



EMBEDDING EQUALITY IN THE NEW LOSS AND DAMAGE FUND

Lessons from the Pacific and Asia

Part 2. Securing equal access to the Fund

SAFE CLIMATE
EQUAL FUTURE



OXFAM



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This report is part of Oxfam Australia's 'Safe Climate, Equal Future' series which focuses on solutions to the interconnected crises of climate change and inequality.

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IMAGE (ABOVE): Loreto Island, Malaita province, Solomon Islands: Loreto Island, off the coast of Malaita, which is under threat from rising sea levels. Photo: Collin Leafasia/Oxfam.

COVER IMAGE: East Are'are, Solomon Islands: Derick looks over the ocean from his village at Waimaka in East Are'are, Solomon Islands. Derick's community and coastal village are among those most affected by sea level rise in Malaita province. Photo: Ivan Utahenua/Oxfam.

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EXECUTIVE SUMMARY

The most profound challenges we face today are the intertwining crises of climate change and inequality.

Part 1 of this two-part paper series makes the case for why we must centre *addressing* inequality in the Loss and Damage Fund and lays out guiding principles for the Fund. In this paper, we put those principles into practice to explore the inequities in current climate funds, particularly for Pacific Island countries, and explain how the Loss and Damage Fund can avoid barriers to access and ensure locally led action and participation for those on the frontline of the climate crisis.

The new Loss and Damage Fund must focus on addressing loss and damage, the key gap in funding needs. Within that scope, funding must be comprehensive, flowing in response to rapid-onset and slow-onset events. It must be adequate, flexible, predictable, long term and centre the evolving self-determined needs of local communities over time in respect to both economic and non-economic impacts. This comprehensive approach is critical to ensure there are no gaps in support, which would risk deepening inequality and poverty.

Currently, there is limited funding to respond to slow-onset events and non-economic losses from climate change, including the loss of lives, long-term health, cultural heritage and spiritual harms. Oxfam's case studies from Indonesia and Vanuatu seek to share the breadth and depth of hurt that non-economic losses incur and why funding is required to fill these gaps.

Some have suggested that rapid-onset events are covered by humanitarian funding, and thus do not need to be covered by the Loss and Damage Fund. Humanitarian experts, including Oxfam, disagree. Humanitarian funding is not designed to ensure those who have caused climate change pay their fair share in accordance with the United Nations Framework Convention on Climate Change (UNFCCC) principle of Common but Differentiated Responsibilities and Respective Capabilities. Instead, humanitarian funding from contributor countries is discretionary. Funding from one disaster to another can differ based on the priorities and strategic political goals of the donor countries, rather than based on need. Humanitarian relief also falls well short of the comprehensive recovery response needed in such circumstances. If the Loss and Damage Fund fails to provide funding for long-term recovery from rapid-onset events, it will have fundamentally failed to

address the harms and impacts of climate change on countries and communities who have not caused the problem. It would risk leaving millions of people behind.

In the past decade, Pacific Island countries have not received enough climate finance, despite being among the most vulnerable, and already disproportionately experiencing the destructive impacts of climate change. This includes more frequent and intense cyclones, sea level rise inundating their homes and farmlands, and changes in the natural environment that are deeply affecting traditional food harvesting practices and ways of life. This is particularly true for indigenous peoples, who feel the cultural and spiritual impacts profoundly. In response to their vulnerability, Pacific Island countries have led the way, advocating for climate finance and the establishment of the Loss and Damage Fund. Despite this leadership, between 2014 and 2019 the Pacific only received USD \$3.3 billion in climate funds, far short of their estimated climate adaptation costs of USD \$1 billion per annum. Some countries have received less than USD \$20 million on average.

This funding shortfall is connected to the substantial difficulties the Pacific is experiencing in accessing climate finance. Large global climate funds such as the Green Climate Fund have detailed administrative processes and lengthy timeframes, which make the funds difficult to access for Pacific Island countries and communities. Experience from climate finance disbursement has also shown that too often funds do not reach the most climate-vulnerable communities and other local communities in need, and do not provide enough support to women and marginalised communities. Just 10% of global climate finance is estimated to be dedicated to locally led action. Instead, often funds align with the interests of developed countries, replicating colonial power dynamics.

These access and equity issues must not be repeated in the Loss and Damage Fund. Creating a new fund under the UNFCCC allows us to pick and choose the best parts of previous funds, and add fresh thinking to design features that have seen some of the most climate-vulnerable countries and communities miss out on support. To reduce inequality and poverty the new Loss and Damage Fund must be accessible to the most

climate-vulnerable countries. There must be dedicated funding streams to ensure that Pacific countries and other highly climate-vulnerable countries get their fair share of funding. The Fund also needs simplified and standardised direct access processes, and dedicated funds for strengthening the capacity of countries, civil society and communities to design, apply, implement and evaluate programs.

The Fund should be designed to provide reliable, long-term funding for programs that are co-designed with climate-vulnerable local communities. The Fund must implement the Principles for Locally Led Adaptation and set a target of at least 50% of funds going to locally led action from the outset, and increasing over time. It should meaningfully involve and strengthen the capacity of communities, civil society and sub-national governments to participate in and lead loss and damage discussions, processes, and program design and implementation.

The Loss and Damage Fund must also ensure that women can participate at all levels of the its architecture, and that gender is mainstreamed in decision-making and fund disbursement from the outset. This includes ensuring the Fund has a dedicated pool of finance earmarked for programs where gender is the primary focus and for local

women's organisations to lead responses to loss and damage.

If we can get the Loss and Damage Fund design right from the start, it has significant potential to halt the deepening inequality and poverty associated with climate change impacts and to support communities to self-determine their vision for a more resilient future.

As part of the greater Pacific region, Australia has an important role to play in supporting the interests of Pacific Island countries to secure representation on decision-making bodies and receive their fair share of funding. With its influential seat on the Transitional Committee, Oxfam in the Pacific and Oxfam Australia are united in calling on the Australian Government to advocate for the Loss and Damage Fund to address rapid- and slow-onset events, and economic and non-economic losses. The government must advocate for a design that provides accessible, reliable, long-term funding for locally led programs, meeting the needs of climate-vulnerable local communities across Asia and the Pacific.

We must learn the lessons of past climate funds and design the new Loss and Damage Fund to build a more equal future.

1. THE NEW LOSS AND DAMAGE FUND MUST FOCUS ON ADDRESSING LOSS AND DAMAGE COMPREHENSIVELY

In 2015, at COP21 in Paris, loss and damage was included in a dedicated article (Article 8) in the Paris Agreement, with reference to “averting, minimizing and addressing loss and damage”.

“Averting or minimising loss and damage through mitigation and adaptation actions remains critically important, especially as global climate tipping points get closer. However, these actions alone do not alleviate the injustice faced by many who bear the brunt of unavoidable loss and damage and who have contributed the least to the crisis. It is thus important that the new Loss and Damage Fund focuses on addressing loss and damage directly. Developing countries impacted by climate change must not be left with the sole burden of recovering from and responding to climate loss and damage.

Currently, there is limited funding to respond to slow-onset events and non-economic loss and damage from climate change (See Table 1 for further definitions of these terms).¹ There is little to no funding available for loss of lives, long-term health

impacts, damage to cultural heritage and spiritual harms. There is little support to respond to rising sea levels that seep into farmlands and flood homes during spring tides. When rising sea temperatures send fish to deeper water away from islands, there is no compensation for the loss of fish upon which communities depend, nor are there reparations for the spiritual pain these people experience. This also inhibits the creation of new livelihoods. Oxfam’s case studies from Indonesia (Case study 1), Vanuatu (Case study 2) and Solomon Islands (See Case study 1, Paper 1) seek to share the depth of hurt that non-economic losses can have, and why we must ensure these losses are averted and minimised where possible through mitigation and adaptation. But when impacts are unavoidable, we must address these losses and damage and ensure compensation and reparations are paid to communities.²

TABLE 1: LOSS AND DAMAGE: CAUSES AND IMPACTS

Different types of causes	Rapid-onset/extreme weather events	Slow-onset events
	Rapid-onset or extreme events hit quickly and cause loss and damage instantly. They may be a single, discrete event such as a cyclone, flood, drought or heatwave. ³	Slow-onset events evolve gradually from incremental changes occurring over many years or from an increased frequency or intensity of recurring events, causing loss and damage. These may include sea level rise, ocean acidification, salinisation, land and forest degradation and desertification. ⁴
Different types of impacts	Economic loss and damage	Non-economic loss and damage
	Economic loss and damage are negative impacts that can be assigned a monetary value. These are things such as the cost of rebuilding infrastructure like homes, schools and roads damaged due to a flood, or the loss of revenue from agricultural crops destroyed due to drought. ⁵	Non-economic loss and damage are negative impacts that are not immediately apparent and are difficult to assign a monetary value. These may include the loss of community and connection to land/country due to displacement, societal beliefs and values, cultural heritage, biodiversity and psychological damage caused by traumatic experiences. ⁶



Indonesia: Fahri doesn’t want the cultural identity and traditional knowledge of his people the Bajo, known as ‘the people of the sea’, to be lost due to climate change. Photo: Vikram Sombu/Oxfam.



