



Peoples-centric, accelerated, and impactful financing and actions against loss and damage



Joint submission of recommendations of Philippine civil society and community representatives to the Board of the Fund for Responding to Loss and Damage

2 December 2024

BACKGROUND

The Philippines has long been one of the most vulnerable countries to the climate crisis, consistently ranking near the top of several global reports assessing climate and disaster risks. In 2024 alone, the country experienced both sides of the extreme weather spectrum. Over seven million people in 16 of the country's 18 regions were affected by the El Niño episode during the first half of the year, severely affecting its agricultural sector¹. Just a few months later, communities were battered by six tropical cyclones in four weeks, including four supertyphoons simultaneously traversing the Western Pacific Ocean which is unprecedented in recorded history².

This does not yet take into account the impacts of other extreme weather events and the multitude of slow onset events on the most vulnerable communities and sectors in the Philippines. Collectively in the previous decade (2010-2020), these have resulted in more than PHP506 billion (USD10 billion) of climate-related loss and damage (L&D)³ and immeasurable non-economic L&D, the brunt of which are burdened unto indigenous peoples, women, youth, farmers, fisherfolk, persons with disabilities, and other marginalized and vulnerable groups and sectors.

We acknowledge the critical role that the Fund for Responding to Loss and Damage (FRLD), which was established during COP28, would play in helping the most vulnerable avert, minimize, and/or address L&D, especially in a country as high-risk as the Philippines. Furthermore, we welcome the decision to select the Philippines as the host of its Board, which opens the possibility for stronger collaborations between the overarching non-government sector, the national government, and the Board itself in responding to issues within the L&D landscape.

The imperative of addressing L&D grows larger with each passing year that greenhouse gas emissions are not curbed enough to slow down global warming and give developing countries like the Philippines enough time to adapt, which leads to more L&D incurred. This is why it is vital to initiate the rapid, effective, and just operationalization of the FRLD to prevent stakeholders from experiencing the costly and irreversible consequences of the climate crisis.

We, the undersigned representatives of civil society organizations and networks based in and/or working with the most vulnerable communities in the Philippines, present to you the following recommendations on making the FRLD more peoples-centric, inclusive, and impactful in its operations, aligned with the fulfillment of its mandate.

Signed,

Aksyon Klima Pilipinas (AKP)
Center for Renewable Energy and Sustainable Technology (CREST)
Federation of Free Workers (FFW)
Greenpeace Philippines
Haribon Foundation
Legal Rights and Natural Resources Center - Friends of the Earth Philippines (LRC)

Life Haven Center for Independent Living
Living Laudato Si' Philippines (LLS)
Loss and Damage Youth Coalition (LDYC)
Manawari SEA
Manila Observatory (MO)
Tebtebba - Indigenous Peoples International Centre for Policy Research and Education
World Vision Development Foundation, Inc.

¹ Department of Social Welfare and Development (2024)

² Cassidy (2024)

³ Department of Finance (2021)

RECOMMENDATIONS

All the decisions to be made by the FRLD Board has to abide by its Governing Instrument, as adopted at UNFCCC COP28⁴. We acknowledge the imperative of an urgent operationalization of the FRLD, while upholding diligence throughout the decision-making process. Averting, minimizing, and addressing L&D is a long-term endeavor that requires sustainability to be reflected in both substantive and procedural aspects of its programs, projects, and activities.

The FRLD was established to urgently address the needs of developing countries, such as the Philippines, and the most vulnerable sectors and communities. Thus, all decisions of the FRLD Board must lead to peoples-centric, accelerated, and impactful financing of actions to avert, minimize, and address L&D, grounded on principles such as common but differentiated responsibility and respected capabilities, equity, and the protection of human rights.

This submission responds to some of the agenda items featured in the provisional agenda of the 4th FRLD Board meeting⁵ and specific issues critical to the operationalization of the FRLD under the direction of its Board, aligned with the mandate set under Decision 1/CP.28, specifically the following:

- Complementarity and coherence between FRLD and other L&D mechanisms under the UNFCCC;
- Improving the reach of the FRLD to subnational and local levels;
- Recommended measures to support smallholder farmers and indigenous peoples;
- Defining “direct access” for the most vulnerable communities; and
- Complementarity and coherence with other financing mechanisms.

