



First meeting of the Transitional Committee on the operationalization of the new funding arrangements for responding to loss and damage and the fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.4

Co-chairs' Summary

I. Opening of the meeting

1. The first meeting of the Transitional Committee (TC) was held at the Sonesta St. George Hotel in Luxor, Egypt from 27 to 29 March 2023. The meeting was opened by a representative of the Executive Secretary of the UNFCCC (Mr. Daniele Violetti, Senior Director of Programmes Coordination) and a representative of the COP 27 President (Mr. Mohamed Nasr, Lead Negotiator, COP 27 Presidency Team) who presided over the meeting until the Co-chairs were elected.
2. Mr. Nasr declared the meeting open around 9:00 am on 27 March 2023.
3. At the start of the meeting, Mr. Violetti noted that, while the establishment of the new funding arrangements and fund were widely hailed as one of the hallmark outcomes of COP 27, this workstream had thus far received no supplementary contributions to support the work. He noted that the secretariat offered the best support possible given the circumstances, and would continue to do so.
4. The COP 27 President and the Executive Secretary delivered opening statements at the outset of the meeting. In his remarks, delivered via video message, the COP 27 President Sameh Shoukry reflected on the devastating climate change impacts already manifesting across the globe, and expressed his confidence that the TC would adopt their working arrangements and workplan at the meeting. He made reference to the great expectations regarding progress towards operationalization of the fund and all other elements that constitute the mandate of the TC.
5. The UNFCCC Executive Secretary, Simon Stiell, delivered his remarks live via Microsoft Teams. The Executive Secretary noted that the work of the TC will help answer critical questions related to funding arrangements for responding to loss and damage. He underscored the unprecedented nature of the work being undertaken by the TC, and urged members to approach this work in a manner that is creative, collaborative, and constructive.

II. Adoption of the agenda

6. Members of the TC were referred to document TC1/2023/1, which contained the provisional agenda and annotations of the first meeting of the TC. Mr. Nasr asked whether members would like to include any points for discussion under agenda item VI on "other matters."
7. Some TC members, requested that a discussion take place on the *Exchange of views with non-Party observer constituencies on the new funding arrangements for responding to loss and damage and the fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.4*.
8. A TC member requested that a discussion take place on the budget and financial resources for the TC and its work.
9. With these two additions under agenda item VI, the agenda was adopted as contained in document [TC1/2023/1/Rev.1](#).

III. Election of officers

10. Pursuant to the terms of reference for the TC contained in the annex to decisions 2/CP.27 and 2/CMA.4, the TC is to be chaired by two co-chairs, one from a developed country Party and one from a developing country Party. The TC elected Ms. Outi Honkatukia (Finland) and Mr. Richard Sherman (South Africa) as its Co-chairs for the duration of its mandate. Ms. Honkatukia and Mr. Sherman presided over the remainder of the meeting.
11. Immediately following the election of officers, the UNFCCC secretariat delivered a scene setting presentation providing an overview of the mandate of the TC, as well as an update on the mandated synthesis report on existing funding arrangements and innovative sources relevant to addressing loss and damage and the establishment of a technical support unit (TSU).

IV. Working arrangements and workplan for the Transitional Committee

12. Under this agenda item, the TC was invited to consider and decide upon its working arrangements and its workplan. With respect to the working arrangements, members were referred to document TC1/2023/2. In the context of this discussion, given that some TC seats have multiple members who will rotate throughout the year, members stressed the need to have a clear understanding of which TC member is occupying each seat at any given point in time, with notifications sent to the TC once a change in membership takes effect.
13. The working arrangements for the TC were adopted on 28 March as contained in document [TC1/2023/2/Rev.2](#).
14. The discussion on the workplan of the TC took place with reference to document TC1/2023/3. Members stressed the importance of agreeing on a schedule and sequence of key meetings and milestones at TC 1, as well as of comprehensively fulfilling their mandate in the allotted time by delivering recommendations to operationalize the funding arrangements and the fund.
15. Other points raised in the context of the workplan discussion included: the importance of advancing on all issues and aspects of the mandate simultaneously throughout the year; the desire to take advantage of virtual meetings to advance work and take stock of progress in-between meetings and workshops, though these will not be decision making fora given accessibility and connectivity issues faced by some members; ensuring that workshops are hybrid to enable broad participation of members and other stakeholders; and ensuring that relevant constituted bodies are engaged and able to provide input to the work of the TC. In light of the workload, members also agreed to add a fourth meeting of the TC to the workplan. Members highlighted that it will be helpful if the mandated ministerial consultations can take place before this fourth meeting.
16. Some members also made suggestions regarding substantive elements of the work, including particular topics that may feature at different events throughout the year. These included, for example, non-economic losses, slow onset events, humanitarian assistance, rehabilitation, recovery, reconstruction, human mobility, as well as speed, access, eligibility, and adequacy in relation to funding.
17. Options for dates for the upcoming TC meetings as well as the mandated workshops were put forward and revised throughout the three days of the meeting on the basis of the calendar for events throughout 2023 related to loss and damage and finance, as well as potential opportunities for holding these meetings and workshops back-to-back with other events in which a significant number of TC members are expected to participate.
18. The workplan for the TC was adopted as contained in document [TC1/2023/3/Rev.3](#).