WATCH THE VIDEO

CASE STUDY 1: THE BAJO TRIBE IN INDONESIA IS LOSING ITS CULTURAL HERITAGE DUE TO CLIMATE CHANGE

The people of the Bajo tribe in Mekko, Indonesia, known as the people of the sea, are at risk of losing their cultural heritage and traditional knowledge. Rising sea levels, unpredictable weather patterns and decreasing fish stocks in the ocean have put their livelihoods at risk. These slow-onset loss and damage events have forced the Bajo people to adapt to climate change by turning to farming and harvesting to feed their families. Because of climate change, they risk losing the connection, knowledge and heritage of the sea that has been passed down for generations.

Oxfam acknowledges the support of the Australian Government through the Australian NGO Cooperation Program (ANCP).

Click the image or scan the QR code to watch the video.



Molpoe, Vanuatu: Moseph, who lives in Molpoe. In 2022, a landslide destroyed most of the homes and buildings in the village, as well as the cocoa and coconut plantations that the people relied on for their livelihoods. Photo: Ivan Utahenua/Oxfam.



WATCH THE VIDEO

CASE STUDY 2: LOSS AND DAMAGE IN MOLPOE, VANUATU

Tropical cyclones in Vanuatu are increasing in frequency and severity due to climate change. The resulting heavy rainfall is leading to soil erosion and flooding, causing severe landslides, such as the one experienced by the people in Molpoe village in March 2022. This landslide destroyed homes, buildings, plantations and the only clean water source in the village. With their cocoa and coconut plantations buried by the landslide, the people of Molpoe also lost their source of income and secure livelihoods. It will take years to rebuild and restore what has been lost. The Santo Sunset Environment Network, working with Oxfam partner Vanuatu Climate Action Network (VCAN), is supporting the people of Molpoe as they seek to rebuild their home.

Oxfam acknowledges the support of the Australian Government through the Australian NGO Corporation Program (ANCP).

Click the image or scan the QR code to watch the video.

TABLE 2: HOW RESPONSES TO LOSS AND DAMAGE DIFFER FROM MITIGATION, ADAPTATION AND HUMANITARIAN SUPPORT

Intervention	Definition	...versus loss and damage finance
Mitigation	Mitigation refers to human intervention (such as technologies or practices) that reduce emissions or enhance the sinks of greenhouse gases. ⁷	Mitigation ‘averts’ the occurrence of negative climate impacts by reducing emissions into the atmosphere. Loss and damage refers to climate impacts that go beyond mitigation (and adaptation efforts) and result in current, as well as future, harms. ⁸
Adaptation	Adaptation refers to the process of adjustment to the effects of climate change, in order to minimise harm or exploit beneficial opportunities. ⁹	Adaptation ‘minimises’ the negative impacts of current and future climate-related extreme or slow-onset events (e.g., the construction of a sea wall in response to rising sea levels, the shift to farming drought-tolerant crops, building/improving houses to better cope with weather extremes, or the adoption of emergency warning systems to minimise lives lost and damage from extreme weather events). ¹⁰ However, adaptation has a limit. Some climate impacts are so severe that no amount of adaptation or mitigation can secure the safety of a population from unavoidable climate harms. Loss and damage finance intends to fill this space beyond adaptation. ¹¹
(Emergency) humanitarian assistance	Humanitarian assistance refers to aid and action designed to save lives, alleviate suffering, and maintain and protect human dignity during and in the aftermath of human-made crises and natural disasters, as well as to prevent and strengthen preparedness for the occurrence of such situations. ¹²	While loss and damage finance and humanitarian assistance have some overlap, their principles are fundamentally different: humanitarian assistance is discretionary and is based on principles of solidarity, whereas loss and damage funding is directed by the principles of Common but Differentiated Responsibilities and Respective Capabilities – in other words, polluter pays and equity. ¹³ Humanitarian assistance may address anticipatory action and slow-onset crises, but more usually focuses on rapid-onset events and alleviating immediate harm for the most vulnerable communities. ¹⁴ Humanitarian responses do not provide long-term recovery, nor do they address cultural and environmental loss and damage in a holistic way. Humanitarian action does not respond to macro-level impacts of disasters, nor does it consider non-economic losses beyond immediate loss of life and short-term impacts on health, wellbeing, housing, education and social cohesion. ¹⁵ These elements of rapid- and slow-onset events and both economic and non-economic losses not covered by humanitarian assistance are within the remit of loss and damage finance.

TABLE 3: RESPONSES TO ECONOMIC AND NON-ECONOMIC LOSS AND DAMAGE

Different types of responses	Rapid-onset/extreme weather events	Slow-onset events
Economic loss and damage	<ul style="list-style-type: none"> Humanitarian and other relief immediately following an emergency to provide temporary and transitional assistance. Financial protections, through social protection and other safety nets and public insurance to manage risk and provide compensation Resources and expertise to rebuild assets, economic systems, activities and livelihoods to avoid or reduce future climate risk. 	<ul style="list-style-type: none"> Livelihood diversification with reskilling and support for alternative livelihoods. Safe and dignified planned relocation/migration. Physical infrastructure adjustments. Social protection measures such as compensation.
Non-economic loss and damage	<ul style="list-style-type: none"> Finance to support the relocation of communities displaced by climate change, immediately after an extreme weather event or as a pre-emptive measure in response to slow-onset impacts. Recognition and repair of loss (whether or not accompanied by financial payments). Active remembrance (e.g. through museum exhibitions, school curricula). Counselling and official apologies. Conservation and restoration of ecosystems and biodiversity. 	

In the past, governments and policy actors have sometimes confused and combined the terms mitigation, adaptation and loss and damage. To clarify distinctions and key principles, we set out definitional parameters of loss and damage finance against other climate and humanitarian interventions in Table 2. The distinction between loss and damage and adaptation or humanitarian funding in particular is critically important from a global funding perspective, as the funds must complement existing funding and fill the big gaps that currently exist. However, we recognise that the actions taken after a loss and damage event (Table 3) might overlap and coincide with humanitarian, adaptation and/or development activities when it comes to the community level. At this local level, what's most important is not trying to separate out the overlap,¹⁶ but ensuring that once a loss and damage event has occurred and funding is triggered, that the funding provided is directed by the self-determined and evolving needs of impacted communities. Proper transparency and accountability processes will help ensure the funding is benefiting impacted communities and responding to climate loss and damage, while also providing other positive integrated development outcomes.

Meeting the needs of communities

The Loss and Damage Fund must be comprehensive. It must be flexibly designed to respond to both rapid- and slow-onset events, in respect to economic and non-economic losses, which often overlap and coincide with one another. For example, an island country might be dealing with ongoing sea level rise (slow-onset event) but can also be hit by a Category 5 cyclone (rapid-onset event). Both events could destroy homes, roads and schools (economic losses) but would also displace communities, eroding community networks and cohesion, inhibiting cultural practices, and traumatising populations who lose loved ones, homes and livelihoods (non-economic losses). Research from Bangladesh highlights the interconnected nature of economic and non-economic losses.¹⁷

Loss and damage funding must also be comprehensive in respect to events where climate, fragility, migration, conflict and other shocks interact. This funding should not be restricted to situations where climate change is the only factor driving loss and damage, but in situations where climate change has made a significant contribution to loss and damage. They cannot be funded in isolation because they are deeply interconnected. For example, Myanmar has suffered protracted conflicts, with over 129,000 people internally displaced and over 20% of the population still living below the poverty line.¹⁸ That makes these people particularly vulnerable when

climate-change-fuelled disasters hit. In May 2023, Cyclone Mocha hit Myanmar and Bangladesh, causing huge damage and affecting approximately 1.6 million people in Myanmar.¹⁹ In response, USD \$333 million in humanitarian support was requested. This funding is significantly low when compared to the long-term recovery costs from loss and damage experienced, which have been exacerbated by the other intersecting vulnerabilities such as conflict and debt.²⁰ In such circumstances, the recovery will require a holistic response, including supporting social protection measures to prevent increased poverty outcomes.

