



Second meeting of the Transitional Committee

15 May 2023

**Synthesis report on existing funding arrangements and innovative sources  
relevant to addressing loss and damage associated with the adverse effects of  
climate change**

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## Summary

- (a) **Existing funding arrangements** for finance flows relevant to addressing loss and damage associated with the adverse effects of climate change effects touch five areas: adaption finance, financial stability, humanitarian assistance, risk insurance and domestic funds and trusts.
- (b) **A range of financial instruments are used**, including concessional loans, lines of credit as contingencies, guarantees, grants, insurance and risk pooling, catastrophe (cat) bonds, and domestic taxation. Frequently, two or more funding types or instruments are blended. Many institutions operate multiple funding windows, facilities and programmes, each with its own scope, eligibility criteria and disbursement policies.
- (c) **Adaptation finance** increased 65%, to USD 49 billion in 2019–2020, driven mainly by financing from bilateral and multilateral development. During the same time period, adaptation finance through bilateral, regional and other channels grew by 40% while mitigation finance decreased 13%. The MDBs and the EIB have either already reached (World Bank 35%), or are on the way to reaching higher share for climate finance (EIB 15%) including adaptation, in their operations. Bilateral adaptation funding has more than doubled to USD 29.5 billion in 2020. The USD 200 million V20 Global Shield Against Climate Risks, is a mechanism for adaptation and resilience by providing pre-arranged finance for disasters, including social protection schemes. Currently, adaption finance makes up 27% of total public climate finance.
- (d) **Financial stability** to address external shocks related to disasters includes earmarked funding windows, facilities and programmes such as the USD 41.2 billion Resilience and Sustainability Trust (RST) and the IMF USD 1.4 billion Resilience and Sustainability Facility (RSF). The World Bank operates credit line facilities such as the USD 2.5 billion Crisis Response Window (CRW) and Immediate Response Mechanism (IRM), which can make available up to 5% of undisbursed IDA balances following a crisis, for small states up to USD 5 million. The Catastrophe Deferred Drawdown Option (Cat DDO) is a contingent financing line that provides immediate liquidity up to USD 250 million or 0.5% of GDP.
- (e) **Humanitarian funding** is under pressure as forecasts for climate-induced internal displacement and migration are significant, from 216 million to 1.2 billion by 2050. In 2020, the UN Central Emergency Response Fund (CERF) and 18 Country-Based Pooled Funds (CBPFs) combined provided more than USD 1.75 billion in humanitarian assistance. Since 2006, the fund has allocated an average of 26% of its funds to climate related emergencies, total of USD 2 billion. The WPF, IOM, the ICRC and other humanitarian organizations and bilateral donors provide in excess of USD 25 billion. Bilateral aid for humanitarian assistance amounted to USD 126 billion in 2021, of which USD 23.7 billion was allocated to emergency response, USD 920 million to disaster preparedness and only USD 260 million to reconstruction and rehabilitation.
- (f) **Climate risk insurance** up-take has been strongest in developed countries with coverage gaps of up to 97% in **developing** countries. Initiatives such as the African Risk Capacity (ARC), the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the Pacific Catastrophe Risk Insurance Company (PCRIC) aim to increase up-take by pooling risks regionally. With the projected increase in the frequency and intensity of climate-induced sudden-onset events and impacts, insurance may face hurdles as premium costs are likely to rise while pay-outs are likely to shrink. A mechanism that deals with potential uninsurable impacts of climate change in the most vulnerable countries could be explored in the context of addressing loss and damage.
- (g) **Domestic funds and trusts** addressing loss and damage are currently small in number and size vis-à-vis the challenges at community level but they are an important effort by countries and a potentially scalable model with **international** assistance. The Bangladesh Bridge Fund (CBF) supports internally displaced persons due to climate change. Fiji, Paraguay and other

counties imposed domestic taxes to fund resettlements, disaster risk reduction and management.