Complementarity and coherence between FRLD and other L&D mechanisms under the UNFCCC

Averting, minimizing, and addressing L&D amid changing frequencies, lengths, and/or intensities of extreme weather events and slow onset events require synergy among bodies with mandates relevant to this matter. Since the impact of super-typhoon Haiyan in 2013, three bodies have been created under the UNFCCC to work on issues related to L&D: the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM); the Santiago Network on Loss and Damage (SNLD); and the FRLD.

While each of these entities were given distinct mandates to respond to specific themes and challenges, their functions must be implemented with complementarity and coherence to one another to ensure that the needs of the most vulnerable countries and communities, especially those hit the hardest by extreme climate change impacts, would be addressed in an urgent, effective, and just manner.

The following are recommendations for how the FRLD can be synergized with the WIM and SNLD:

WIM and FRLD

- **The WIM can provide guidance on determining the criteria for accessing and modalities for disbursing finance under the FRLD.** The FRLD Board can refer to the knowledge products and expertise under WIM in developing a set of rules for countries and communities to access available funding, including on existing vulnerability, assessment of economic and non-economic impacts, and nature of triggering extreme weather or slow onset event. It can also use these

⁴ FCCC/CP/2023/11/Add.1

⁵ FRLD/B.4/1/Rev.1

resources to decide which modes of financial flows to use for allocation and disbursement of funds, accounting for different contexts and circumstances of different kinds of recipients (i.e., direct access window for indigenous peoples and local communities). The WIM can also provide support to potential recipients of the FRLD by making its knowledge products and sources of expertise more familiar and accessible using traditional and online communication channels, in coordination with national governments (i.e. focal agency or personnel on L&D), the UNFCCC constituencies, and other non-State actors.

- **The WIM can inform the FRLD on improving its policies for Active Observer participation.** The meetings of the WIM Executive Committee (ExCom) are open and accessible, which enhances transparency and accountability of its decision-making process and builds trust with non-State sectoral representatives. Non-state actors are also part of its Expert Thematic Groups, while also contributing to the development of its knowledge products that improve the understanding of the different facets of the L&D landscape. These show the importance of a strong Active Observer policy, if the FRLD would truly live up to a “bottom-up” approach. The conduct of the ExCom meetings serves as an example that the FRLD must adopt, given the current limited participation of non-State actors in the FRLD Board meetings. Currently, only a maximum of five representatives from each of the nine UNFCCC constituencies are allowed inside the Board meetings, which is viewed by many non-State actors as insufficient as it limits access of vulnerable stakeholders that are not affiliated with, or active in, these formal constituencies. We recommend setting up an accreditation system for interested non-State actors to participate, regardless of their activity within the UNFCCC constituencies. We also suggest the set-up of an “overflow” room for additional constituency representatives (aside from those that will be in the FRLD Board meeting room) and other non-State actors not part of the constituencies to closely follow the meetings. We also support the current practice of livestreaming the proceedings of the FRLD Board meetings to enable more stakeholders with little capacity to attend on-site.

FRLD and SNLD

- **The SNLD can accelerate knowledge-sharing and capacity-building of countries and communities accessing the FRLD.** With its expanding network of organizations, bodies, networks, and experts (SNLD members), the SNLD can provide support to countries and communities in determining their needs (i.e., accounting for economic and non-economic L&D, conducting climate vulnerability and risk assessment) as part of the process of accessing the FRLD. This can be done by the two bodies co-establishing a mechanism for designating SNLD members that can provide guidance and/or assistance to potential recipients, based on the alignment between the SNLD members and potential recipients (i.e., region in which they are based, field of expertise vis-à-vis issue as basis of claim). For example, representatives of the Climate Technology Centre and Network (CTCN) may participate in the Board meetings of the GCF, while a Co-Chair or designate member of the GCF may also sit in the CTCN Advisory Board, in acknowledgment of the need for synergies between finance and technology mechanisms under the UNFCCC.
- **The SNLD can inform the FRLD on improving its policies for inclusive governance of the body.** The Advisory Board of the SNLD currently includes three seats allotted for non-State actors, with full speaking rights and participating as members, representing each of the UNFCCC constituencies for women and gender, indigenous peoples, and children and youth. Aligned with a “bottom-up” approach, the FRLD should also allot seats on its Board to non-State actors to improve transparency and accountability of its decision-making process, especially once the direct-access windows are established; considering the nascency of the body, this is necessary

to ensure that it would be operationalized such that it genuinely responds to the needs of developing countries and the most vulnerable communities. Following the practice under the SNLD, the policies for accreditation of Observers under the FRLD should also be designed to enable stakeholders, especially those from marginalized communities and areas, to have the opportunity to meaningfully engage even without endorsement from national governments.