Some have suggested that rapid-onset events are covered by humanitarian funding, and thus do not need to be covered by the Loss and Damage Fund. For rapid-onset climate events, humanitarian responses do and will continue to play a role in protecting lives and providing immediate relief in the form of shelter, medical care, clean water and food. However, the existence of such responses does not mean loss and damage finance for rapid-onset events is unnecessary.

On the contrary, humanitarian experts argue that loss and damage finance is sorely needed, and not just because humanitarian appeals consistently fall short, as detailed in Paper 1. Fundamentally, humanitarian funding is not suitable to respond to loss and damage because it is discretionary, which means the funding is often not sustained, predictable, widely accessible and adequate. Funding from one disaster to another can differ based on the priorities and strategic political goals of donor countries, rather than based on need.²¹ Humanitarian funding models are not consistent with the principles enshrined in the UNFCCC, that those who have caused climate change pay their fair share to address it in accordance with the principles of Common but Differentiated Responsibilities and Respective Capabilities.

Further, humanitarian relief is often short-term, for example temporary shelters and food, but does not provide for longer-term recovery, such as rebuilding homes. Funding gaps include macro-economic impacts, compensation and non-economic losses and damage, including cultural or environmental impacts.²² The humanitarian system is not resourced or structured to respond to escalating climate loss and damage. United Nations humanitarian funding appeals for extreme weather are now eight times higher than they were 20 years ago, while remaining significantly underfunded.²³ Humanitarian relief only covers a small part of what would be required to provide a "balanced and comprehensive approach to loss and damage".²⁴ Vanuatu, for example, has experienced an increase in the frequency and intensity of cyclones over recent decades. In 2020, Category 5 Cyclone Harold

caused USD \$617 million in total losses and damage, representing 61% of Vanuatu's forecast GDP.²⁵ It also resulted in an immediate budgetary deficit of \$10.7 billion Ni-Vanuatu Vatu, or USD \$97 million for that year, even after accounting for donor financing to support humanitarian and recovery efforts.²⁶ If the Loss and Damage Fund leaves significant gaps in remit, including in relation to recovery from rapid-onset events, it risks leaving millions of people behind, deepening inequality and poverty.

In designing the Loss and Damage Fund, we have a significant opportunity to create a fit-for-purpose fund that draws on the significant lessons of decades of humanitarian and development experience, one which captures the principles of locally led solutions through evolving self-determined needs over time. Time and time again, development agencies have highlighted the need for predictable and flexible funding, provided over the long term to meet the evolving needs of the community, from crisis response to recovery. The new Loss and Damage Fund can provide such funding, but it must have a different funding basis than humanitarian and other climate funds. It must not be subject to the fluctuating priorities and budget cycles of contributor countries. It requires a coherent, transparent and accountable approach, and must be designed around clear criteria to allow the prioritisation of scarce resources, meet agreed objectives developed with the participation of vulnerable countries and communities, and allow tracking of the finance provided to ensure transparency and accountability under the UNFCCC and Paris Agreement.²⁷

Key messages and recommendations

The new Loss and Damage Fund must focus on addressing loss and damage impacts of climate change, the key gap in funding needs, and must be complementary to mitigation and adaptation funding. We must not risk deepening inequality by restricting the types of losses and damage covered by the Loss and Damage Fund. To do so would lead to gaps in funding, where people most in need of support would slip through the cracks.

Oxfam recommendations:

- Keep loss and damage funding distinct from funding for climate adaptation and mitigation under the UNFCCC, as well as humanitarian relief under the United Nations Office for the Coordination of Humanitarian Affairs. This would ensure the critical funding gap for long-term recovery from unavoidable climate impacts is filled.
- Provide comprehensive support for rapid- and slow-onset events, including economic and non-economic losses and damage caused by climate change, in the Loss and Damage Fund.
- Ensure the Fund provides adequate, predictable and flexible funding at the community level, which centres the evolving self-determined local needs over time to enable long-term recovery, resilience and reparations.



Luganville, Vanuatu: Scenes of destruction from Cyclone Harold, which tore through the island nations of Vanuatu, Fiji, Tonga and Solomon Islands in April 2020. A Category 5 storm, it carried wind gust of over 275km/h and up to 18" of rain in parts. Despite the COVID-19 pandemic, Oxfam responded through its local office and partners. Photo: Dr. Christopher Bartlett/VCAN/Oxfam in Vanuatu.

2. THE NEW FUND MUST BE ACCESSIBLE TO COUNTRIES MOST VULNERABLE TO THE IMPACTS OF CLIMATE CHANGE

Today, countries most vulnerable to and impacted by climate change are experiencing significant challenges accessing climate finance and development funding, particularly through multilateral institutions.

Vulnerability is rarely the main driver in finance allocation at the country level. Instead, donor interest and recipients' capacity to receive finance tend to predict where the money goes.²⁸ The United Nations also found that climate finance has so far been risk-averse, with conflict and fragility affecting access to and implementation of climate finance, often in countries most exposed to climate change.²⁹ This is particularly true of the Pacific Island countries, which are highly climate vulnerable, yet have received far less funding than needed and face many barriers to accessing funds. These access barriers must not be replicated in the Loss and Damage Fund, as far as practicable.

The case of the Pacific

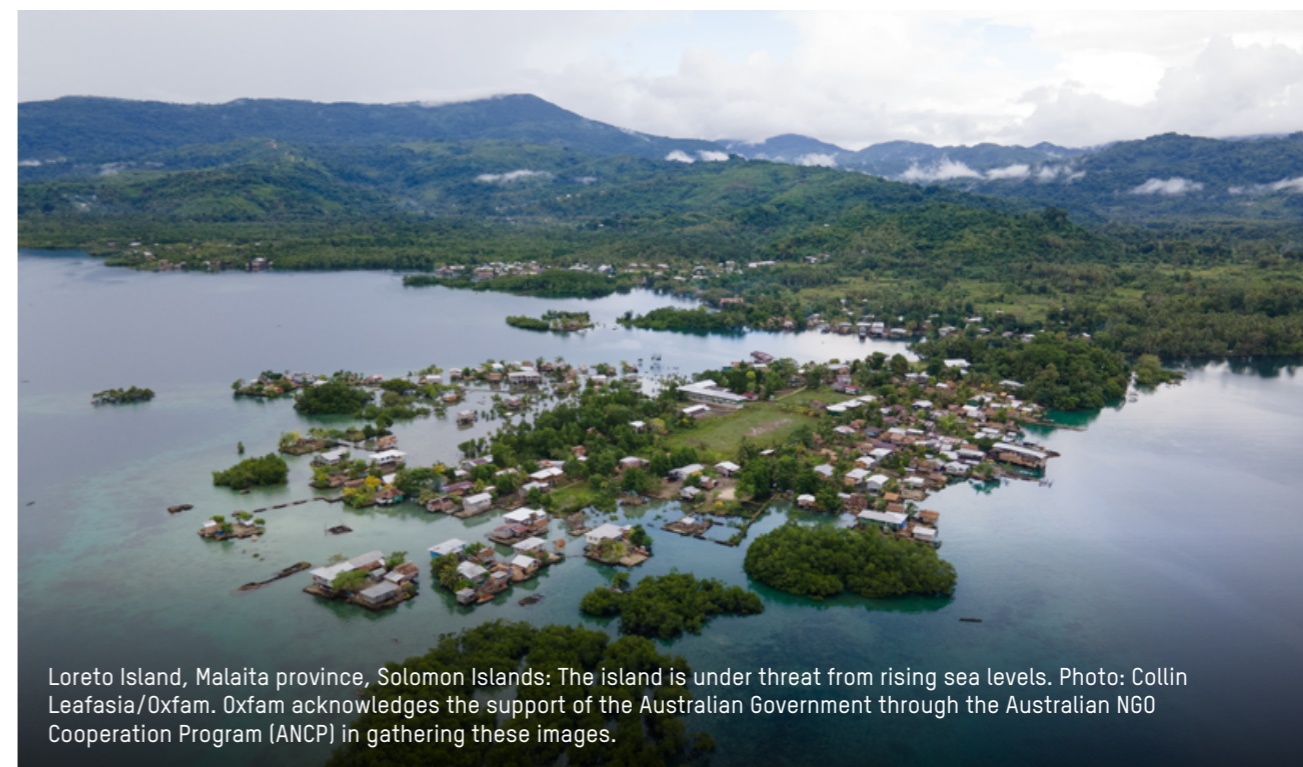
Pacific Island countries possess an incredibly rich cultural and natural heritage. They are cultural custodians of some 15% of the world's languages – over 800 in PNG alone. They are stewards of some of the world's most extensive biodiversity and oceans that are vital to the world's food and oxygen.³⁰ All this is under threat from climate change.