- (h) **Despite overall increases, in particular in adaptation finance, overall finance gaps remain.** Finance flows to developing countries are 5-10 times below needs the estimated annual needs of USD 160-340 billion by 2030 and USD 315-565 billion by 2050. One analysis of “residual loss and damage” or “unavoidable loss and damage”, estimated the economic costs in the range of USD 290 – USD 580 billion by 2030, rising to USD 1 trillion in 2050. The Intergovernmental Panel on Climate Change (IPCC) estimated the annual costs of damages from sea level rise at USD 427 billion by 2100.
- (i) **Substantial finance gaps exist with respect to recovery and reconstruction.** Out of the more than USD 167 billion in development assistance by OECD-DAC members for adaptation in 2021, USD 278 million was allocated to **emergency** response, USD 535 million to disaster prevention and preparedness and only USD 63 million to reconstruction relief and rehabilitation.
- (j) **Other finance gaps** are access to low-cost financing in context of **early warning**, sudden onset events and the **compounding** effects of slow and sudden onset events and impacts and non-economic loss and damage.
- (k) **Loans play a dominant role, with increasing needs and debt-overhang, posing risks to debt sustainability.** Concessional and non-concessional loans accounted for 72% of public climate finance (mitigation, adaptation, crosscutting) between 2016 and 2020, with grants providing 26% of financing. Over 50% of debt increase in vulnerable countries is now related to funding disaster recoveries. Constant financing needs of climate vulnerable countries pose long-term risks. Vulnerable Group of Twenty (V20) sovereign debt climbed to USD 686 billion in 2020. With increasing intensity and frequency of sudden-onset events, at times affecting a vulnerable countries multiple times within a short time span, wiping out substantial portions of GDP, a country’s ability to access to financial markets and concessional loans to fund the USD 200 billion per year for post-disaster and reconstruction, may be severely compromised.
- (l) **Structural gaps in existing funding arrangements** exist with respect to access to large-scale, low-cost financing for vulnerable countries, many of which are currently outside the scope of (traditional) IMF and MDB eligibility criteria due to their income levels. Special status access of SIDS and other countries does not provide sufficient **resources** to address loss and damage and has led to an international debate about the fit-for-purpose of the international financial architecture in light of the adverse effects of climate change.
- (m) **Data, knowledge and capacity gaps** limit effective responses of existing funding arrangements with respect to **addressing** loss and damage. Heterogenous finance flows are not systematically tagged, reported and tracked, limiting collection, aggregation and analysis. The absence of a common, singular classification hinders the identification of relevant finance flows and attribution. Finance flows directed towards ex-ante and ex-post needs and actions are easier to identify than other finance flows. Sub-optimal disbursement of allocated or approved funding indicates capacity gaps.
- (n) **Coherence and Coordination** gaps exists in the current landscape as there is no single entity within existing **funding** arrangements that is dedicated to addressing loss and damage specifically, thereby achieving coherence and coordination and knowledge accumulation to deal with loss and damage.
- (o) **Innovative sources** consist of a limited number of financial innovations such as debt swaps, cat bonds and innovative **financing** mechanisms successfully implemented outside the climate change arena.
- (p) **Debt swaps** and debt buy-back have limited potential given that given that a substantial portion, over USD 100 billion, has been cancelled under the now discontinued Heavily

Indebted Poor Countries (HIPIC) initiative and the **Multilateral** Debt Relief Initiative (MDRI) by Paris Club creditors. However, for climate-vulnerable middle-income countries, including SIDS, debt swaps remain an option. In addition to bilateral swaps, underexploited potential exists in the conversion of old commercial debt held by export credit guarantee agencies. There is a gap in systematically realizing existing potentials, for example through a central mechanism to assist in swap negotiations.

- (q) **Debt securitization**, also known as “frontloading”, is the use of future public income streams such as ODA to issue **bonds** in the financial markets to finance interventions now rather than later, thereby “frontloading” future income streams for action now. The USD 8.7 billion raised by the International Finance Facility for Immunization (IFFIm) and the recently launched International Finance Facility for Education (IFFEd) are examples. Potential of frontloading for the capitalization of the loss and damage fund maybe be limited at this time given that ODA constraints.
- (r) **International solidarity levies** are government-imposed surcharges on specified transactions. The model is the French **air** ticket levy created in 2006, which generates on average approximately 210 million Euros a year. The levy is a voluntary tax with the purview of sovereign countries. The levy is collected through existing tax mechanisms without any actions required by the passenger. Other proposals for solidarity levies include a 0.001% extractive industry levy by the Innovative Finance Foundation (IFF) in 2014, which would generate approximately USD 1.64 billion a year. The carbon shipping levy proposed at between USD 56–300 per ton put forward to the IMO would subsidize zero-carbon fuels, deploy the bunkering infrastructure required in ports to supply fuels such as hydrogen and ammonia and support developing countries.