V. Exchange of views on purpose and scope of the new funding arrangements for responding to loss and damage and the fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.4

19. To inform a discussion on the purpose and scope of the new funding arrangements for responding to loss and damage and the fund, a series of ten presentations were delivered by organizations undertaking work related to funding for addressing loss and damage on the first and second days of the meeting.
20. First, Mr. Stephen Hammer from the World Bank provided an [overview](#) of the role that the World Bank plays in the existing support landscape as it relates to loss and damage, noting that the Bank primarily responds to and anticipates client demand. The presentation explored dimensions such as the amount of adaptation support provided by the Bank and what it addresses – such as drought, extreme weather events, and, in some cases, gradual sea level rise – and explained that the Bank’s International Development Association includes crisis response windows and a slow onset window. Mr. Hammer further described how future climate impacts are being considered in the work of the Bank, including through its move towards aligning projects with the Paris Agreement as of 1 July 2023 and through the Country Climate and Development reports being prepared for each client. The Bank’s Environmental and Social Framework protocols were highlighted as potentially relevant to the area of non-economic loss and damage. Other topics discussed included the taxonomy of World Bank disaster risk management engagement, the Global Facility on Disaster Risk Reduction and the breakdown of its grant support by thematic area/hazard, as well as the need to have various complementary approaches within a disaster risk finance strategy.
21. In response to Mr. Hammer’s presentation, TC members expressed interest in learning more about the various facets of the World Bank’s relevant work, including through written input. Specifically, further information was requested on areas such as: the speed through which funds are disbursed through different windows, as well as who is eligible for funding; the breakdown of funding by various instruments and for different areas of support such as early recovery, reconstruction, and rehabilitation; whether slow onset events are covered through modalities other than the slow onset window; how the Bank is supporting countries in relation to displacement, migration, and relocation; whether and how action related to non-economic losses is supported; what triggers action from the Bank and how that process works; what financial instruments are used for contingent credit; whether there are conditions imposed by the Bank related to ensuring the resilience of rebuilding efforts; whether the Bank provides support or flexibility with respect to insurance premiums; issues related to debt burdens; how much funding is allocated to the community level and how much is allocated for administrative processes; whether there is any analysis on the relationship between some tools for pre- and post-impact support; the geographical coverage of the various instruments; the extent to which the Bank’s Paris Alignment includes issues related to the need for additional resources; and the Small Island Economies Exception.
22. Second, Mr. Greg Puley from the United Nations Office for the Coordination of Humanitarian Affairs offered an [overview](#) of the existing global humanitarian finance architecture as it relates to climate change-related loss and damage. Mr. Puley emphasized that humanitarian action is relevant in responses to both rapid- and slow-onset climate hazards and in the context of both communities that are relatively stable and those that are caught in protracted and complex emergencies. He noted that climate change is resulting in more frequent and more severe weather events in contexts where people are already suffering due to other drivers, such as conflict, where humanitarian actors have already been present for many years. The humanitarian sector has a commitment to prioritize, wherever possible, activities that build community resilience to future climate shocks. The precipitous rise in humanitarian funding needs (not only related to climate change impacts) was highlighted, which is resulting in a significant and growing funding gap in the last

decade. Mr. Puley also described the Central Emergencies Response Fund (CERF), which has a rapid response modality that can disburse within hours of an emergency, as well as a window focused on funding underfunded emergencies. Mr. Puley also described a second modality, the Country-based Pooled Funds, which can also directly support local responders and civil society in addition to UN and international entities. Finally, in the context of innovation, Mr. Puley mentioned work on anticipatory action within the humanitarian sector, through which humanitarian actors together with local communities and responders conclude disaster response plans and put in place funding arrangements with associated triggers in advance of a climate-related hazard manifesting. Analyses have found anticipatory action to be more effective than a traditional post-facto humanitarian response.