The Intergovernmental Panel on Climate Change's Sixth Assessment Report states that small island developing states (SIDS) are particularly vulnerable to climate change due to their geographic locations and high levels of exposure to climate impacts, as well as low levels of economic diversification, governance arrangements, technology development, financial resources and capacity limitations in institutional and legal systems.³¹ Pacific SIDS, in particular, have high levels of vulnerability to climate change and disasters, in part because their location in the tropics makes them vulnerable to cyclones

and sea level rise, as well as losses of coral reefs and fish stocks, and drought.³² Climate change poses an existential threat to low-lying atoll states over the coming decades, with projected sea-level rise threatening to flood entire islands and render them uninhabitable. Pacific countries are also least responsible for climate change, only contributing 0.01% of global carbon dioxide emissions.³³

In accordance with the principles of equality and climate justice, it is imperative that these Pacific countries and the local communities within them have proper and unhindered access to climate finance for adaptation and to the Loss and Damage Fund. Little could be more important for the resilience, wellbeing and future survival of these communities and their cultures. Yet, so far, this has not been the case. A recent United Nations Development Programme analysis of climate finance in the Pacific stated: "The current climate finance structures and patterns are disconnected from community and do not seem to be effective in bringing about improved and long-term resilience for people."³⁴

Pacific countries face specific challenges in relation to development finance in general, which have resulted in them receiving little climate finance funding via multilateral institutions, in particular. They face greater costs than other countries, with their remoteness making infrastructure more expensive, and Official Development Assistance from partner countries is insufficient. The economic losses from rapid- and slow-onset events can equal or exceed the annual GDP of SIDS, and with continued inaction on climate change, these events occur with increasing frequency and intensity each year. The relative income of many SIDS renders



Loreto Island, Malaita province, Solomon Islands: The island is under threat from rising sea levels. Photo: Collin Leafasia/Oxfam. Oxfam acknowledges the support of the Australian Government through the Australian NGO Cooperation Program (ANCP) in gathering these images.

them ineligible for cheaper finance set aside for lowest-income countries. How external financing is apportioned by international financial institutions such as the World Bank does not take into account their vulnerability to these crises.³⁵ There has been some recognition of this special situation of SIDS, including by the United Nations, the World Bank and the Asian Development Bank.³⁶ These institutions, via their special conditions for Pacific countries, have played an important role in securing access to some funds for the Pacific. However, this is considered a short-term measure by many Pacific Island countries, who are seeking direct access to funds (discussed further below). Thus, further reform of climate funds is needed to ensure Pacific Island countries receive a fair share of funds.³⁷

In terms of the quantum of funding they have received so far, the IMF found that between 2014 and 2019, some USD \$3.3 billion was committed for climate projects in the Pacific.³⁸ Of this, USD \$1.5 billion (44%) was focused solely on adaptation, USD \$0.9 billion (27%) had multiple focus activities jointly addressing adaptation and mitigation, and USD \$1 billion (29%) focused solely on mitigation.³⁹ Almost all climate adaptation projects in the Pacific have been financed through grants, with private finance flows remaining low.⁴⁰ This focus on adaptation and grants is a clear, positive

outcome, however the quantum of climate finance falls well short of need, which has been estimated on average to be between 6.5% and 9% of GDP annually, or approximately USD \$1 billion per year for Pacific Island countries.⁴¹

A recent report by the Overseas Development Institute found total levels of "resilience finance" allocated to SIDS were low and not linked to levels of vulnerability.⁴² On average, Pacific Island communities received just USD \$0.61 billion per annum from 2013–2020.⁴³ Countries that received very low levels of resilience finance include the Pacific islands of Micronesia, Palau and Nauru, which all received less than USD \$20 million per annum on average.⁴⁴ The Pacific Island Climate Action Network reported that most funds received were not yet reaching those most in need, and that there was limited data and information on the use and effectiveness of the funds at national level.⁴⁵

The climate finance landscape for Pacific SIDS

The current climate finance architecture is complex, involving multiple layers of oversight, accountability and approval before money makes its way from the contributor to the climate adaptation or mitigation project being funded.⁴⁶ The main pathways for funds are either

via bilateral contributions from countries or multilateral climate funds, such as the Green Climate Fund. In both cases, funding can be provided directly to recipient countries or agencies, or via implementing agencies such as the World Bank or the United Nations. Each of the multinational climate funds has its own accreditation criteria, application process and priorities.

Bilateral funds are important for more urgent priorities, as bilaterally funded projects tend to be disbursed more quickly, with fewer or more tailored access requirements that take into account country-specific conditions.⁴⁷ Australia, the European Union, Japan and New Zealand have led the way in bilateral climate support in the Pacific.⁴⁸ Australia is the biggest climate finance donor to the Pacific, donating USD \$610.7 million for adaptation from 2014–2019, which is about half of all bilateral funding.⁴⁹ Australia has also shown leadership by predominantly funding adaptation and grants.⁵⁰ Australia's dominance as a bilateral funder highlights the importance of the country to the future of these communities and nations. But it also highlights the fragility of current funding arrangements that hinge on budget cycles and the goodwill of the Australian Government. Bilateral funding provides limited predictability and long-term assurance to Pacific Island nations. These countries deserve the security of adequate, predictable and long-term funding, well above the usual budgetary cycles of three to five years, given the existential threats many Pacific Islands face.

Bilateral and multilateral sources of climate finance have so far been equally important in the Pacific, providing about half the amount of finance each.⁵¹ Multilateral sources of climate funds have been much more challenging for Pacific Island countries to access. Among the multilateral funds operating in the region, the Green Climate Fund has become the dominant source of funds for climate adaptation projects since 2015. Other major climate funds, such as the Global Environment Facility, the Least Developed Countries Fund and the Adaptation Fund have also historically had an important presence in the Pacific. However, according to OECD data, since 2014 the Green Climate Fund has committed more funds for Pacific Island countries than the other major climate

funds combined.⁵² To access the Green Climate Fund, accreditation is required.⁵³ There are two types of accreditation:

- Direct access entities: sub-national, national or regional organisations.
- International access entities: international access entities can include United Nations agencies, multilateral development banks, international financial institutions and regional institutions.⁵⁴

To date, access to the Green Climate Fund through international accredited entities has been the most effective modality for Pacific Island countries. Thirteen projects, totalling \$399 million (92% of the total contributions) have been funded through international entities. Solomon Islands and Nauru have been able to unlock large amounts of financing through this modality, while others have not. Cook Islands, Palau and Papua New Guinea have had very limited success.⁵⁵ This modality works better for larger-scale projects when country and international accredited entities' interests are aligned. Where priorities diverge, change, or where projects are simply too small, countries are locked out. Accessing these funds through an international multilateral agency adds another layer of bureaucracy to climate finance architecture in the region. This makes it more difficult for locally led and community-based members who face the brunt of the climate crisis to access this type of climate financing. For these reasons, many countries view accessing the Green Climate Fund through an international accredited entity as only an interim measure until they can achieve direct-access accreditation – a pathway perceived as providing greater national control and ownership.⁵⁶