## I. Background

1. At the twenty-seventh session of the Conference of the Parties (COP 27) and the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 4) in Sharm El Sheikh, Egypt, the COP and the CMA adopted decisions 2/CP.27 and 2/CMA.4, respectively, acknowledging that the existing funding arrangements fall short of responding to current and future impacts of climate change and are not sufficient to address existing funding gaps related to providing action and support in responding to loss and damage associated with the adverse effects of climate change.<sup>1</sup>
2. In the decisions, the COP and the CMA acknowledged, among other things, the urgent and immediate need for new, additional, predictable and adequate financial resources to assist developing countries that are particularly vulnerable to the adverse effects of climate change in responding to economic and non-economic loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events, especially in the context of ongoing and ex-post (including rehabilitation, recovery and reconstruction) action.<sup>2</sup>
3. The COP and the CMA decided to establish new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change in responding to loss and damage, including with a focus on addressing loss and damage, by providing and assisting in mobilizing new and additional resources, and that these new arrangements complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement.<sup>3</sup> In the context of establishing the new funding arrangements, it was also decided to establish a fund for responding to loss and damage whose mandate includes a focus on addressing loss and damage.<sup>4</sup>
4. In order to facilitate the operationalization of the new funding arrangements and the fund, a Transitional Committee (TC) consisting of 24 members, 10 from developed countries

<sup>1</sup> Decisions 2/CP.27 and 2/CMA.4, preamble.

<sup>2</sup> Decisions 2/CP.27 and 2/CMA.4, para.

<sup>3</sup> Decisions 2/CP.27 and 2/CMA.4, para. 2.

<sup>4</sup> Decisions 2/CP.27 and 2/CMA.4, para. 3.

and 14 from developing countries, was established to make recommendations for the operationalization of the new funding arrangements and the fund for consideration and adoption by the COP at its twenty-eighth session and the CMA at its fifth session (November–December 2023).<sup>5</sup>

5. The COP and the CMA further decided in decisions 2/CP.27 and 2/CMA.4, paragraphs 5 and 6, that in its recommendations, the TC will take into account information, including but not limited to, the current landscape of institutions that are funding activities related to addressing loss and damage and ways in which coherence, coordination and synergies among them can be enhanced, the gaps within the current landscape relating to speed, eligibility, adequacy and access to finance, identification of priority gaps for which solutions should be explored, the most effective ways in which to address the gaps, especially for the most vulnerable populations, and potential sources of funding, including innovative sources.<sup>6</sup>

## **II. Mandate, scope and methodology**

### **A. Mandate**

6. In decisions 2/CP.27 and 2/CMA.4, paragraph 7(b), the COP and the CMA requested the secretariat to prepare a synthesis report on existing funding arrangements and innovative sources relevant to addressing loss and damage associated with the adverse effects of climate change.

### **B. Scope**

7. The scope of the synthesis report includes the identification and the listing of existing funding arrangements and innovative sources relevant to addressing loss and damage associated with the adverse effects of climate change, description and analysis of the overall funding landscape, including relevant innovative sources, relevant funding instruments and related mandates, policies and criteria. The scope of this synthesis report does not include an analysis of additionality, predictability and adequacy of funding.

8. The report focuses predominately on external financing (international finance from multilateral, bilateral and other sources) in existing funding arrangements and does not review in depth domestic, national and sub-national and local financing, except to illustrate by few examples the potentially important role national and local funding platforms can play and how they can be augmented with external financing. To the extent possible and subject to data availability bilateral funding including direct budget support, were considered in the synthesis report.

9. The discussion of innovative sources includes financial innovations currently used in the context of climate change such as debt-for-nature swaps and impact bonds as well as large-scale innovative financing mechanisms that have been successfully implemented in other sectors but have potential relevance in the context of addressing loss and damage and the capitalization of the fund.

10. The synthesis report is divided into four sections. The first section sets out the background for the report. The second section describes the mandate, scope and methodology, including important limitations. The third section describes the current landscape of existing funding arrangements relevant to addressing loss and damage associated with the adverse effects of climate change, including relevant sectors, institutions, funding instruments, financial flows and potential gaps. The fourth section describes existing and potential innovative sources and innovative financing mechanisms relevant for funding loss and damage and the fund.

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<sup>5</sup> Decisions 2/CP.27 and 2/CMA.4, para. 4 and Annex.

<sup>6</sup> Decisions 2/CP.27 and 2/CMA.4, para. 6.

11. An initial version of the synthesis report was made available for the first TC meeting (TC1) from 27 to 29 March 2023.<sup>7</sup> Feedback received from TC members as reflected in the TC Co-Chairs summary,<sup>8</sup> as well as additional written comments provided by TC members to the secretariat, reflected a need for greater level of analysis, including in relation to the number of funding arrangements that address a specific loss and damage action or need, funding for slow onset events, overall funding gaps, experience with innovative sources in other sectors, legal parameters of financial instruments and potential changes required to existing mandates and legal capacities of funders, early warning funding and other ex-ante measures, anticipatory and contingency funding, medium-and long-term recovery financing and funding options for non-economic loss and damage.