Improving the complementarity and coherence between the WIM and SNLD would also influence the effectiveness and operationalization of the FRLD. In this context, we present the following asks:

- **The WIM and SNLD should facilitate more frequent and extensive knowledge-sharing between their respective rosters of experts.** The WIM ExCom, in particular, can aid in accelerating and improving the operationalization of the SNLD through its five thematic Expert Groups (i.e., Expert Group on Slow Onset Events; Expert Group on Non-economic Losses; Technical Expert Group on Comprehensive Risk Management; Task Force on Displacement; Expert Group on Action and Support). Regular knowledge-sharing sessions and workshops can be done between these Expert Groups and SNLD members to enhance the impact of their respective activities, especially across different workstreams and fields of expertise.
- **The WIM and SNLD should develop programs for improving communication of knowledge products, expertise, and key progress on addressing L&D across different scales.** The two bodies should tap into their respective roster of experts, including through knowledge-sharing sessions mentioned above, to design strategies for rapid and effective communication of critical information that can inform stakeholders about data, methods, and resources for averting, minimizing, and addressing L&D. These modes of communication and engagement must be done through languages and forms that are suitable to the varying contexts and circumstances for different sectors and groups.
- **The reporting and monitoring systems across the WIM and SNLD to inform the FRLD must be harmonized** for improved efficiency, transparency, and effectiveness of global efforts to address L&D. This can streamline reporting obligations for vulnerable countries, provide a clearer picture of how L&D impacts vary by region and context, and prevent duplication of efforts that would cause inefficiency in decision-making and implementation of actions.

Improving the reach of the FRLD to subnational and local levels

Case study: the People's Survival Fund (PSF)

The People's Survival Fund (PSF) was established through an amendment⁶ to the "Climate Change Act" as a special fund in the Philippines' National Treasury mandated to provide financing to adaptation programs and projects in the most vulnerable areas. Such endeavors cover themes such as strengthening early warning systems, providing risk insurance for vulnerable sectors such as agricultural workers, and increasing institutional capacities for the management of climate change impacts. Established in 2012, it was allotted an initial budget of PHP1 billion (~USD17 million) with regular replenishment and augmentation of the budget, as needed.

However, it took 12 years before this initial budget was even fully utilized, with only six projects accessing the PSF in the first decade of implementation⁷. Factors such as the lack of human capital, high poverty incidence rates, and lack of institutional capacities created challenges in capacity and administrative readiness in many rural, vulnerable local government units. Without proper technical and logistical support, this led to incomplete or low-quality proposals that were then rejected, creating a reputation of inaccessibility of the funds. This was also hampered by incoherent guidelines and procedures on releasing funds for approved projects and delays in processing required documents.

Another challenge was the lack of awareness of many local governments about the PSF for most of the past decade. Despite an enabling environment for its implementation, the failure of the previous members of the fund's Board to adequately address the aforementioned policy and governance gaps and poor vertical coordination prevented the popularization of the PSF, especially to fifth and sixth-class municipalities that are intended to be among its priority recipients.

To address these issues, the PSF Board recently established the "Project Development Grant", a sub-financing window with an allocation of PHP 60 million (or 6% of the fund's total budget). It aims to provide funding to low-income municipalities to aid in preparing their funding proposals, based on concept notes approved by the Board to have the potential for community-level climate change adaptation⁸.

Another key measure is by streamlining the process for accessing the PSF. Among the measures taken is by the Department of Finance through the creation of a dedicated PSF unit to receive the submissions and respond to queries about accessing it. The number of requirements to be submitted for access was also reduced, from the initial 14 requirements to only four documents⁹. These helped in accelerating the PSF process, which totaled 13 climate adaptation initiatives and six Project Development Grants supported as of May 2024^{10,11}.

While these measures improved the disbursement and accessibility of the PSF, key concerns still remain as many local governments and other stakeholders remain unfamiliar with the fund's existence or with a mistaken understanding of its purpose or modality for access.