Many Pacific Island countries are seeking national direct access entity accreditation to the Green Climate Fund. As of early May 2021, however, only two countries' institutions have managed to secure direct access through a national accredited entity: the Fiji Development Bank in 2017, for projects up to \$10 million, and the Cook Islands Ministry of Finance and Economic Management in 2018, for projects up to \$50 million.⁵⁷ This is true of all SIDS, with only four of 40 SIDS having a national direct access entity.⁵⁸ The Micronesian Conservation Trust, the South

Pacific Regional Environment Programme and the Pacific Community are the only regional accredited entities.⁵⁹

There are a number of reasons why Pacific Island countries and other SIDS have struggled to access the Green Climate Fund. The accreditation and project approval process is lengthy, with accreditation often taking two to five years, and projects themselves typically taking several years from conception to completion. Often there are significant delays in disbursement of funds.⁶⁰

The Green Climate Fund also has financial standards, gender policies and environmental and social safeguards that are well suited to large projects, but more challenging for small countries or projects to meet.⁶¹ These standards are important for governance and accountability but can pose significant barriers for nations and organisations to receive accreditation, as many do not have relevant policies in place, and have limited capacity to implement them. They can be complicated for many Pacific Island countries, who lack the time, resources and bureaucratic capacity to fulfil them in the application, delivery and compliance phases.⁶² These administration and capacity hurdles are seen as the most significant barriers to accessing the funds by many climate-change-vulnerable countries.

The lack of flexibility and support on key issues of importance to SIDS is also a constraint.⁶³ Some SIDS also lack the historical local or national climatological data necessary to substantiate claims that Green Climate Fund investments are required for adaptation.⁶⁴

In a 2020 Oxfam in the Pacific study in Weno, in the Chuuk State of the Federal States of Micronesia, women, especially those who work in formal community-based groups, pointed out the resource constraints they face to write applications and implement projects. Individual talanoa excerpts were translated as follows:

I really get frustrated with these grant providers... they think you can just give grants and expect people to volunteer to implement the activities...that is unfair...people are giving up their time to do this work...living in Chuuk is not cheap...People here also need to pay for

bills to survive ...there is a lot of turnover in my organisation and I constantly have to look for funding to retain these people.

Proposal writing is a big issue for us...we often find it difficult to put together a decent proposal when we find opportunities, and I think that the amount we often secure is a reflection of the quality of the proposal we submit, which, from our perspective, is not much.⁶⁵

It is critical that these barriers are properly addressed in relation to access to climate finance for adaptation and mitigation. It is also imperative that the same barriers are not created in the new Loss and Damage Fund. We need fresh thinking that breaks away from the old systems. The Fund architecture must centre equity, climate justice and the needs of impacted communities, not donor countries. Without a strong focus on access and equity, including gender equity, the Loss and Damage Fund runs the risk of exacerbating existing inequalities for communities on the frontlines of climate impacts.

Designing the Loss and Damage Fund to be accessible to highly climate-vulnerable countries

There are a number of ways to ensure all developing countries have access to the Loss and Damage Fund, particularly climate-vulnerable countries such as those in the Pacific.

The Loss and Damage Fund must be a new fund that serves both the UNFCCC with its core principle of equity and Common but Differentiated Responsibilities and Respective Capabilities, and the Paris Agreement which identifies loss and damage as a separate pillar of funding to adaptation and mitigation. It should be a stand alongside the Global Environment Facility and Green Climate Fund and be designed as the third operating entity of the Financial Mechanism under Article 11 of the UNFCCC, and serve in the same function for the Paris Agreement.⁶⁶ The funding should not be channelled through other climate funds such as the Green Climate Fund given the challenges many climate-vulnerable countries have faced accessing those funds. Having a new and separate fund allows it to be designed in a way that is fit-for-purpose for its mandate,



East Are'are, Solomon Islands: Shirley, from Manawai Bay in East Are'are, sits by a stream. Her people are reluctant to move to higher ground to escape the rising seas, as the stream is their source of fresh water. Photo: Ivan Utahenua/Oxfam.

builds on successes of other funds, and creates new processes to overcome barriers to access experienced in other funds.

To ensure vulnerable recipient countries can access the Loss and Damage Fund, the governance body of the Fund must have strong representation from countries on the frontline of the climate crisis. The Fund's governance body must have equitable representation (more than 50%) from recipient countries, including Pacific and other climate-vulnerable countries, and have gender balance. This will help ensure allocation of finance according to need, rather than based on interests and preferences of contributing countries. It will also help ensure proper representation of impacted countries, who will be motivated to respond to access challenges as they arise and ensure funds reach those who need them most.

There could also be regional or country grouping funding sub-goals, where certain country groupings would receive a given, committed amount. These sub-groupings would be created in recognition of the special circumstances of those regions, including a high level of climate vulnerability, high burden of impacts and limited means to respond.⁶⁷ The Multidimensional Climate Vulnerability Index could provide a key guide in developing these sub-groupings.⁶⁸ Alternatively, it could have principles and mechanisms for matching the quantity of funding with the need, which would de facto recognise differentiated vulnerability levels, regardless of income group.⁶⁹

The Fund must be designed with easy-to-navigate administrative and bureaucratic processes, particularly for countries and communities with limited capacity in this regard. Direct access modalities must be the focus of the Fund.

Accreditation, monitoring and compliance processes for direct access must be simplified, standardised across the Fund and fast tracked compared to the Green Climate Fund, for example, to ensure more highly climate vulnerable countries can directly access the funds in a timely way.⁷⁰ Another option could be to move away from accreditation requirements when the costs outweigh the benefits, particularly at a local level⁷¹ and to reduce compliance processes for smaller-scale funds below a certain funding threshold to allow enhanced direct access by local communities.⁷²

Another important way to improve access is to prioritise dispersing funding via multiple channels, including to national governments and to local organisations, with existing relevant structures and programs to build on existing capacity and expertise.⁷³ This funding should align to recipient's plans and priorities. The Pacific Resilience Facility is an example of a Pacific-led facility whose mandate could be expanded to deliver loss and damage finance in the region.⁷⁴

To further address administrative barriers, within the Loss and Damage Fund there must be funding dedicated to strengthening the capacity and resourcing of vulnerable countries, civil society and local communities to make applications and manage the delivery, monitoring, evaluation and compliance requirements of the Loss and Damage Fund and other international financing mechanisms.⁷⁵ This includes funding to support nations and local communities to develop a more detailed understanding of loss and damage costs. For example, Oxfam in Bangladesh is working with local communities to help them report losses and damage from small-scale events, such as minor floods that happen often, but that do not gather international attention or quantification on a national scale.⁷⁶ The Vanuatu Government has committed to conducting assessments on potential and actual loss and damage across the country linked with ongoing vulnerability assessment processes, and quantifying losses (e.g. food security, culture, ecosystem services and integrity), particularly through the post-disaster needs assessment approach.⁷⁷ But further funding and support is needed for these programs and others to build and support the development of in-community capacities to undertake this work.

While capacities are being developed, international financial intermediaries such as multilateral development banks can continue to act as temporary intermediaries, provided there is a clear requirement for them to build the capacity of national and sub-national entities to directly engage with international financing mechanisms themselves. This is critical for reducing the influence of international stakeholders over the Fund and instead instil a more self-determined and locally led approach, which is crucial to decolonising the international development sector.⁷⁸

Many Pacific Island country governments and experts have called for a focus on longer-term program funding, rather than a project-by-project finance model with high administrative costs. They want to see more flexible and sustained funding (over several years), based on recipient national development and climate plans and priorities, so they can continue to adapt, expand and tailor their work to the evolving needs over time.⁷⁹ This is particularly appropriate for supporting comprehensive recovery and reconstruction efforts in the years after a climate disaster. For example, preliminary findings from the Climate Justice Resilience Fund operating in Bangladesh, Malawi and the Pacific, highlight the diverse, evolving and cumulative nature of loss and damage, with rapid- and slow-onset events cascading into myriad impacts felt at all community levels and across generations.⁸⁰ They found the Fund needed to have a programmatic rather than project-to-project approach to be effective. A project which forces communities to follow restrictive funding cycles diminishes local capacity-strengthening opportunities and marginalises local organisations.⁸¹ The Fund must provide sustained support for a wide range of activities over the long term and allow for the adjustment of activities over time in response to changing circumstances. This is best achieved through long-term climate plans which are built through participatory planning processes.

