabler of the loss and damage fund and funding arrangements. However, other participants highlighted the fact that the Santiago network does not have a coordinating function to address loss and damage.

(f) Coordination at national level

78. Coordination at national level was highlighted by some participants. Some noted that at the national level, the country is coordinating humanitarian actors and civil society activities and ensuring the regulation and enablement of the private sector.

(g) Complementarity with non-state actors

79. The UN Climate Change High-level Champion noted the complementary role of non-state actors, and their ability to support implementation under different capacities (e.g. private sector, civil society, think tanks) once the fund is fully operationalized. Businesses should not be left on the sidelines, but need to be part of the conversation and should be considered as complements, not substitutes, to the funding arrangements and fund. Insurance and risk finance is not a panacea but can play an important part of the response to loss and damage, as illustrated by the Africa Climate Risk Insurance Facility.

Table 3

List of illustrative examples and suggestions of relevant coordinating mechanisms

| <i>Examples</i> | <i>Key Considerations</i> |
|---|--|
| Long-term Vision on Complementarity and Coherence collaboration (LTV) | Defines specific areas of cooperation between GEF and GCF; enhances the planning, implementation, and effectiveness of the outcomes of GEF and GCF investments; and supports the implementation of joint initiatives and inform future programming for both funds. |

| | |
|--|--|
| Climate Funds Collaboration Platform on Results, Indicators and Methodologies for measuring impact | Promotes the coherence on indicators and methodology across AF, CIF, GCF, GEF and NAMA Facility. |
| The Inter-Agency Standing Committee (IASC) | High-level humanitarian coordination forum, which brings together the executive heads of 18 organizations and consortia to formulate policy, set strategic priorities and mobilize resources in response to humanitarian crises. |
| Early Warnings for All initiative (EW4All) | An initiative co-led by WMO and UNDRR, partnering with the Red Cross and Red Crescent movement, civil society, Big Tech companies, donor governments, development banks, and the insurance sector to coordinate support of EWS. |
| Santiago network | Potential coordination role of the Santiago network for delivery of technical assistance related to loss & damage. |
| Annual meeting of the heads of the climate funds | High-level meeting between AF, CIF, GCF and GEF to reflect on past achievements and define priorities for collaboration. |

3. Other programs presented

(a) The World Bank

80. The Global Facility for Disaster Reduction and Recovery (GFDRR) is a grant-funding mechanism managed by the World Bank that up-streams capacity-building and policy reform work to help governments and communities prepare for and respond to the impacts of climate change and other disasters. Its support is demand-driven, socially inclusive, and responds to requests from national and subnational authorities and tools. GFDRR works with the Global Shield and the World Bank's adaptive social protection (ASP) team, which also works with governments with a focus on livelihood diversification programs, addressing the gap on livelihood support after a climate shock.

(b) Asian Development Bank (ADB)

81. ADB has improved its systems to provide timely, adequate, and predictable support to countries. It has a disaster response facility which provides additional grant support to ADF countries that are impacted by disasters. ADB's Asia Pacific Disaster Response Fund, for example, is a grant-based instrument providing support to countries, providing small but important grant to all developing member countries hit by a major disaster. This Fund can be transferred in 1–2 days based on triggers that are activated by countries.

(c) CREWS Initiative

82. The CREWS initiative, an operational funding mechanism supporting action on every element of effective early warning system and services, noted their Scaling-up Framework as an example of how climate finance mechanisms can coordinate at a concrete level. The Framework, jointly developed with the GCF, has the objective of fast-tracking access to GCF finance through its simplified approval process (SAP) for projects that have benefited from CREWS investments and have demonstrated scalable elements. This would enable a more simplified, efficient

approval process for GCF and reduce transaction costs and increase efficiency in the overall project cycle.

(d) The Global Shield

83. The Global Shield is a global initiative that will support the development and implementation of tailored country packages adapted to the local context and will contain a portfolio of instruments for financial and social protection with leadership at the country level, and a supply side which is responsive, inclusive, and coordinates coherent support at the global level.

(e) Migration Multi-Partner Trust Fund (MMPTF)

84. The Migration Multi-Partner Trust Fund (MMPTF) is the only UN financing mechanism fully dedicated to supporting collective action in the national implementation of the Global Compact. The joint programmes are designed and implemented through collaborative work by members of the United Nations Network on Migration working with national governments, local authorities, and relevant stakeholders. There is great opportunity to establish complementarity between loss and damage and migration, and to foster cooperation between the MMPTF and the new loss and damage fund.

(f) United States Agency for International Development (USAID)

85. USAID is an independent agency of the U.S. federal government and a humanitarian donor providing financial support to meet the needs of many who are experiencing loss and damage from climate related disasters. USAID supports critical work to minimize and address loss and damage in the form of anticipatory action, disaster response and risk reduction (e.g. flash flood guidance systems), early recovery resilience activities, with a holistic approach to assistance provision. USAID is focused on prearranged risk financing for traditional humanitarian funding to assist communities to prepare for climate impacts, which includes humanitarian anticipatory action, funding, and diversifying USAID investments.

(g) Pacific Resilience Partnership (PRP)

86. At the regional level, a programme such as the Pacific Resilience Partnership (PRP), was noted to contain a range of mechanisms for better coordination such as through a taskforce. The PRP is the umbrella implementation mechanism for the Framework for Resilience Development in the Pacific (FRDP).