## C. Methodology

12. There are a number of methodological challenges with respect to climate finance data generally, even without the added tasks of identifying and analyzing financial flows relevant to addressing loss and damage. The UNFCCC Standing Committee on Finance has pointed to limitations in collecting and aggregating climate finance data, leading potentially to limitations regarding the interpretation of relative shares of global climate finance going to different themes or sectors, the amount of domestic climate finance, the amount of private finance for adaptation and others.<sup>9</sup>

13. Within the data constraints articulated by the UNFCCC Standing Committee on Finance, this synthesis report uses publicly available information, official reports, independent research and data collected as part of the funding landscape mapping exercise. Data for the mapping was compiled from UNFCCC technical papers, including under the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM), see Table 1 below, and from contributions by TC members and the Technical Support Unit (TSU) convened by the secretariat.

*Table 1. Past reports concerning loss and damage within the UNFCCC process*

<i>Title</i>	<i>Body</i>	<i>Content</i>
Synthesis report for the technical assessment component of the first global stocktake of the WIM ExCom <sup>10</sup>	WIM ExCom (2022)	Synthesis report providing comprehensive information on efforts related to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change, showcasing work under the WIM ExCom, including under the action and support workstream
Elaboration of the sources of and modalities for accessing financial support for addressing loss and damage <sup>11</sup>	UNFCCC Secretariat (2019)	Review of existing sources, discussion on how addressing loss and damage is conceptualized, current limitations and challenges in elaborating finance for addressing loss and damage, reflects on insights and areas for potential further analysis.

<sup>7</sup> See [https://unfccc.int/sites/default/files/resource/Initial\\_SR\\_25%20March%2025%201500hrs.pdf](https://unfccc.int/sites/default/files/resource/Initial_SR_25%20March%2025%201500hrs.pdf).

<sup>8</sup> Available at <https://unfccc.int/event/TC1>.

<sup>9</sup> UNFCCC Standing Committee on Finance, Fifth Biennial Assessment and Overview of Climate Finance Flows, 2022, at [https://unfccc.int/sites/default/files/resource/J0156\\_UNFCCC%20BA5\\_2022\\_Report\\_v4%5B52%5D.pdf](https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20BA5_2022_Report_v4%5B52%5D.pdf).

<sup>10</sup> Available at [https://unfccc.int/sites/default/files/resource/ExCom\\_SR\\_GST\\_cleared.pdf](https://unfccc.int/sites/default/files/resource/ExCom_SR_GST_cleared.pdf).

<sup>11</sup> Available at [https://unfccc.int/sites/default/files/resource/01\\_0.pdf](https://unfccc.int/sites/default/files/resource/01_0.pdf).

<i>Title</i>	<i>Body</i>	<i>Content</i>
Compendium on Comprehensive Risk Management Approaches. <sup>12</sup> (including Final Synopsis) <sup>13</sup>	WIM ExCom (2019)	Compendium aiming to provide a short overview and collection of good practices and lessons learned in relation to comprehensive risk management approaches at different levels (sub-national, national, regional and international) with geographic representation at global scale, without attempting to draw a comprehensive landscape.
Report of the Suva Expert Dialogue <sup>14</sup>		Report of the Suva Expert Dialogue which explored a wide range of information, inputs and views on ways for facilitating the mobilization and securing of expertise, and enhancement of support, including finance, technology and capacity-building, for averting, minimizing and addressing loss and damage associated with the adverse effects of climate change. Full proceedings and reports of the six roundtable discussions (risk assessment, risk reduction, risk transfer, risk retention, comprehensive risk management in relation to extreme events, comprehensive risk management in relation to slow onset events) <sup>15</sup> are available on the event webpage.
The two part Synthesis Paper <sup>1617</sup> on the submissions made on the type and nature of actions to address loss and damage for which finance may be required	WIM ExCom (2018)	Two-part Synthesis Paper on the submissions received in response to the call for submission of information opened by the WIM ExCom, focusing on the type and nature of actions to address loss and damage for which finance may be required, in preparation of the Suva Expert Dialogue. All 21 relevant submissions can be accessed online. <sup>18</sup>
Information paper on best practices, challenges and lessons learned from existing financial instruments <sup>19</sup>	WIM ExCom (2016)	Summary based upon 18 submissions received for in response to ExCom's invitation for Parties and relevant organizations to submit information on best practices, challenges and lessons learned from existing financial instruments at all levels that address the risk of loss and

<sup>12</sup> Available at <https://unfccc.int/documents/200759>.