23. Members expressed interest in learning more about the humanitarian efforts described in the presentation, including the disbursement and triggers of funding; information about OCHA's collaboration with international financial institutions; how local communities can access humanitarian funding and experiences to date with this; how OCHA's role differs in cases where it is supplementing government capacity versus in cases where it is effectively filling in for limited government capacity in the context of fragile situations; the mechanisms through which pledging of funds takes place (e.g. through pledging conferences, long-term engagement agreements, etc.); the mechanisms or processes through which funding is mobilized (e.g. through requests from countries or UN organizations); the existing gaps in the landscape beyond the amount of funding; the governance arrangements through which funding can be disbursed rapidly and the role of pre-agreed response plans in the speed of disbursement; and eligibility and speed of access related to humanitarian funding.
24. The third [presentation](#) was delivered by Mr. Mahamat Assayouti from the Adaptation Fund. Mr. Assayouti explained that the Adaptation Fund was established to fund concrete adaptation action and is 100 per cent grant-based. While the Fund does not have a clear mandate to fund loss and damage action, it funds relevant work indirectly. At present, about 25 per cent of the portfolio is devoted to early warning systems or disaster risk reduction. Under the Fund, countries can access up to USD 20 million from the single country window; countries may choose to use these funds for activities related to loss and damage, such as post-disaster recovery. Most of the Fund's support relates more strongly to averting and minimizing, as opposed to addressing, loss and damage, while most of its post-impact work relates to medium- and long-term activities. Challenges related to the Fund's provision of support for loss and damage activities include the lack of a specific mandate in this area; the lack of a dedicated facility or window for short- or medium-term post-impact activities; the lack of a specific trigger for post-impact support; the need for additional funding and speed to address loss and damage, particularly in the short-term post-impact; and that, if post-impact actions are funded, they need to be viewed through the lens of adaptation reasoning. Mr. Assayouti provided examples of Adaptation Fund supported projects relevant to loss and damage.
25. Mr. Alisher Mamadzhonov delivered a [presentation](#) on behalf of the Green Climate Fund (GCF). He explained the overarching mandate of the GCF and offered some key figures regarding the GCF's portfolio. GCF support is provided through three main modalities, including readiness support, the project preparation facility, and projects. Mr. Mamadzhonov highlighted that the GCF received an initial mandate at COP 25 related to activities relevant to loss and damage, which was then transferred to a decision of the GCF Board, which serves as the basis for GCF support for activities related to averting, minimizing and addressing loss and damage. This mandate guides the GCF to provide support consistent with existing investment, results framework and funding windows and structures. He emphasized that there is no separate loss and damage funding window. The GCF can use, however, the whole spectrum of its financial instruments for activities relevant to loss and damage. Examples of GCF projects and programmes relevant to loss and damage were provided. Mr. Mamadzhonov also informed the TC that the GCF secretariat is

working on an analysis of their portfolio to better estimate and quantify how many projects support different aspects of loss and damage, which they hope to report on in the next meetings of the TC. He concluded by drawing attention to the key undertakings of the GCF this year, including the updated strategic plan for 2024-2027, which will define new strategic programming objectives and may further inform future work on activities relevant to loss and damage.