⁶ Republic Act 10174, or "An Act Establishing the People's Survival Fund to Provide Long-Term Finance Streams to Enable the Government to Effectively Address the Problem of Climate Change, Amending for the Purpose Republic Act No. 9729, Otherwise Known as the "Climate Change Act of 2009", and for Other Purposes"

⁷ Yanquiling (2019)

⁸ People's Survival Fund Board (2022)

⁹ LCP Secretariat (2020)

¹⁰ Leyco (2024, May 18)

¹¹ Department of Finance (2023)

Lessons can be learned from the case of the PSF and in the Philippine context to ensure that the FRLD would have a more effective reach and impact to subnational and local scales. Given the body's mandate and functions and in recognition of the urgency of responding to the needs and concerns of the most vulnerable groups and sectors, it is vital for the FRLD Board to prioritize developing strategies to accelerate the increase in awareness and understanding of its existence, roles, and actions by various communities across different regions and levels of governance.

With this context, we present the following recommendations to the FRLD Board about improving the reach and impact of the body to subnational and local levels, aligned with a “bottom-up” approach:

- **The Board must establish a more inclusive, open, and transparent environment for non-State actors' participation and engagement.** During its subsequent meetings (as early as its 4th meeting in Manila), the Board must establish an Active Observer policy that is not restricted to a limited number of representatives from the nine UNFCCC constituencies, following the examples set by other L&D bodies under the UNFCCC (i.e., SNLD) and other funding entities under the UNFCCC (i.e., Green Climate Fund). Furthermore, not all vulnerable communities that are ideal recipients of the FRLD have guaranteed access to said constituencies due to logistical and financial challenges; many community-based organizations also lack the capacity to secure documentation that affirms their legal status or comply with extensive reportorial requirements. Presenting a more inclusive, open, and transparent process for participation, including the policies for accreditation of Observers, would build more trust with non-State actors, improve the reputation of the body, and ensure more sustainable engagements that would aid in enhancing the reach and impact of the operations of the FRLD.
- **The Board must coordinate with UN agencies and national governments in developing information, education, and communication strategies about the FRLD.** The Board needs to coordinate with the WIM and SNLD in developing strategies for rapid and effective communication of key information to stakeholders about its mandate, functions, operations, and avenues for engagement. Such approaches can be further refined through inputs and collaboration with national governments, who have existing governance and coordination structures (i.e., departments or ministries for managing local governance or conducting information, education, and communication campaigns) for cascading and translating such information through languages and forms that are suitable to subnational and local stakeholders. Collaborations with other UN bodies (i.e., UNDP, UNEP, UNDESA) could also be undertaken for further popularizing the FRLD, including through highlighting the co-benefits of financing actions to avert, minimize, and address L&D in achieving national sustainable development goals.
- **The Board must coordinate with SNLD on supporting capacity-building of highly-vulnerable communities to access the FRLD.** Funding on capacity-building for FRLD access should be directed to programs under the SNLD to avoid duplication of mandate, as the FRLD itself must remain focused on delivering financing for implementation of actions averting, minimizing, and addressing L&D. It should also prioritize communities with limited logistical, technical, and financial capacities to participate in the process of accessing the fund, specifically accessing the potential financing windows allotted for actions of specific sectors (i.e., indigenous peoples, youth). The criteria for determining these priority sectors should be updated, in consultation with Active Observers under the FRLD and SNLD. The mode of financing must strictly be in the form of grants to further enable access of intended priority recipients and not loans or any other debt-creating financial flow that would add even more burden to intended recipients.

Recommended measures to support smallholder farmers and indigenous peoples

Case study: indigenous farmers in Atok, Benguet¹²

Atok is a fourth-class municipality in the province of Benguet on the northern part of Luzon Island, Philippines. It is known for its mountainous terrains and temperate climates, an ideal setting for growing upland vegetables. However, its indigenous communities have seen a decrease in agricultural productivity in recent years due to factors such as increasingly unpredictable weather, shifting seasons, and the local government's focus on tourism and infrastructure development.

While indigenous communities are attempting to adapt to the changing climatic conditions, they are still incurring losses and damages. For instance, frost has been observed in March, which is historically the start of the dry season, while seasonal rains are becoming more erratic or starting later. Along with rising average temperatures, these cause decreasing incomes from agricultural livelihoods and increasing debts for communities. As a result, more from the younger generations are preferring more traditional modes of employment, which can cause an eventual decline in agriculture in these communities.

