

**Date: 10<sup>th</sup> September 2023**

**Submission by Pakistan to the Transitional Committee on the Operationalization of the New Funding Arrangements for Responding to Loss and Damage and the Associated Fund**

**Pakistan's Climate Vulnerability**

Pakistan has consistently experienced devastation caused by vagaries of climate change – from massive floods to droughts to heat waves and cyclones. Pakistan's extreme climate vulnerability is duly recognized by the well-known climate vulnerability indices. According to the Germanwatch's Climate Risk Index, Pakistan is among the top ten most climate vulnerable countries in the world. The INFORM Climate Change Risk Index – a collaboration between the Inter-Agency Standing Committee Reference Group on Risk, Early Warning and Preparedness and the European Commission – also places Pakistan among the top countries of the world having extreme climate vulnerability. The ND-GAIN Country Index also recognizes Pakistan among the most vulnerable countries to adverse impacts of climate change. Last but not least, according to the Preliminary Country Scores of the United Nations Multidimensional Vulnerability Index, Pakistan is among the developing countries with most structural vulnerability and least structural resilience.

Pakistan is the victim of unprecedented loss and damage associated with the adverse impacts of climate change despite the fact that it contributes less than one percent of global Green House Gas emissions.

Last year, Pakistan witnessed its worst climate-induced natural disaster in the shape of devastating Monsoon floods. The floods dealt a huge blow to our efforts to lift our people out of poverty. Our economy and our people are still reeling from its aftermath. The scale of losses and damages was unprecedented.

- A third of the country was under water;
- 33 million people were impacted;
- More than 1700 innocent lives perished; and
- Nearly 8 million people were displaced.

Our road to rehabilitation and reconstruction is a long and winding one, but we are fully determined to forge ahead. Even this year, Pakistan witnessed devastating Monsoon floods, displacing more than 400,000 people and submerging more than 160,000 acres with standing

crops. There was significant damage to infrastructure as well. Climate induced disaster for Pakistan, it seems, are becoming a norm, not an exception.

Pakistan's extreme climate vulnerability must elicit solidarity from the international community, and the Loss and Damage Fund, established at COP-27, is only a manifestation of that solidarity. In this regard, it is imperative that the Transitional Committee recommends operationalization of the fund and new funding arrangements in a way that they address the needs and priorities of all particularly vulnerable developing countries like Pakistan.

### Institutional Arrangements for the Loss and Damage Fund

Pakistan, as Chair of the G-77 & China, played a constructive role at COP-27 in the establishment of the LD Fund and new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage, including with a focus on addressing loss and damage. We look forward to its successful operationalization at COP-28.

It is significant in this regard that all outstanding issues related to institutional arrangements of the LD Fund, as well as the Funding Arrangements, are resolved within the Transitional Committee at its upcoming fourth meeting.

Our views on the Fund itself are based on the following broad principles:

- The Fund must play a central role in the systemic global response to loss and damage associated with adverse impacts of climate change, by supporting vulnerable developing countries like Pakistan.
- The Fund must be responsive to the needs, priorities and circumstances of vulnerable developing countries.
- It is also imperative that the Fund operates under the principles of the UN Framework Convention on Climate Change and Paris Agreement, especially the principles of Equity and Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC).
- On the eligibility criteria of the Fund, we stress that all vulnerable developing countries like Pakistan, irrespective of their level of development and geographical

grouping, must be eligible to access the funds financial resources and no vulnerable developing country should be excluded and left behind.

- The developed countries must provide to the Fund new, additional, and adequate non-debt producing grant-based public finance as a primary source of funding.
- Pakistan is supportive of the design of the fund that allows it to receive funding from innovative sources. It is, however, significant to ensure that the innovative finance should complement not replace the public grant-based finance by developed countries.
- To ensure alignment of eligibility criteria, programs and policies of the Fund with the Convention and Paris Agreement, the Fund should be operationalized as an Operating Entity of the UNFCCC and also serves the Paris Agreement.
- The Fund should have a dedicated and independent Secretariat to ensure that the implementation of the Fund's policies and delivery on guidance from COP and CMA are done in an impartial manner.
- Pakistan is supportive of representation of the civil society, private and philanthropic sectors in the Board of the Fund. However, the Board must operate in a Party driven manner.
- The scope of the Fund should comprehensively cover the ongoing and ex-post actions, including slow onset and extreme weather events, and economic and non-economic losses and damages.
- In our understanding proposal of creating sub-funds under the LD Fund on specific themes would lead to potential risks of earmarking of resources to some of the sub-funds, at the cost of under financing others.
- Pakistan believes that the activities of the Fund should be country-led and country-owned, and be based on the programmatic approach ensuring direct access of developing countries without the need of accreditation. We, however, stress that the development of national loss and damage response plans should not be a conditionality for vulnerable developing countries for accessing financial resources of the Fund.

- The Fund must ensure direct and rapid access for national governments of vulnerable developing countries following extreme weather events. Countries experiencing devastation (like Pakistan in 2022 and 2023) must have quick recourse to funding.

### Funding Arrangements

On Funding Arrangements, the Transitional Committee should come up with recommendations that are aimed at strengthening existing funding arrangements of sources, funds, processes and initiatives to deliver the much-needed impact on ground more quickly, and to complement the work of the Fund in addressing loss and damage.

Pakistan believes that the Fund should be the centrepiece of the broad loss and damage finance architecture, coordinating a coherent global response, in partnership with the Funding Arrangements. It is therefore imperative that COP-28 and CMA-5 establish a High-Level Advisory Council on the new funding arrangements, with the central role of the Fund in it. It is also important that a selection criterion may also be defined in context of loss and damage to identify the key institutions and initiatives for engagement with the council.

We believe the establishment of a high-level coordination mechanism will ensure complementarity, coherence and coordination amongst the Fund and the designated Funding Arrangements, to better respond at scale to the growing impacts of loss and damage associated with adverse impacts of climate change.

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