26. The final [presentation](#) on 27 March was delivered by Mr. Rawleston Moore from the Global Environment Facility (GEF). Mr. Moore noted that the GEF has not received any specific guidance from the COP on loss and damage, and does not have a direct mandate to address loss and damage. Nonetheless, there are several areas of support provided by the GEF that relate to action on loss and damage, including on thematic areas such as slow onset events, non-economic losses, comprehensive risk management, human mobility and migration, and action and support; specific examples of projects were highlighted. Over 200 projects have been identified that have linkages to loss and damage. Mr. Moore explained that a large portion of the portfolio of the GEF relates to comprehensive risk management, which is managed through the Least Developed Countries Fund and the Special Climate Change Fund. Additionally, Mr. Moore provided an example of the GEF funding for post-impact action, which supported Haiti's emergency response in the aftermath of the Port au Prince Earthquake in 2010; the project was approved in one day. Mr. Moore also reflected on some of the triggers and criteria underlying GEF support, noting that it is above all a country-driven process; that the allocation systems put in place enable predictability of access; and the aim to leave no LDCs behind.
27. Members were interested in learning more about the modality for rapid response used in the context of the earthquake in Haiti, as well as the GEF's Small Grants Programme.
28. The second set of presentations, delivered on 28 March, included a [presentation](#) from Mr. Mathieu Dubreuil from the World Food Programme (WFP), which focused on climate and disaster risk financing and insurance (CDRFI) for managing loss and damage. Mr. Dubreuil noted the growing gap between humanitarian needs and support, and highlighted the importance of finding new financing solutions but also delivering assistance to those affected by loss and damage differently. He explained that WFP provides support related to anticipatory action, early response and recovery. CDRFI is used to reduce the impact of the shock, increase funds available for response, including by leveraging the private sector, to improve the speed and predictability of the response, and to augment preparedness capabilities of governments and humanitarian stakeholders. Mr. Dubreuil also explained triggers for these types of actions. Anticipatory action is triggered by a forecast, and the interventions are intended to end right before the shock occurs. Insurance, by contrast, can be triggered by direct observation through satellites, by measuring yields for agricultural activities, and by using ground data, such as rain gauges. WFP supports both macro- and microinsurance programmes. Mr. Dubreuil highlighted the importance of a risk layering approach. Finally, reflecting on gaps, Mr. Dubreuil noted: not all types of shocks of all magnitudes and frequencies are optimally covered at the moment; the friction between different tools should be reduced; support is not yet at a sufficient scale; and more work is needed to link support to social protection systems and overall to strengthen response mechanisms.
29. Ms. Mary Friel then delivered a [presentation](#) on behalf of the International Federation of Red Cross and Red Crescent Societies (IFRC). Ms. Friel noted that the IFRC responds to disasters of different scales, from hyperlocal to medium to large. She explained that IFRC humanitarian action is channelled through Red Cross and Red Crescent societies, which are national organizations with a permanent presence. National societies seek to minimize losses of lives, incomes, livelihoods, and health through effective disaster preparedness measures. Post-impact support seeks to meet immediate needs and also support early recovery, with actions ranging from emergency shelters, health care (including mental health), income assistance, access to water and sanitation, support to displaced peoples. The IFRC has two main crisis

finance mechanisms: the Disaster Response Emergency Fund (DREF) – which is funding up to CHF 1 million for small- and medium-sized emergencies, is available within 12-24 hours after receipt of a request, and provides short-term (usually 3-9 month) support – and emergency appeals – which offer longer-term support for medium- to large-scale disasters where the scale of needs surpass the upper threshold of the DREF. For the DREF, triggers of finance include an application completed within ten days of a disaster occurring, based on an initial post-disaster needs assessment; rapid start-up funding (loans) while waiting for emergency appeal finance to arrive; and forecast-based action, for which triggers are based on risk analysis, vulnerability data, and weather-related information.

30. In response to the IFRC presentation, members asked about the reasoning behind the maximum allocation under the DREF and whether that amount is generally sufficient for the disaster responses/early responses it funds; how cooperation with country-level entities takes place; the specific modalities for quickly responding to the needs in affected communities; how support for non-economic loss such as mental health is provided; what percentage of support is dedicated to early responses versus more long-term support; how decisions are taken regarding where to respond and who takes those decisions; and whether there are any limitations in the current approach taken for responding to disasters.
31. A [presentation](#) was also delivered by Ms. Caroline Dumas of the International Organization for Migration (IOM). Ms. Dumas began with an overview of the triggers that unlock support from IOM, which include global risk assessments, requests for cooperation and support from communities, and local and national authorities, and more. She explained what IOM is doing to provide support for addressing loss and damage, which includes actions such as developing protocols, training and capacities to avert, minimize and address climate displacements; managing emergency response operations, post-disaster reconstruction; and more. Ms. Dumas offered insight into the scale of the needs, as well as the scale of IOM support. She then provided country-specific examples, and concluded with recommendations, drawing on field experiences, to scale up investments in prevention, humanitarian assistance, and durable solutions for climate displacement; ensuring that new financial sources are inclusive of disaster-affected communities and vulnerable groups; and combining different kinds of financial support, including innovative sources such as carbon or blue credits.
32. Members were interested in learning more about aspects such as existing work on finance drawn from carbon and blue credits, as well as specific opportunities to take that forward. More information on durable solutions for climate displacement, and how successful such solutions have been to date, was also requested.
33. A [presentation](#) was then delivered by Mr. Butch Bacani from the UNEP Finance Initiative's Principles for Sustainable Insurance Initiative. Mr. Bacani explained that insurance is not simply a mechanism that pays for losses, but rather the insurance risk management continuum mirrors the disaster risk management continuum, ranging from understanding and assessing risk; to preventing and reducing risk; to pricing, carrying, and diversifying risk; and finally to paying losses and helping with recovery. Insurance solutions are available at every risk level, from the micro (households and individuals) to the meso (cities, communities, and businesses) to the macro level (countries and regions). Mr. Bacani explained the different types of insurance, that there are existing insurance pools in various markets, and that there are alternative forms of risk transfer solutions (e.g. purchasing insurance from capital markets). While it is challenging for insurance to cover slow onset events themselves, it can be applied for some manifestations of slow onset processes (e.g. insurance for extreme heat linked to rising temperatures). Challenges to scaling up insurance solutions were also highlighted, including poor disaster risk management; low insurance penetration and density; low insurance literacy; poorly designed insurance products; and lack of enabling policy and regulatory frameworks.
34. The tenth and final [presentation](#) was delivered by Mr. Animesh Kumar from the United Nations Office for Disaster Risk Reduction (UNDRR). Mr. Kumar explained