Among the economic impacts observed include water scarcity during the dry season and increase in pest presence in the highlands. Meanwhile, non-economic costs include shifts in livelihoods due to threats to farming (i.e., tourism, growing flowers instead of crops), which also brings loss in traditional and cultural practices and values as they are forced to adapt. An example is that farmers can no longer rely on natural indicators (i.e., presence of birds and plants) to predict the change of the seasons, which are integral to agricultural work and other aspects of community decision-making.

To overcome some of these challenges and impacts, many local farmers in Atok and across Benguet have been relying on risk-sharing practices. These can take the form of mutual aid and third-party actors providing cash advances or production inputs on credit; they highlight the "community" aspect of local farming in the province and provide risk management from losses and damages related to agricultural livelihoods. However, many of these practices are not part of formal systems, which also pose other risks to these stakeholders.

The growing plight of indigenous communities in Atok is not aided by limited accessible assistance, which is often a mismatch with what is needed. These include only a small amount for crop insurance provided by the Philippine Crop Insurance Corporation, seeds given post-disasters not being what is suitable for highland farming, and difficulties in compliance with requirements to access aid after disasters.

This is just one example of the challenges that smallholder farmers, indigenous peoples, and other local communities in the Philippines face due to the changing climate. Already regarded as among the poorest sectors in the country, the economic, social, and environmental issues that they face are not only worsened by rising temperatures and other manifestations of this crisis, but also by a lack of adequate support provided by local and national governments, which are hindered by the inefficient bureaucratic processes that have long defined governance throughout the country.

With this context, we present the following recommendations to the FRLD Board about improving the reach and impact of the body to subnational and local levels:

¹² Reyes et al. (2024)

- **The FRLD can finance capacity-building programs to ensure the insurance programs of developing-country governments meet the climate-related needs for agricultural workers, including farmers and fisherfolk.** For example, the Philippines' agricultural insurance is one of the most heavily subsidized globally, yet it only covers one-third of all farmers in the country, leaving others who are in need of support unable to access it¹³. A similar case is also seen in other countries in the region, including in Indonesia¹⁴. These capacity-building programs can focus on expanding the coverage of risk insurance programs to more farmers and fisherfolk, while also strengthening the integration of climate-related factors that can induce economic and non-economic L&D to agricultural sector workers into the process of setting standards for activating claims (i.e., parametric insurance) and enhancing the accessibility of insurance products to stakeholders under this sector.
- **The FRLD must design its policies for accessing its resources that do not burden smallholder farmers and indigenous peoples and cause even further loss and damage.** The examples of the PSF and the indigenous communities in Atok, Benguet highlight the importance of a genuine "needs-based" approach in responding to the impacts of the climate crisis, including on averting, minimizing, and addressing L&D. For instance, in a potential direct-access window allotted for indigenous peoples, the procedure for claiming access (i.e., documentary requirements, potential accreditation) must account for the unique contexts and circumstances and traditional and indigenous knowledge and practices. This would also avoid repeating the lack of direct access of indigenous peoples and local communities to the USD1.7 billion pledged at UNFCCC COP26 for supporting their land rights; as of 2022, only 2.1% of committed funding were directly-accessed by these populations¹⁵. This can be done through expanding the reach of the FRLD to involve more non-government stakeholders in its decision-making process and, in coordination with WIM and SNLD, learning from workshops focused on addressing the L&D-related needs of smallholder farmers and indigenous peoples.
- **The FRLD should finance programs to strengthen climate information and early warning systems that can support smallholder farmers and indigenous communities in more evidence-based decision-making that would aid in averting, minimizing, or addressing loss and damage.** Said programs are key to enable these vulnerable populations to avoid the impacts of slow onset events and non-economic L&D, which are not usually as focused on in other multilateral financing mechanisms, including those under the UNFCCC. These would also enhance the knowledge systems and capacities of such groups on preparing, anticipating, and immediately responding to potential climate and environmental threats that would induce L&D, and enable them to reduce their vulnerabilities and the costly consequences of the climate crisis as much as possible. Through this approach, smallholder farmers and indigenous communities can also enhance these climate information and early warning systems by communicating their practices into said platforms that could benefit others facing similar situations.