<sup>13</sup> Available at <https://unfccc.int/sites/default/files/resource/Synopsis%20of%20the%20compendium.pdf>.

<sup>14</sup> Available at [https://unfccc.int/sites/default/files/resource/SUVA%20Report\\_ver\\_13\\_Nov.pdf](https://unfccc.int/sites/default/files/resource/SUVA%20Report_ver_13_Nov.pdf).

<sup>15</sup> <https://unfccc.int/topics/adaptation-and-resilience/workstreams/loss-and-damage-ld/executive-committee-of-the-warsaw-international-mechanism-for-loss-and-damage/workshops-meetings/suva-expert-dialogue>.

<sup>16</sup> Part I available at [https://unfccc.int/sites/default/files/resource/Item\\_9\\_Summary\\_views\\_on\\_actions\\_12\\_Mar.pdf](https://unfccc.int/sites/default/files/resource/Item_9_Summary_views_on_actions_12_Mar.pdf).

<sup>17</sup> Part II available at [https://unfccc.int/sites/default/files/resource/Item\\_9\\_Summary\\_views\\_on\\_SUVA\\_TP\\_UNFCCCinstitutions\\_12\\_Mar.pdf](https://unfccc.int/sites/default/files/resource/Item_9_Summary_views_on_SUVA_TP_UNFCCCinstitutions_12_Mar.pdf).

<sup>18</sup> Available at <https://cop23.unfccc.int/topics/adaptation-and-resilience/groups-committees/executive-committee-of-the-warsaw-international-mechanism/submissions-on-the-type-and-nature-of-actions-to-address-loss-and-damage-for-which-finance-may-be>.

<sup>19</sup> Available at [https://unfccc.int/files/adaptation/groups\\_committees/loss\\_and\\_damage\\_executive\\_committee/application/pdf/information\\_paper\\_aa7d\\_april\\_2016.pdf](https://unfccc.int/files/adaptation/groups_committees/loss_and_damage_executive_committee/application/pdf/information_paper_aa7d_april_2016.pdf).



<i>Title</i>	<i>Body</i>	<i>Content</i>
		damage associated with the adverse effects of climate change. The submitted information was expected to contribute to an improved understanding of such instruments by public bilateral and multilateral institutions and funds, private financial institutions and developed and developing countries
Summary report on the 2016 forum of the Standing Committee on Finance on financial instruments <sup>20</sup>	Standing Committee on Finance (2016)	Report on information sharing, knowledge and good practices, among expert organizations (in the public and private sectors) and UNFCCC stakeholders, on financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change
Gaps in existing institutional arrangements within and outside of the Convention to address loss and damage, including those related to slow onset events <sup>21</sup>	UNFCCC Secretariat (2013)	Review of existing institutional arrangements at transboundary, regional and global levels, carrying out relevant activities. Provides preliminary analysis of some general features of, and emerging trends and gaps in, such existing institutional arrangements.
A literature review in the context of thematic area 2 of the work programme on loss and damage: a range of approaches to address loss and damage associated with the adverse effects of climate change <sup>22</sup>	UNFCCC Secretariat (2012)	Literature review of scientific evidence and other documentation on a range of approaches employed today in four regions of the world to address loss and damage, in particular foundational resource requirements and cost-effectiveness. The review follows a regional perspective, corresponding to the regional expert meetings for Africa, Latin America, Asia, and small island developing States in 2012 under the Subsidiary Body for Implementation.
Mechanisms to manage financial risks from direct impacts of climate change in developing countries. Technical paper <sup>23</sup>	UNFCCC Secretariat (2008)	Information on the financial mechanisms used to manage risks from the direct impacts of climate change from insurance mechanisms to other forms of risk spreading and sharing. The paper considers hazards, assets and vulnerability in the context of climate change, and reviews several options for managing financial risks from impacts of climate change in developing countries. It considered the role of external support in helping developing countries finance appropriate risk-sharing mechanisms. The information was considered by Parties and organizations in their actions to manage financial risks from the direct impacts of climate change and to enhance resilience to the impacts of the adverse effects of climate change, and led to the creation of the loss and damage workstream under the climate change process.

<sup>20</sup> Available at <https://unfccc.int/resource/docs/2016/cop22/eng/08.pdf#page=29>.