The Loss and Damage Fund should have triggers that enable rapid access to funds for post-disaster impacts. These should be automated to speed up allocations in urgent situations.⁸² There should be no accreditation process to access such funds in rapid-onset events to ensure timely access to the Fund during times of crisis.⁸³

Slow-onset events, due to the longer-term nature of their impacts, require flexible, programmatic funding approaches that make a ‘trigger’ approach more difficult to implement. However, access to funds may be streamlined and accelerated by standardising or pre-approving funding support for specific activities and measures.⁸⁴ The release of funds to respond to slow-onset events can also be accelerated by devolving funding decisions up to a specific amount and for specific activities from the governing board level to relevant committees.⁸⁵

Australia’s role

As part of the Blue Pacific region, Australia has an important role to play in supporting Pacific Island countries. Currently, Pacific Island countries do not have representation on the Transitional Committee for Loss and Damage, while Australia does. This provides Australia with a significant opportunity to be a good neighbour and strategic ally to Pacific Island countries and represent their interests on the committee, while advocating for a seat for the Pacific in future. Australia should advocate for a comprehensive Fund that is designed to be accessible to highly climate-vulnerable countries. Australia should thoroughly examine the above suggested design features and, in consultation with Pacific Island countries and civil society groups, contribute to developing a design that best meets this aim.

Key messages and recommendations

Pacific Island countries are among the most climate-vulnerable in the world and have limited means to adapt. So far, they have not received climate finance in accordance with their level of vulnerability. There are major barriers to access, particularly for the Green Climate Fund, which is the most significant source of multilateral climate adaptation finance. The lessons from these climate funds must inform the design of the Loss and Damage Fund, to ensure it is accessible by all developing countries, particularly the most climate-vulnerable countries and communities.

Oxfam recommendations:

- Ensure the Loss and Damage Fund is accessible to all developing countries, particularly highly climate-vulnerable countries such as Pacific Island countries.
- Establish the Loss and Damage Fund as a new operating entity of the UNFCCC Finance Mechanism to enable a fit-for-purpose design that overcomes access barriers.
- Ensure the Fund’s governance body has equitable representation (more than 50%) from recipient countries, including Pacific and other climate-vulnerable countries, and has gender balance.
- Provide dedicated funds for highly climate-vulnerable countries, like Pacific Island countries, within the Fund’s design to ensure they get their fair share of funding. This could involve regional and country grouping Fund allocations or funding prioritisation based on need.
- Create simplified, standardised direct access and accreditation processes within the Fund to help overcome barriers to access for countries with bureaucratic capacity constraints.
- Provide dedicated funds to resource and strengthen the capacity of local communities, civil society and smaller Pacific Island countries to manage the application, delivery, monitoring, evaluation and compliance requirements of the Loss and Damage Fund and other international financing mechanisms.
- Prioritise flexible funds for long-term programs, including programs that align to national climate and development plans, to reduce administration costs associated with project-by-project funding and better respond to evolving needs.
- Develop automatic triggers for the release of funds to enable local communities and civil society agencies to respond rapidly to disasters. Develop streamlined processes for access to funds for slow-onset events.
- Australia advocates for the interests of Pacific Island communities on the Loss and Damage Fund Transitional Committee. It should ensure that the design it advocates aligns with the above recommendations.

3. THE NEW FUND MUST MEET THE SELF-DETERMINED NEEDS OF LOCAL COMMUNITIES AND WOMEN

The Loss and Damage Fund must ensure local communities on the frontline of the climate crisis lead decisions that directly affect their lives.

Local communities, including women, indigenous people, young people, people with disabilities and other often marginalised groups, experience the impacts of climate change first-hand and thus must be able to use their local and indigenous cultural knowledge of the local environment to inform effective program design, funding decisions and implementation. This will help ensure that their way of life is protected.

This approach is not only just, it is effective. A locally led fund can deliver a “quadruple win”, producing sustainable results at lower cost, developing local capacity, providing improved

livelihoods, reducing inequality and shifting unequal gender paradigms thereby enabling women to engage and lead in developing climate solutions.⁸⁶

Apply the Principles of Locally Led Adaptation in the Loss and Damage Fund

Across climate finance, aid and the humanitarian sector there has been significant advocacy by leading civil society organisations and countries to achieve a greater proportion of funding for local action at community level.⁸⁷ The Grand Bargain, agreed in 2016, was a commitment by some of the



Shefa province, Vanuatu: Shefa Provincial Disaster and Climate Change Officer, Eddy (left), and community member Phelina discuss a project to plant vetiver grass on the shoreline of Phelina’s island as part of an effort to slow beach erosion, which has accompanied sealevel rise. Photo: Elizabeth Stevens/Oxfam America.

largest donors and humanitarian organisations to direct 25% of humanitarian funding to local and national responders.⁸⁸ Despite Australia being a signatory to the Grand Bargain, alongside other developed economies, these targets have not yet been realised.⁸⁹

A similar story was evident in global climate finance. Between 2003 and 2016, it was estimated that less than 10% of global climate finance was dedicated to local action.⁹⁰ In Australia, for example, just 2.7% of climate finance to the Pacific region was estimated to be locally led in 2019–2020.⁹¹ These figures are just estimates, as poor transparency and reporting metrics in the system obscure how funds are being governed and dispersed on the ground.⁹² Persistent shortfalls in climate finance funding for locally led programs stem from the prioritising of large-scale mitigation initiatives over locally led adaptation solutions. Further, the short-term nature of funding often limits critical capacity-building opportunities for local communities, compounds compliance requirements, and reduces accessibility to funds that often need to be mobilised quickly and at scale.⁹³

Since 2019, in response to this very low level of funding, the Least Developed Countries (LDC) Group has been actively advocating that at least 70% of climate finance flows support local-

level action by 2030.⁹⁴ In 2021, 31 organisations came together at the Climate Adaptation Summit to formally endorse the Principles for Locally Led Adaptation.⁹⁵ Since then, the movement to promote locally led adaptation has grown. Adopted by over 100 organisations and 40 countries, the principles offer clear guidance for decentralised, local and community-based mechanisms to identify and prioritise needs, as well as plan and implement action. They support national and local entities to identify needs and coordinate local activities in addition to directly accessing finance.⁹⁶

ACCESS THE PRINCIPLES FOR
LOCALLY LED ADAPTATION HERE



The International Institute for Environment and Development has shown how locally led adaptation can be delivered via regional bodies, national governments, sub-national governments, civil society and private sector mechanisms, depending on the local context. In a 2022 report it showcased different ways that locally led adaptation had been financed and implemented in different contexts in Africa, Asia, Latin America and the Pacific.⁹⁷ The Micronesia Conservation Trust, for example, provides an interesting regional model for implementation of locally led adaptation in the Pacific.⁹⁸



Vanuatu: Oxfam staff member Keneri talks with Namun, left, and Waiwai, second left, with Marie, the area focal point for the Unblocked Cash project. Photo: Arlene Bax/Oxfam.

The new Loss and Damage Fund is a significant opportunity to break free from old structures and turn goals for locally led action into reality. These Principles of Locally Led Adaptation equally apply to responses to loss and damage from climate change, arguably even more given the need for the Fund to provide for non-economic losses, which are often deeply personal to local communities and Indigenous Peoples. We can build upon the work of the Global Commission on Adaptation and implement the principles in the Loss and Damage Fund's design and operation.⁹⁹ Beyond that, setting a target of 50% of the Fund going to locally led action from the outset, and increasing over time, strikes the right balance between competing priorities of cost, impact and effective action. Oxfam suggests creating processes and dialogues in each recipient country to discuss between governments, civil society and affected communities the best mechanism to support frontline communities.