¹³ Skalon & Plevin (2024)

¹⁴ Wahid & Gemilang (2023)

¹⁵ Forest Tenure Funders Group (2023)

Defining “direct access” for the most vulnerable communities

Direct access to the resources of the FRLD must be approached differently from “direct access” as defined under other UNFCCC mechanisms. For instance, under the Green Climate Fund (GCF), this applies more to supporting developing countries in integrating climate change funding with national climate action plans, as a means of promoting country ownership of projects and programs. While a national Direct Access Entity (DAE) is intended to develop, manage, and deliver program or project activities aligned with the GCF’s objectives and targets and national priorities, among other functions¹⁶, this accreditation can be achieved by ministries, governmental agencies, climate funds, commercial banks, private foundations, and non-government organizations¹⁷.

Potential FRLD direct access modalities, specifically for the small financing windows intended for specific climate-vulnerable groups and sectors (i.e., indigenous peoples, smallholder farmers, small-scale enterprises), must be rights-based, fit for purpose, and consider the available technical and financial capacities of recipients at the local and community levels. Designing these modes needs to be done synergistically with determining the modes of financial flows themselves, ensuring that no undue burden would be brought unto these groups. This also has to account for L&D being a fundamentally different issue from adaptation or mitigation.

We make the following recommendations on how to define the direct access modalities for the FRLD, intended for the most vulnerable communities:

- **Grants-based, needs-based, and localized.** While a wider variety of financial flows of the FRLD intended for macro-scale implementation may be provided for actors with more extensive institutional capacities and human resources (i.e., national governments), *all* direct-access modalities under the FRLD must come in the form of grants, not loans or market-based mechanisms. They must also adequately respond to the needs and concerns of intended recipients of such modalities, resulting in enhanced capacities of beneficiaries of its resources to respond to further risks that could cause economic and/or non-economic L&D. Funds from said modalities must also be disbursed quickly to intended recipients to urgently respond to their needs.
- **Inclusion of Non-Economic Loss and Damage (NELD) needs.** While NELD is gaining recognition, its quantification and integration into financial structures remains challenging. Direct-access funding modalities need to focus on projects that embody consideration of NELD, such as cultural heritage preservation, mental health interventions, community-based ecosystem rehabilitation, and protection of indigenous knowledge systems.
- **Co-designed by the most vulnerable peoples.** For the direct-access modalities to be truly needs-based, the recipients of direct-access modalities, the most vulnerable groups and sectors, must be enabled to co-design the mechanisms intended for their benefit. To aid in achieving this, the FRLD Board must improve its reach, inclusivity, and transparency via an Active Observers policy (*see above for more details*). The FRLD, with support from WIM and SNLD and in coordination with national government and non-government organizations, should also improve on the communication and awareness-raising on existing platforms for storing best practices of L&D-related financing at the national and subnational levels to enable more inputs from stakeholders

¹⁶ GCF (2021)

¹⁷ FAO (2021)

from the most vulnerable communities, with support from actors with higher capacities if needed, in developing, operating, and monitoring the implementation of such modalities.

- ***Social and environmental safeguards with gender-responsive and disability-inclusive frameworks.*** These direct-access modalities must prioritize a holistic, inclusive approach by integrating social and environmental safeguards with gender-responsive and disability-inclusive frameworks. It should value and respect community wisdom, particularly traditional and indigenous knowledge, in determining eligibility for access. This ensures that assessments are rooted in the realities and unique vulnerabilities of women, youth, Indigenous peoples, and other marginalized groups, who are often disproportionately impacted by climate-induced loss and damage while addressing systemic inequalities. These processes must be carried out with respect for human rights, biodiversity protection, and the preservation of ecosystems and natural resources, which are essential for the daily survival and development of affected communities.

Complementarity and coherence with other financing mechanisms

While the FRLD is instrumental in delivering the necessary funding and support for developing countries and the most vulnerable communities, there are other sources of financing that can directly or indirectly contribute to averting, minimizing, and addressing L&D. It must be acknowledged that L&D is also influenced by enhancing adaptation and mitigation efforts; reducing global greenhouse gas emissions, especially by the highest-polluting countries, and strengthening adaptive and resilience-building capacities will reduce economic and non-economic L&D for numerous stakeholders and free up resources to address other development goals (i.e., poverty alleviation, food security).