<sup>21</sup> Available at <https://unfccc.int/sites/default/files/resource/docs/2013/tp/12.pdf>.

<sup>22</sup> Available at <https://unfccc.int/sites/default/files/resource/docs/2012/sbi/eng/inf14.pdf>.

<sup>23</sup> Available at <https://unfccc.int/documents/5369>.

14. The mapping table (see *Annex III*) represents a snapshot in time and best effort, in particular as financial flows relevant to addressing loss and damage are not tracked separately by funding institutions. Moreover, many funding institutions have multiple funding windows or programmes with varying eligibility criteria, triggers, thresholds and disbursement time horizons, which introduces a further level of complexity, leading to potential overlaps and inaccuracies.

15. The classification and organizational principles used for the mapping are intended as aids in the stratification and analysis of a complex, multi-dimensional landscape. They are not an endorsement of any view concerning the definitions of loss and damage or the operationalization of the fund.

### III. Existing funding arrangements

#### A. Tracking loss and damage funding

16. There is no commonly agreed definition of the term “loss and damage” under the UNFCCC process, although there is an acknowledgement that loss and damage includes, and in some cases involves more than, that which can be reduced by adaptation.<sup>24</sup> For the purposes of this paper, the secretariat has adopted a broad and inclusive view of funding arrangements that may have relevance for addressing loss and damage.

17. Slow onset events and impacts such as increasing temperatures, sea level rise, salinization, ocean acidification, glacial retreat, land degradation, desertification and loss of biodiversity and sudden onset events and impacts such as droughts, floods, heatwaves, landslides, windstorms, wildfires and other hazards as, well as their combined, compounding effects, create losses and damages affecting livelihoods, development and future prospects.

18. There are numerous studies that estimate the economic and non-economic costs of loss and damage associated with the adverse effects of climate change. One analysis that focused on “residual loss and damage” which in some cases is also “unavoidable loss and damage”, estimated the economic costs of loss and damage from climate change in the range of USD 290 – USD 580 billion by 2030, rising to USD 1 trillion in 2050.<sup>25</sup> The Intergovernmental Panel on Climate Change (IPCC) estimated that the annual costs of damages from sea level rise alone could reach USD 427 billion by 2100 with significant impact on low-lying island and coastal communities.<sup>26</sup>

19. The Vulnerable Group of Twenty (V20) economies, currently comprising 58 countries with a combined population of 1.5 billion, contribute only 5 per cent of global greenhouse gas (GHG) emissions but are estimated to have lost 20 per cent of their Gross Domestic Product (GDP) due to the adverse impacts of climate change.<sup>27</sup> The V20 secretariat indicates that for the most at-risk countries (10 per cent of worst affected V20 economies), economic losses due to climate change are estimated to exceed half (51 per cent) of all growth since the year 2000 (2000-2019); in other words, the most at-risk of the world’s most climate vulnerable nations would be twice as wealthy today were it not for climate change.<sup>28</sup>

20. Larger, interconnected emerging economies are also increasingly exposed to the adverse effects of climate change. IMF modelling shows that following a climate change-related shock (record breaking floods or droughts), there is a 50 per cent probability that external financing needs in two sample large emerging economies could exceed USD 19 billion (5 per cent of GDP) and USD 342 billion (12 per cent of GDP) respectively, and that

<sup>24</sup> Decision 2/CP.19.

<sup>25</sup> Markandya, A. and M. Gonzalez-Eguino. An Integrated Assessment for Identifying Climate Finance Needs for Loss and Damage: A Critical Review, at [https://link.springer.com/chapter/10.1007/978-3-319-72026-5\\_14](https://link.springer.com/chapter/10.1007/978-3-319-72026-5_14).

<sup>26</sup> IPCC. “The Ocean Cryosphere in a Changing Climate” 2019.

<sup>27</sup> V20. Climate Vulnerable economies loss report, 2022, at <https://www.v-20.org/resources/publications/climate-vulnerable-economies-loss-report>.