that UNDRR primarily provides data and policy-related support, but that disaster risk reduction itself requires a layered financing strategy using all sources of finance. Helping to understand the scale of loss and damage, UNDRR collects official data reported by 155 countries related to indicators under the Sendai Framework for Disaster Risk Reduction; in addition, 110 countries have been supported in developing loss and damage tracking systems. Four key components of effective risk financing have been identified, namely, contingent funds, operational plans, institutional capacity, and early warning systems. In the context of early warning systems, it is important that the thresholds and resulting actions of early warning systems are predetermined and pre-agreed, including in the context of risk financing mechanisms. It was emphasized that insurance is an expensive risk management tool that should be used on top of other layers of financing.

35. In response to the final presentations, it was highlighted that it would be useful to further explore related initiatives, such as the Global Shield.
36. Under this agenda item, members also exchanged views with one another on the new funding arrangements and the fund, as well as their mandate more broadly as outlined in decisions 2/CP.27 and 2/CMA.4. Through this exchange, members highlighted a wide range of points. This included, for example, the need to find clarity on the scope of both the funding arrangements and the fund; the importance of putting in place an effective coordination mechanism within the landscape of support; specific ideas regarding the nature of support that should provide, and how that support might best be released and delivered; ideas regarding the new fund and how it might be structured and governed in innovative ways; and options for how the fund may relate to existing and new funding arrangements. Potential principles that may inform the development of the new fund and funding arrangements were also raised, including principles under the Convention and the Paris Agreement.
37. Members shared thoughts on the limitations of and gaps within the current landscape of support, including in terms of speed, cost, scale, scope, access, eligibility, predictability, and sustainability of funding, as well as in terms of the types of events or types of loss and damage covered and the timeframes of support. Some specific examples included slow onset events, non-economic losses, and recovery and reconstruction efforts following climate change impacts and events. The high debt burdens associated with some forms of finance within the current landscape were also highlighted. It was noted, however, that the TC would benefit from further information and insights, including directly from countries and communities, to better understand these gaps and build a systematic vision of the global architecture of relevant finance on which to base its recommendations. When analysing the existing landscape, it was suggested to be cautious not to repackage or reinterpret support that may be relevant to loss and damage as support that is intended to address loss and damage.
38. Regarding the fund, various priorities were outlined by members. These included that it should: be able to quickly disburse funding to save lives and provide a life of dignity for affected populations; provide support on short-, medium- and long-term timescales; be trigger- and needs-based; have an investment arm as well as a minimum allocation for countries to make use of; be equipped to receive private and innovative sources of finance; help incentivize positive behaviour; and be targeted, specific, and not duplicative, although some degree of duplication may be inevitable given the amount of institutions funding actions relevant to addressing loss and damage.
39. Specific to the governance of the fund, some members emphasized the importance of ensuring that it is under the UNFCCC so that it is accountable to Parties, while others questioned the implications that this may have in terms of factors such as the time needed to set up the fund. Other elements raised in relation to governance included the potential of setting up a Board as well as a trustee that can help facilitate quick disbursements. Financing instruments that should play a role in the new fund were also highlighted, including grants and guarantees. Because of evolving nature of climate change impacts, which may create “moving targets” in

terms of optimally addressing loss and damage, it was also noted that the institutional arrangements should allow for dynamism, including streamlining and aligning efforts in the broader funding landscape, over time.

