



MANILA OBSERVATORY

 HEINRICH BÖLL STIFTUNG  
SOUTHEAST ASIA



## SUBMISSION TO THE TRANSITIONAL COMMITTEE

10 September 2023

**Submitting Organization:** Manila Observatory

**Organization Address:** Ateneo de Manila University Campus, Katipunan Avenue, Loyola Heights, Quezon City, Philippines 1108

**Organization Profile:** The Manila Observatory is a scientific research institution with expertise in climate and disaster science. Aside from its scientific laboratories, it also has a climate policy research center, which aims to provide legal and policy support on matters relating to climate change.

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**Background of Submission:** The Manila Observatory organized a workshop, “**Southeast Asian Perspectives on the Operationalization of the Loss & Damage Fund**”, supported by Heinrich Böll Stiftung - Southeast Asia and the Samdhana Institute in Bangkok, Thailand on 18-19 August 2023. The participants (21 total) represented various sectors (e.g. government, indigenous peoples, youth, and civil society) from eight (8) Southeast Asian countries. The following points were derived from breakout and plenary discussions of participants and technical input from experts during the workshop:

### Governance Arrangements

- The architecture of the Fund and its operationalization must be prioritized.
- The Fund should be standalone, while also conceding that this comes with its own disadvantages (e.g. need for longer time to operationalize and delay in disbursement). There could also be an interim arrangement with an existing fund.
- Funding should be placed under the oversight and supervision of the COP/CMA under the auspices of the multilateral climate regime.
- Governance of the fund should be inclusive and representative, accountable and transparent, and coordinated.
- As to the Board, the composition should be inclusive and representative (regional, community, vulnerable groups and constituencies, higher representation from developing countries) as far as practicable.

### Principles

- Anticipatory science-based forecasting is crucial in operationalizing the Fund.
- Equity is the key to addressing L&D under the UNFCCC and the Paris Agreement, as well as the principle of common but differentiated responsibilities and respective capabilities.
- The Fund should have a clear accountability mechanism, consistent, predictable, proactive, and meaningful with very little costs.

### Programme Priorities

- The funding needs to be context-specific and locally-driven.
- There is a proposal on having (1) funding windows based on climate impacts, such as a window for rapid disbursement and direct budget support to the national ministries when they face extreme events and a window that can support the ministries to have direct access to support or carry out long-term recovery from slow-onset events; and (2) funding windows based on accessibility, such as a window that is accessible by countries and a window that will provide a mechanism for direct access from communities.



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- Funding allocations may be categorized by climatic hazard, or by impacts which are more identifiable and may come as a result of compound risks.
- Priorities of the Fund could be slow-onset events as well as non-economic loss and damage, because these areas are where the existing funding mechanisms lack support.
- The space for traditional ecological knowledge, where there are convergences among scientific, technical, and local knowledge, may be explored in programming the Fund.

### **Eligibility and Access**

- Fund should be accessible to all developing countries, especially local communities.
- Barriers to accessibility should be reduced, such as requiring rigorous documents and proposals from communities. However, accountability should still be maintained.
- Terms of financing should be adequate and appropriate, new and additional, flexible, concessional, and do not come with onerous conditions/conditionalities.
- Grant based mechanisms are also preferred, so as not to add to the country's debt burden.
- Problems from existing financial institutions that also respond to climate impacts (e.g. GEF, GCF) must be addressed, such as delay of disbursements.

### **Complementarity, Coherence, and Coordination**

- The Fund should be holistic and in the context of other climate finance, especially adaptation, and sustainable development.
- The Fund should address the gaps that lie among existing funding mechanisms for adaptation and disaster response.
- Nationally, existing country-led mechanisms for financing L&D are insufficient and should be augmented.

### **Sources of Funding, including Availability**

- Sources of funding should be predictable, sustainable, and accessible.
- Primarily, sources include public funds, but other sources are welcome so long as there are no onerous conditionalities on how it will be supported.
- Government support is crucial in reducing the barriers to climate finance and ramping up funding.
- Philanthropic contributions and taxation, as well as penalties, may also be potential sources of funding. However, for penalties, it would be largely driven by climate litigation.
- There could be difficulty in sourcing funding from private investors due to the lack of return on investment, when compared to other profit-oriented endeavors that are mostly mitigation-related.

### **Outcomes of TC**

- a. The TC's Recommendations to COP 28 should include discussions on access, accountability, modality, and eligibility (to access the funds).
- b. The TC's Recommendations to COP28 should be firm on the governance arrangements of the Fund.