<sup>28</sup> Ibid.

due to the size and the degree of interconnectedness of these economies, the large external financing needs could impair their access to financial markets and even trigger default.<sup>29</sup>

21. Other negative consequences associated with the adverse effects of climate change include non-economic loss and damage (NELD). These encompass loss of culture and traditions, physical and mental health, sense of place, social fabric, identity, dignity, biodiversity, ecosystem services and other aspects.<sup>30</sup>

22. Internal displacement, conflict and migration may be increasingly exacerbated by the adverse effects of climate change. Extreme weather events, exacerbated resource scarcity, impacts on food security, conflict and other factors induce internal displacement and migration. Some forecasts predict that as many as 1.2 billion people could be displaced globally by 2050 due to climate change and natural disasters.<sup>31</sup> A World Bank report examined six regions of the world and estimated that 216 million people could move within their own countries due to slow-onset climate change impacts by 2050, migrating from areas with lower water availability and crop productivity and from areas affected by sea-level rise and storm surges.<sup>32</sup> The UN estimates that rising water insecurity due to changing weather patterns and other slow onset events and impacts could displace 700 million people by 2030.<sup>33</sup> The high share of internally displaced persons under the mandate of UNHCR (see *Figure 1*) may point to need to consider that about 40 per cent of the world's population, about 3.5 billion people, live in areas highly exposed to climate impacts.<sup>34</sup>

**Figure 1. Number of persons under UNHCR mandate in 2023**



Source: UNHCR, 2023.

23. Review and analysis of finance flows to address loss and damage associated with adverse effects of climate change, some of which are briefly described in this section, is challenging because loss and damage-relevant finance flows are currently not systematically and specifically tagged, reported and tracked by UNFCCC reporting methods nor by the institutions within existing funding arrangements relevant to addressing loss and damage. Bilateral and multilateral funders such as the MDBs do not track expenditures in loss and damage terms or categories, and generally report investments that may be of relevance to addressing loss and damage, including ex-ante and ex-post funding, under climate adaptation or a range of other categories. This limits the generation, collection and aggregation of data and information that could in more granular detail inform modalities relevant to addressing loss and damage.<sup>35</sup>

- <sup>29</sup> Tovar Mora, C. et al. 2022. Stress Testing the Global Economy. IMF, at: <https://www.imf.org/en/Publications/WP/Issues/2022/09/16/Stress-Testing-the-Global-Economy-to-Climate-Change-Related-Shocks-in-Large-and-523566>.
- <sup>30</sup> Tschakert, P et. al, One thousand ways to experience loss: A systematic analysis of climate-related intangible harm from around the world, Global Environmental Change, 2019, 55.
- <sup>31</sup> Institute for Economics and Peace (IEP), <https://www.economicsandpeace.org/wp-content/uploads/2020/09/Ecological-Threat-Register-Press-Release-27.08-FINAL.pdf>.
- <sup>32</sup> Clement, V. et al. Groundswell Part 2: Acting on Internal Climate Migration, World Bank, 2021, at: <https://openknowledge.worldbank.org/entities/publication/2c9150df-52c3-58ed-9075-d78ea56c3267>.
- <sup>33</sup> UNCCD. 2014. Desertification frontline, available at: [https://www.unccd.int/sites/default/files/documents/12112014\\_Invisible%20frontline\\_ENG.pdf](https://www.unccd.int/sites/default/files/documents/12112014_Invisible%20frontline_ENG.pdf).
- <sup>34</sup> World Bank. 2023. Better Migration Policies Can Help Boost Prosperity in All Countries, at: <https://www.worldbank.org/en/publication/wdr2023>.
- <sup>35</sup> UNFCCC Standing Committee on Finance. Fifth Biennial Assessment and Overview of Climate Finance Flows, at: [https://unfccc.int/sites/default/files/resource/J0156\\_UNFCCC%20BA5\\_2022\\_Report\\_v4%5B52%5D.pdf](https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20BA5_2022_Report_v4%5B52%5D.pdf).

24. In the absence of a singular classification, identifying all loss and damage-relevant finance flows is challenging.<sup>36</sup> Relevant finance flows extend to several overlapping domains, including adaptation, macro-economic and fiscal stability, disaster risk reduction and management, risk transfer and pooling, humanitarian assistance and national funds and platforms. In the absence of financial data specifically classified in one or more loss and damage categories, relevant finance flows must be attributed to a spectrum of loss and damage needs and actions covering slow onset events and impacts and sudden onset events and impacts.

25. Identification of finance flows related to preparedness, early warning, insurance, emergency response, recovery, reconstruction and needs and actions in the context of sudden onset events and impacts can be achieved with some degree of certainty as these categories are not only reported and tracked but often exclusive targets of earmarked funding windows, programmes and facilities of funders such as the International Monetary Fund (IMF), the World Bank, other multilateral development banks (MDBs), UN agencies and bilateral donors.