40. In relation to the funding arrangements, members reflected on opportunities to better calibrate the existing institutions and modalities to better support actions to respond to and address loss and damage. This included potential opportunities related to debt treatment – encompassing tools such as debt deferment and reduction – and eligibility criteria within existing institutions. It was highlighted that new funding arrangements do not necessarily equate to new institutions.
41. In terms of scope, aspects such as recovery, reconstruction, rehabilitation, resettlement, resilient infrastructure and livelihoods were highlighted as some of the key elements of addressing loss and damage. Members also reflected on the interactions between addressing loss and damage and other areas of climate action, including mitigation and adaptation, as well as relationships to various other spheres of action, including development, humanitarian, disaster risk reduction, and the ongoing reforms of the international financial architecture.
42. Some members underscored that, in the aftermath of each climate change-related event, developing countries are spending a lot of their domestic resources in response, from the individual to the national level. This, it was noted, should be taken into account when framing the roles of different countries in the new fund, where traditional dichotomies of donors versus beneficiaries or recipients should be avoided.
43. During this discussion, members also exchanged views on sources of funding for addressing loss and damage. Members raised a number of considerations. These included the importance of public sources as a core source of the fund, but also the need to diversify sources of funding and also explore potential innovative sources that can feed into both the fund and the funding arrangements.
44. Beyond sources, innovation was also discussed in the context of potential modalities or mechanisms. For example, this included the potential to support developing countries in the payment of insurance premiums for climate change-related hazards.
45. Members initiated a conversation regarding understandings of vulnerability, with some highlighting that this is an area that could benefit from further discussion in the future.
46. To highlight the areas where further consideration will be needed under the TC, a range of questions were posed by members. These included: What functions do the new funding arrangements including the fund need to have? What sources of revenue are available for these funding arrangements and at scale? What is the nature of the coordination mechanism that will bring together existing and new funding arrangements within and outside the UNFCCC? How does the Santiago network relate to the new funding arrangements and fund? How should the TC approach recommendations that are aimed at adjusting or improving elements of the existing landscape of institutions and sources, particularly those that sit outside the UNFCCC? What are the implications of rapid disbursement for the governance of the fund (e.g. whether this requires a resident board or similar arrangement)? Are there challenges being faced by countries for which there is no instrument in the toolkit? Or challenges where there is an instrument, but it's poorly functioning or poorly targeted and inaccessible (i.e. not fit for purpose)?
47. To answer these questions, and help guide the work of the TC more broadly, the importance of better understanding the needs of different regions and countries, at different income levels, in relation to different hazards and types of events, was underscored.
48. Throughout the conversation, some members shared examples from their home countries and regions about past experiences and challenges with respect to funding for loss and damage, as well as examples of funding mechanisms supported by their

countries. This includes coordination of support and various streams of funding at the national level in order to implement actions to address loss and damage.

49. Overall, the importance of approaching the upcoming work and the mandate of the TC in an open-minded and creative manner, and striving to create new funding arrangements and a new fund that are both fit for purpose and fit for the future, was emphasized by several members. In doing so, some members reflected on the importance of learning lessons from the other funds that have been set up under the UNFCCC, and reflecting these lessons in the design of the new funding arrangements and fund.

VI. Other matters

50. The sub-agenda item on the *Exchange of views with non-Party observer constituencies on the new funding arrangements for responding to loss and damage and the fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.4* was taken up on the first day of the meeting (27 March). Each of the non-governmental observer constituencies present at the meeting was invited to nominate a representative to deliver a ten-minute intervention to the TC.
51. The first intervention was delivered by Ms. Liane Schalatek from the Heinrich Boell Foundation, representing the Women and Gender Constituency. Ms. Schalatek proposed that the fund should be seen as the centrepiece of the new funding arrangements, and that it should be empowered to provide definitional and methodological leadership for loss and damage finance in order to ensure complementarity and coherence within the evolving loss and damage finance landscape. Further, she highlighted a range of considerations that should guide the provision of funding, including that support should: be equitable and adequate; be provided through direct access and following a human rights based approach; strengthen gender equality and gender-responsive climate action; be based on a broad understanding of country ownership; involve intended beneficiaries; make use of the best available science and local and indigenous knowledge; and more.
52. Next, the intervention on behalf of the ENGO (environmental NGOs) constituency was delivered by two representatives. First, Ms. Meena Raman from the Third World Network/the Global Campaign to Demand Climate Justice emphasized the urgency of addressing loss and damage as communities on the frontlines of climate change suffer the loss of lives, livelihoods, homes, and more. She noted that the TC is expected to deliver on establishing the fund as a key priority. She further recommended that the Glasgow Dialogue can be used as a forum to discuss matters related to funding arrangements, sources of finance, and ensuring complementarity and coordination with existing funding arrangements.
53. The second ENGO speaker was Mr. Harjeet Singh from Climate Action Network International. Mr. Singh emphasized the urgency to establish a loss and damage fund which must be based on the principles of climate justice, supporting the specific aspects outlined by Ms. Schalatek. He further noted that the Fund should have a clear structure for immediate funding, and that the funding it provides should be programmatic and long-term rather than project-based, and should support relief, recovery, and rehabilitation efforts, including relocation as appropriate. Innovative sources, meanwhile, should be equitable and generate revenues from those more responsible and most able to pay. He echoed the view that the Glasgow Dialogue is best suited for a discussion on funding arrangements.
54. Finally, Mr. Ramy George Yacoub delivered an intervention on behalf of YOUNGO (Children and youth NGOs). Mr. Yacoub stated that the operationalization of the loss and damage funding arrangements based on the recommendations of the TC is a big opportunity to showcase global solidarity in the face of the climate crisis. He also highlighted various key points: the importance of people centric, community-based and globally aware approaches for loss and damage; that youth groups are critical stakeholders in addressing loss and damage; YOUNGO's support for grant-