Putting participatory decision-making at the heart of the funding process

Key to locally led loss and damage funding will be ensuring the Loss and Damage Fund embraces participatory funding structures. These ensure the effective and meaningful involvement of affected communities, including those from traditionally marginalised groups, in the design stage of interventions. Participatory funding structures have been implemented previously with great success. The Global Environment Facility Small Grants Programme and the Caribbean Development Bank's Basic Needs Trust Fund enable local communities to engage directly in the design, appraisal and evaluation of climate and development projects. The Forest Investment Programme Dedicated Grants Programme and the United Nations Capital Development Fund are governed by multi-stakeholder committees at the national level. These include local community representatives.¹⁰⁰ The World Bank's Community-Driven Development initiatives have been praised for their flexible yet large-scale approach, giving local communities and decision-makers enhanced direct access to flexible and reliable finance. They directly involve communities, with assistance from local government officials and technical experts, in the planning, project identification and development phase, and provide block grants to villages and

municipalities, giving recipient communities direct control of their financial resources.¹⁰¹

Learning from best practice from other Funds shows that giving a voice to affected communities and civil society at the governance level helps ensure funds are connected to the realities of vulnerable communities. Affected communities should help decide how the Loss and Damage Fund is used. That means giving these communities a voice and a vote on the governance body.¹⁰²

This participatory structure should also be extended to measures and indicators of success. Currently, the metrics of success used by providers of finance are skewed in favour of large-scale results that deprioritise outcomes at the local level. When interventions are responding to the needs of the poorest and most vulnerable, these communities should have a say in what success looks like.¹⁰³

Small grants are a just and effective means of delivering climate finance directly at the community level, including to women and marginalised groups.¹⁰⁴ Direct and unconditional access funds for programs and unconditional cash transfers, as opposed to loans or project-based finance, are also likely to be more accessible for recipients and effective in reaching affected communities.¹⁰⁵ Oxfam's Unblocked Cash program, explained in greater detail in Case study 3, has been particularly successful at delivering funds quickly to local communities and in a way that means they can self-determine how funds are best spent to meet their needs.

As noted in Section 2, strengthening the capacity of communities and governments to access funds is essential to ensure a fair distribution of funds. Grants to local civil society organisations and other sub-national governments are an important way to achieve this.¹⁰⁶ Oxfam has worked successfully with local climate networks in Solomon Islands to increase the capacity of local communities to obtain grant funding (see Case study 4). Enhanced access can also be achieved by supporting civil society organisations or community groups to form one entity to achieve accreditation.¹⁰⁷

CASE STUDY 3: OXFAM UNBLOCKED CASH

One form of support for communities displaced or disrupted by climate loss and damage that targets their individual needs is the direct payment of cash to affected individuals. Direct cash payments are widely accepted as the most dignified and appropriate form of emergency assistance for local communities, but for remote parts of the Pacific region, limited access to banks and centralised systems of resource delivery creates challenges when implementing traditional cash and voucher assistance. Oxfam's Unblocked Cash program addresses these challenges by using blockchain technology to save aid distribution costs, reduce delivery times, and bring increased transparency and accountability to the process.

The project originated in 2019 in Vanuatu to support communities displaced from the island of Ambae after a volcanic eruption. This was later extended to support recovery for people whose livelihoods were impacted by Tropical Cyclone Harold and COVID-19 restrictions. Unblocked cash has since been extended to Papua New Guinea and Solomon Islands. So far, over USD \$3.84 million has been distributed digitally to 35,000 people across the Pacific, with delivery time reduced by 96% and distribution costs lowered by 75%.

The programme has these key elements:

1. Blockchain technology facilitating transactions.
2. E-voucher "tap-and-pay" NFC cards (alternatively: QR code or SMS) provided to households which people can use to purchase goods.
3. Smartphones with a pre-installed app through which vendors receive payments.
4. A single-payment online platform where intermediaries like Oxfam can disburse funds and monitor transactions remotely and in real-time.

This mechanism holds great promise for distributing loss and damage finance. Unblocked cash is scalable and easily used to transfer finance to individuals and households that experience loss and damage events, without the complexities of insurance scheme co-payments. As such, the Unblocked Cash program is a proven mechanism that could be greatly expanded for use in loss and damage financing.



Tanna, Vanuatu: Vendor Lydia accepts payments at her Lenekel market bread stall as part of the Unblocked Cash program in Vanuatu. Photo: Arlene Bax /Oxfam.



Vanuatu: Joe shops with his Unblocked Cash card. Today, Joe is buying clippers. "A lot of us don't have money," Joe said. "The card has given us a lot of things and a chance to generate more income. Now I can buy clippers to start doing some hairdressing again." Photo: Arlene Bax /Oxfam.

CASE STUDY 4: CLIMATE ACTION NETWORKS STRENGTHENING ACCESS TO FINANCE

One of the biggest challenges in addressing loss and damage will be getting finance to the local level where people are most impacted. Community-based organisations often face barriers accessing finance from traditional donors, like low technical and organisational capacity, lack of funds to match investor finance, and complex donor proposal requirements.



Oxfam in the Pacific, through its Pacific Climate Change Collaboration and Influencing (PACCCIL) project, is supporting climate action networks in the region to develop their organisational and technical capacity. This increases their opportunities to access climate finance. Solomon Islands Climate Action Network (SICAN) coordinator Slade Ririmae, recognised that “weak capacity of SICAN members affects fundraising ability, project management, recognition, technical areas, and sustainability”.

In 2022, grant proposal writing workshops for SICAN members focused on climate change and climate finance. This allowed members to gain a broader understanding of finance architecture and to enhance their skills in developing grant proposals for climate donors. As a result, two member organisations were able to secure grant funding from major donors, including the Ahetaha Water Conservation Association (AWCA) for up to AUD \$6,000. Mr. Edward Huitarau of AWCA said he was grateful to be part of SICAN, as it had exposed his community-based organisation to opportunities that would otherwise be difficult to access as a grassroots organisation in Solomon Islands.

Mr Huitarau said being part of SICAN not only boosted their capacity to apply for and secure grants, but also raised their organisation’s profile, generating interest among other potential donors who recognised their affiliation with SICAN, as well as their key role in climate change and conservation in Solomon Islands.

IMAGE (ABOVE): Solomon Islands: Edward Huitarau and Peter Kenieroa from the Ahetaha Water Conservation Association (AWCA), who are active members of SICAN, reviewing the grant agreement. Photo: Andy Taba’a/Oxfam.

The Fund must be gender transformative

The Loss and Damage Fund must be gender transformative and address the disproportionate disadvantage women and gender-diverse communities experience as a result of climate change. A systemic approach must be embedded in the Fund from conception, centred around:

- shifting power to the local level
- increasing and enabling women’s access to loss and damage finance
- safeguarding women’s rights
- creating space for women’s leadership in addressing loss and damage
- addressing women’s disproportionate care burden
- championing gender-transformative social protection policies
- incorporating women’s protection into all loss and damage action.¹⁰⁸

In practice, this means the meaningful engagement and leadership of diverse women and marginalised groups from affected countries in loss and damage decision-making processes. Governance and executive leadership of the Loss and Damage Fund must be gender balanced and processes to mainstream gender in decision-making and fund disbursement must be defined and implemented from the outset. Channels and dialogue spaces must be made available at all levels of the loss and damage architecture so local women and women’s organisations can directly input into the Fund’s operation. Oxfam’s Kōtui program (Case study 5) is an example of how locally led adaptation and loss and damage programs can be delivered in a gender-responsive manner, supporting and building the capacity of women to access resources, participate and lead decision-making processes and make their voices heard in local, provincial and national fora.

The Fund must not reproduce existing power imbalances in development and humanitarian aid and must seek to support and work directly with women and women’s organisations on the ground. In the international development sector, women’s rights organisations receive just 0.5% of bilateral aid worldwide.¹⁰⁹ In the Pacific, less than 1% of grant funding is directed to Pacific women’s organisations, and funding for gender equality has stagnated across the region.¹¹⁰

The Loss and Damage Fund must rebalance the scales by establishing a dedicated finance pool with funds earmarked for initiatives focused on gender, and for women’s organisations developing locally led responses to loss and damage. Gender mainstreaming efforts currently underway in climate finance must carry over into the Loss and Damage Fund, with measures and mechanisms implemented from the outset to ensure that loss and damage funding contributes to gender equity, responds to women’s needs and circumstances, and enables women to lead the discussion and development of locally led climate solutions. Communities deserve a voice in the loss and damage process and should be leading decisions that will directly affect their lives and livelihoods.