That said, the FRLD must exhibit complementarity and coherence with all relevant aspects of global climate governance. On complementarity, it must aim to optimize synergies among the activities that can directly or indirectly avert, minimize, and address L&D that are supported by other climate financing mechanisms (i.e., Green Climate Fund, Adaptation Fund, Global Environmental Facility, Global Facility for Disaster Reduction and Recovery, Global Risk Financing Facility). On coherence, it must ensure that the activities to be financed under it are aligned with the needs of developing countries and the most vulnerable communities.

Addressing this is the focus of the “Annual high-level dialogue on complementarity and coherence for funding arrangements responding to loss and damage”, which was launched at COP29 and will be held in April 2025. Featured in the provisional agenda of the 4th FRLD Board meeting is discussing the concept for the event. The formulation of a framework on complementarity and coherence must be simultaneous with determining other core operational frameworks and policies, including on direct-access modalities, to ensure that the FRLD would be able to start disbursing funds to those who need it the most.

With this context, we present the following recommendations about the development of a framework on complementarity and coherence of the FRLD with other financing mechanisms:

- ***Defining priority thematic programming.*** Given that current pledges are insufficient to cover L&D experienced by developing countries and the most vulnerable communities, it is even more important to determine the priority themes and issues of focus of the FRLD to maximize the use of its disburseable resources and avoid duplication of the scope of programs, projects, and activities supported by other UNFCCC financing mechanisms. Thus, we recommend that the FRLD should prioritize addressing the risks and impacts (i.e., economic and non-economic L&D)

associated with extreme weather events (i.e., super-typhoons, droughts) and slow onset events (i.e., increasing temperatures, desertification, loss of biodiversity, land and forest degradation, glacial retreat and related impacts, ocean acidification, sea level rise, and salinization). The specific criteria for refining the scope and assessing potential claims must be determined in coordination with WIM and SNLD. A mechanism should be established for developing countries to formulate their Loss and Damage Action Plan, which would contain their respective needs and priorities related to averting, minimizing, and addressing L&D, with the understanding that such countries need technical and financial support for their formulation.

- ***Alignment with country and community priorities.*** To enhance both complementarity and coherence, the FRLD must also ensure that the activities it would support are aligned with the identified priorities of countries and communities. In aid of this objective, the body needs to implement a “bottom-up” approach by conducting assessments and stocktaking the priority needs of said stakeholders through providing opportunities for direct inputs through several channels of communication (i.e., UNFCCC submission portal). These must be conducted in coordination with WIM and SNLD and on at the minimum an annual basis to account for the dynamic and evolving nature of the L&D landscape at the global, national, subnational, and local levels, including the sudden occurrence of extreme weather events that are attributable to global warming and the climate crisis.
- ***Coordination mechanisms with other climate financing mechanisms.*** The FRLD, as part of the complementarity and coherence framework, must establish spaces and channels for constant and consistent communication with other climate financing mechanisms, as means for timely and effective coordination and collaboration on responding to L&D-related issues. This is key for increasing the impact of activities that not only directly addresses economic and non-economic L&D, but also provides co-benefits in terms of other climate (i.e., adaptation, mitigation) and development goals (i.e., poverty alleviation, food security, human rights protection) that increases long-term resilience and averts and minimizes the likelihood of future L&D. For instance, the FRLD can identify programs or projects supported by another financing mechanism that can scale up its financed activities, provided that there is an alignment of themes and needs being addressed, and that the beneficiaries of FRLD-funded activities do not receive undue burden stemming from the terms established in another financing mechanism. Establishing such coordination mechanisms is also instrumental to determining the L&D financing needs, especially at the country level. For example, the FRLD, WIM, and SNLD can collectively initiate an assessment of which modes of financing under the other climate financing mechanisms would count as contributing to averting, minimizing, and addressing L&D. The criteria for determining if means of support counts as L&D financing must include the following: objective of addressing L&D; funding being new, additional, sufficient, and predictable; obligatory and compensatory funding (such that it does not create debt for recipients); with prioritization of direct access for developing nations and affected communities; with meaningful and inclusive participation; and upholding accountability and human rights¹⁸.

¹⁸ This is based on the joint submission “Criteria for Assessing Finance to Address Loss and Damage”, by Climate Action Network (CAN), Global Campaign to Demand Climate Justice (DCJ), and Women and Gender Constituency. [https://unfccc.int/sites/default/files/resource/TC4_CAN_DCJ_WGC_Joint%20Submission%20on%20Criteria%20for%20Assessing%20Loss%20and%20Damage%20Finance.pdf]

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