based and country-driven funding arrangements that are based on solidarity, justice, accessibility, fairness, and equity; and that the funding mechanisms should be measured both qualitatively and quantitatively, using different impact measures than other existing multilateral climate funds.

55. The TUNGO (Trade Union NGOs) constituency was represented by Ms. Lien Vandamme from the Centre for International Environmental Law. Her statement was also supported by the ENGO, Women and Gender, and Indigenous peoples organizations constituencies. Ms. Vandamme underscored that climate action and policies, including to address loss and damage, must protect and promote fundamental labour rights, including freedom of association and collective bargaining, and should be facilitated through dialogue with workers. She stated that the outcome of the TC's work should be a governing instrument with clear objectives, principles, and operational modalities for an operating entity under the financial mechanism of the UNFCCC. In addition, she proposed that the fund should be at the core of the funding arrangements for responding to loss and damage, and should be responsible for coordination and coherence within the funding landscape; the fund should also be rooted in human and labour rights.
56. The various interventions also reflected on the importance of civil society engagement in the work of the TC, and asked the TC to consider enhanced modalities for engagement in its future meetings and undertakings. This request was acknowledged by the Co-chair, Mr. Sherman, who said that the TC will indeed reflect on this, and proposed that the exchange of views with observers become a formal agenda item at future meetings of the TC. Establishing a submission process was also raised as an additional modality through which observers can engage in the work of the TC.
57. Members of the TC also shared their thoughts on the interventions of the observer constituencies. Members welcomed the comments made and reiterated the importance of hearing from a wide range of observers and affected communities. It was also suggested that, in addition to hearing from observer constituencies in the context of meetings and other official engagements of the TC, that TC members can also take the initiative to hear from civil society representatives in their home countries and regions.
58. Members also shared some substantive questions as follow-ups to the observers interventions. These included, for example: What are measures to address slow onset events that the fund should support? What aspects of reconstruction and other areas should it support? What are the trade-offs (e.g. in terms of time) in setting up a fund as an operating entity of the financial mechanism and why is that important for some stakeholders? What are the needs and gaps, and how are needs defined by the constituencies? How can support be provided directly to communities?
59. The observer representatives appreciated the commitment on the part of the TC to further engage with them, as well as the various questions posed. They noted that while their interventions were relatively high-level, they do have significant technical expertise and specific suggestions that they are happy to share. Some initial answers to the questions posed were also given – for example, on the matter of why it is important for a fund to be an operating entity of the financial mechanism, it was highlighted that this is due to compliance with the principles of the UNFCCC as well as accountability to the governing bodies.
60. The discussion pertaining to the sub-agenda item on *Budget and financial resources for the TC and its work* took place on the final day of the meeting, 29 March. The secretariat reiterated that, at the time of the meeting, no financial contributions had been made to the workstream. As a result, resources had been reallocated to the extent possible from other parts of the organization and staff time had been shifted from other workstreams in order to support the work of the TC and related mandates. It was noted that a fundraising letter was sent out on 7 March 2023, so there may be support provided going forward. The secretariat also highlighted that the clarity on the workplan achieved at the meeting will facilitate a more precise understanding of how

much financial support is required, which the secretariat can provide following the meeting.

61. In response to additional questions from members, the secretariat also shared that standard costs for workshops are between EUR 200,000 – 300,000, with added costs of around 30 per cent to add virtual modalities to in-person workshops (i.e. to have hybrid workshops).
62. Members stressed the importance of ensuring that the workstream is well resourced in order to deliver on the mandate and have adequate expertise available to inform the work.
63. Finally, under the Other Matters agenda item, a brief discussion took place on the role of the TSU and how it interacts with the secretariat. The secretariat explained that the TSU is an extension of the secretariat itself. Organizations nominating representatives to the TSU have been given an estimated time allocation of around one week per month. Members of the TSU will not be physically based at the secretariat, but will participate in meetings of the TC and related events and will also interact with the secretariat regularly throughout the year. It was requested that the TC be provided with a list of members of the TSU, including their contact information.