CASE STUDY 5: KŌTUI PROGRAM – IMPROVING WOMEN’S ACCESS TO RESOURCES AND OPPORTUNITIES, AND ELEVATING THEIR VOICES

Kōtui is an Oxfam Aotearoa–Ministry of Foreign Affairs and Trade program spanning four countries in the Pacific region. It aims to drive systemic change for women experiencing restrictive gender norms and climate change impacts. The program focuses on the links between land rights and climate change, particularly relating to the impact of climate disasters on local lives. In Solomon Islands, the intimate connections between land rights and climate change adaptation are clear to the coastal communities of West Are’are, with relocation and its complexities emerging as a strong theme in discussions with these communities.

The Kotui program is designed to drive long-term change for women who are vulnerable to the climate crisis. The program is driving this change through its women’s economic empowerment work, where it is helping women build their confidence to participate in decision-making within their communities and beyond. It works in partnership with the West Are’are Rokotanikeni Association (WARA).

WARA is an organisation focused on increasing access to and control for women over household and community resources that can improve their resilience. WARA demonstrates the many benefits of women-focused capacity strengthening and of involving local women in decision-making processes that affect their communities. The benefits have gone well beyond villages and singular communities to impact regional and subnational levels. In February 2023, WARA organised the Are’are Chiefly Leadership Forum, where community and regional leaders came together to discuss challenges and develop coordinated responses to logging and climate change, which have been destroying the local environment and traditional Are’are social structures over the last 10 to 20 years.

Below is a testimony from WARA staff on the change they saw around women’s participation and influence in West Are’are:

“Most leadership spaces are dominated by men, and women’s opinions and decisions were often dismissed...Before, women wouldn’t stand in front of men. Now they stand in front of men to share their important view or opinions, with confidence. They know what they can do, their responsibilities, how to engage properly in leadership spaces... When a leadership space is opened for them, they are confident in that space, they know how to act and how to speak in that leadership space.”

These women have become more confident in speaking out about their ideas and opinions within their communities and in public forums, such as the Climate Justice 10 Dialogue and the Pacific Climate Justice Summit. As sea levels rise and the inundation of their communities looms large, the importance of their participation in making decisions about how they cope and respond to this loss cannot be underestimated for the resilience of the community.



West Are’are, Solomon Islands: A representative speaking at the West Are’are Leadership Forum, organised by the West Are’are Rokotanikeni Association. Photo: Dreamcast.



West Are’are, Solomon Islands: Arahanimane Council of Chiefs and representatives join the West Are’are Leadership Forum, organised by the West Are’are Rokotanikeni Association. Photo: Dreamcast.

Key messages and recommendations

The Loss and Damage Fund will be most effective if it is designed and delivered with the participation and leadership of local communities most impacted by climate change.

Oxfam recommendations:

- Embed the Principles for Locally Led Adaptation in the Loss and Damage Fund and ensure at least 50% of funding is dedicated to locally led action from the outset, and increasing over time. Create processes and dialogues in each recipient country to establish the best mechanism to support frontline communities.
- Meaningfully involve and strengthen the capacity of communities, civil society and sub-national governments to participate in and lead loss and damage discussions, processes, and program design and implementation. This includes giving civil society and affected communities a voice and vote at the governance level of the Fund.
- Ensure that women can participate at all levels of the Fund architecture, and that gender is mainstreamed in decision-making and Fund disbursement from the outset. Ensure the Fund has a dedicated pool of finance earmarked for programs where gender is the primary focus, and for local women’s organisations to lead responses to loss and damage.
- Australia recognises the power imbalance of traditional models of bilateral and multilateral financing and work with low-income and climate-vulnerable countries to ensure their ambitions and objectives are reflected in international climate processes and financing agreements.
- Australia ensures that at a minimum 50% of contributions made to the Loss and Damage Fund go directly towards locally led action. The Principles for Locally Led Adaptation should be implemented and mainstreamed in Australia’s development policy, including in climate finance and loss and damage.



Ilareng, Vanuatu: Clarisse, in her community store in Ilareng. Clarisse is a vendor participating in the Unblocked Cash program. “Being a vendor in the program is good because we can help people in our community, especially the elderly who don’t have money to go to Lenekel [the main town centre] so they can still buy food,” Clarisse said. Photo: Arlene Bax/Oxfam.

4. SUMMARY OF RECOMMENDATIONS

Area	Recommendation
The new Fund must focus on addressing loss and damage comprehensively	<ul style="list-style-type: none"> • Keep loss and damage funding distinct from funding for climate adaptation and mitigation under the UNFCCC, as well as humanitarian relief under the United Nations Office for the Coordination of Humanitarian Affairs, to ensure the critical funding gap for long-term recovery from unavoidable climate impacts is filled. • Provide comprehensive support for rapid- and slow-onset events, including economic and non-economic losses and damage caused by climate change, in the Loss and Damage Fund. • Ensure the Fund provides adequate, predictable and flexible funding at the community level, which centres the evolving self-determined local needs over time to enable long-term recovery, resilience and reparations.
The new Fund must be accessible to countries most vulnerable to the impacts of climate change	<ul style="list-style-type: none"> • Ensure the Loss and Damage Fund is accessible to all developing countries, particularly highly climate-vulnerable countries such as Pacific Island countries. • Establish the Loss and Damage Fund as a new operating entity of the UNFCCC Finance Mechanism to enable a fit-for-purpose design that overcomes access barriers. • Ensure the Fund’s governance body has equitable representation (more than 50%) from recipient countries, including Pacific and other climate-vulnerable countries, and has gender balance. • Create simplified, standardised accreditation and approval processes within the Fund to help overcome barriers to access for countries with bureaucratic capacity constraints. • Provide dedicated funds for highly climate-vulnerable countries, like Pacific Island countries, within the Fund design to ensure they get their fair share of funding. This could involve regional and country grouping fund allocations or funding prioritisation based on need. • Provide dedicated funds to strengthen the capacity of local communities, civil society and smaller Pacific Island countries to manage the application, delivery, monitoring, evaluation and compliance requirements of the Loss and Damage Fund and other international financing mechanisms. • Prioritise flexible funds for long-term programs, including programs that align with national climate and development plans, to reduce administration costs associated with project-by-project funding and to better respond to evolving needs. • Develop automatic triggers for the release of funds to enable local communities and civil society agencies to respond rapidly to disasters. Develop streamlined processes for access to funds for slow-onset events. • Australia advocates for the interests of Pacific Island communities on the Loss and Damage Fund Transitional Committee. It should ensure the design it advocates aligns with the above recommendations.
The new Fund must meet the self-determined needs of local communities and women	<ul style="list-style-type: none"> • Embed the Principles for Locally Led Adaptation in the Loss and Damage Fund and ensure at least 50% of funding is dedicated to locally led action from the outset, and increasing over time. Create processes and dialogues in each recipient country to establish the best mechanism to support frontline communities. • Meaningfully involve and strengthen the capacity of communities, civil society and sub-national governments to participate in and lead loss and damage discussions, processes, and program design and implementation. This includes giving civil society and affected communities a voice and vote at the governance level of the Fund. • Ensure that women can participate at all levels of the Fund architecture, and that gender is mainstreamed in decision-making and fund disbursement from the outset. Ensure the Fund has a dedicated pool of finance earmarked for programs where gender is the primary focus, and for local women’s organisations to lead responses to loss and damage. • Australia recognises the power imbalance of traditional models of bilateral and multilateral financing and works with low-income and climate-vulnerable countries to ensure their ambitions and objectives are reflected in international climate processes and financing agreements. • Australia ensures that, at a minimum, 50% of contributions made to the Loss and Damage Fund go directly towards locally led action. The Principles for Locally Led Adaptation should be implemented and mainstreamed in Australia’s development policy, including in climate finance and loss and damage.

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Tanna, Vanuatu: The Unblocked Cash Transfer program is a world first, using the Ethereum block chain to transfer cash quickly to people after a disaster. Photo: Arlene Bax/Oxfam.



Loreto Island, Malaita province, Solomon Islands: The island is under threat from rising sea levels. Photo: Collin Leafasia/Oxfam. Oxfam acknowledges the support of the Australian Government through the Australian NGO Cooperation Program (ANCP) in gathering these images.



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