VII. Conclusion and next steps

64. The specific next steps were outlined in the workplan, which was adopted on 29 March under agenda item IV as contained in document TC1/2023/3/Rev.3.

VIII. Closure of the meeting

65. Members of the TC thanked Mr. Nasr and the Government of Egypt for hosting the TC meeting and their hospitality. The meeting was closed in the afternoon of 29 March 2023.

Annex I. Members of the Transitional Committee as at 27 March 2023

Member	Country	Constituency
Mr. Mohamed Nasr	Egypt	Developing country Parties Africa, representative of the President of COP 27
Mr. Richard Sherman	South Africa	Developing country Parties Africa
Ms. Sumaya Zakieldeem	Sudan	Developing country Parties Africa
Ms. Hana AlHashimi	United Arab Emirates	Developing country Parties Asia and the Pacific, representative of the incoming President of COP 28
Mr. Kunal Satyarathi	India	Developing country Parties Asia and the Pacific
Ms. Ren Yan	China	Developing country Parties Asia and the Pacific
Mr. Jaime Tramón	Chile	Developing country Parties Latin America and the Caribbean
Ms. Milagros De Camps	Dominican Republic	Developing country Parties Latin America and the Caribbean
Mr. Carlos Méndez	Venezuela	Developing country Parties Latin America and the Caribbean
Ms. Diann Black-Layne	Antigua and Barbuda	Developing country Parties Small island developing States
Ms. Khadeeja Naseem	Maldives	Developing country Parties Small island developing States
Mr. Adao Soares Barbosa	Timor-Leste	Developing country Parties Least developed countries
Mr. Sonam Phuntsho Wangdi	Bhutan	Developing country Parties Least developed countries
Ms. Gayane Gabrielyan	Armenia	Developing country Parties Developing country Party not included in the categories listed above
Mr. Georg Børsting	Norway	Developed country Parties
Ms. Christina Chan	United States of America	Developed country Parties
Mr. Jean-Christophe Donnellier	France	Developed country Parties
Mr. David Higgins	Australia	Developed country Parties
Ms. Outi Honkatukia	Finland	Developed country Parties
Mr. Steven Kuhn	Canada	Developed country Parties
Ms. Lotte Machon	Denmark	Developed country Parties
Ms. Debbie Palmer	United Kingdom of Great Britain and Northern Ireland	Developed country Parties
Ms. Sinead Walsh	Ireland	Developed country Parties
Mr. Jun Yamazaki	Japan	Developed country Parties

Annex II. Summary of outcomes by the Co-chairs

1. The Transitional Committee (TC) elected Ms. Outi Honkatukia (Finland) and Mr. Richard Sherman (South Africa) as its co-chairs for the duration of its mandate.
 2. The TC adopted the following:
 - a. Working arrangements as presented in the note by the Co-chair in document TC1/2023/2/Rev.2 version of 28 March 2023;
 - b. Workplan as presented in the note by the Co-chair in document TC1/2023/3/Rev.3 version of 29 March 2023 at 18:00hrs.
 3. In organizing its work, the TC agreed:
 - a. To have a fourth meeting;
 - b. To request regional groups to communicate to the Co-chairs and the secretariat when a change in membership should take effect for shared seats;
 - c. To hold monthly video calls to discuss preparatory work for the next meeting;
 - d. To organize the workshops in a hybrid mode;
 - e. That exchange of views with observers will be a standing agenda item at each meeting, in addition to the active involvement of observers in the mandated workshops and the second Glasgow Dialogue;
 - f. To invite submissions from members, Parties and other observers on topics for further discussion including case studies on how countries in different regions address loss and damage.
 4. The TC requested the secretariat:
 - a. To make available the synthesis paper at least 2 weeks before TC 2;
 - b. To invite the Intergovernmental Panel on Climate Change to its next meeting to provide an overview of the Synthesis Report of the Sixth Assessment Report and discuss ways in which the latest science can inform provision of support to developing countries that are particularly vulnerable to the adverse effects of climate change in addressing loss and damage associated with the adverse effects of climate change;
 - c. To provide informal summaries of the two mandated workshops in time for the subsequent TC meetings;
 - d. To consider the topics that have been deliberated by the TC, including elements that relevant funds/funding arrangements could provide information on, with a view to gather a rich set of examples and lessons learned that the TC could draw upon in its work;
 - e. To invite speakers to future meetings and mandated workshops based on the topics identified by the TC.
 5. The TC agreed that the Co-chairs should aim to share a provisional agenda for subsequent meetings one month in advance.
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