26. The attribution of finance flows from within general adaptation finance to loss and damage is bound to be less certain because this domain covers a wide range of activities, including disaster preparedness and management and activities related to addressing slow onset events and impacts such as sea level rise, drought, biodiversity loss, glacier retreat and others and their compounded effects.

27. The identification of loss and damage-relevant finance flows within existing funding arrangements outside adaptation finance, risk insurance and existing earmarked funds, facilities and programmes and within humanitarian funding in the context of disasters, is hampered by the lack of tagged data and challenges in attribution. Country case studies and insights from existing country-based funds, trusts and platforms can offer valuable additional information about relevant finance flows to address loss and damage.

28. An experimental approach to data collection of loss and damage-relevant financial information, including NELD, could be offered by digital wallets (e-wallets). These application platforms rely on self-reporting at household level. They could potentially complement loss and damage assessments and capture relevant data directly from people affected. New forms of analytics, including machine learning, could potentially generate additional layers of information regarding various aspects of loss and damage at the household level, including early warning, response and coping strategies, social protection, recovery, reconstruction and others.

29. In conclusion, financial flows relevant to addressing loss and damage are currently not specifically reported or tracked by existing UNFCCC reporting methods or by institutions within existing funding arrangements. In the absence of a common, singular loss and damage classification, the attribution of loss and damage-relevant information and financial flows is complex, except where funding is specifically directed towards addressing ex-ante and ex-post needs and actions in the context of disasters and to a lesser degree in the context of realized loss and damage from the compounding effects of slow onset events such as resettlement due to sea level rise, for example.

## B. Current funding landscape

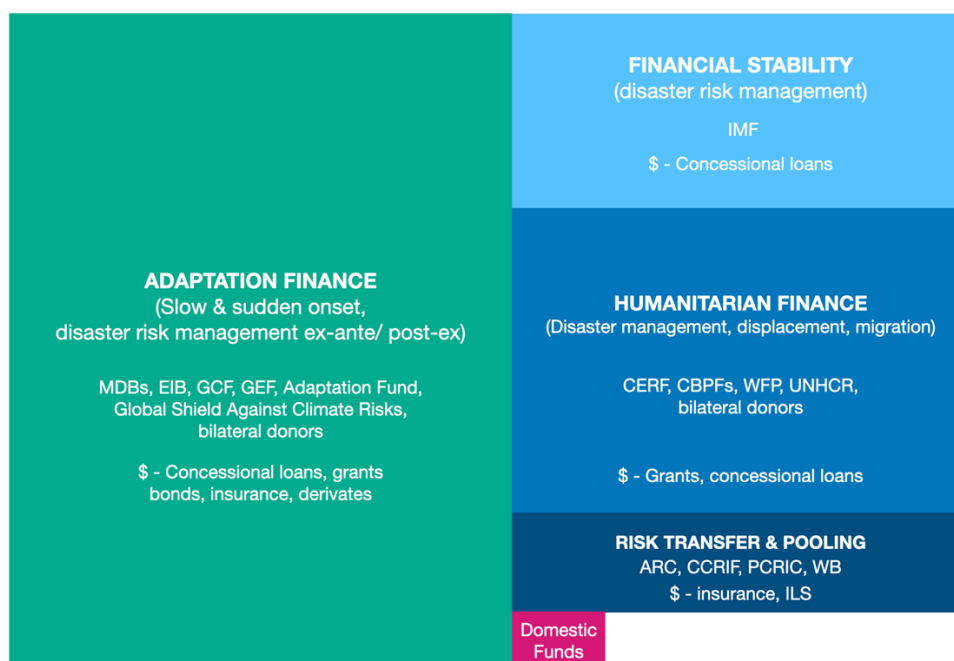
30. The existing funding arrangements that facilitate cooperation between developing countries and development partners in addressing loss and damage associated with the adverse effects of climate change include five general areas of funding: adaptation (27 per cent of all public climate finance<sup>37</sup>), fiscal and financial stability, humanitarian assistance, risk insurance and risk pooling, and domestic funds/ trusts (see *Figure 2*). Within these

<sup>36</sup> Ibid.

<sup>37</sup> UNFCCC Standing Committee on Finance. Fifth Biennial Assessment and Overview of Climate Finance Flows, p.106, at: [https://unfccc.int/sites/default/files/resource/J0156\\_UNFCCC%20BA5\\_2022\\_Report\\_v4%5B52%5D.pdf](https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20BA5_2022_Report_v4%5B52%5D.pdf).

domains, financial flows related to addressing loss and damage are either directly earmarked, for example through funding windows, facilities and programmes such as disaster risk prevention and management, or attributed from financial flows reported under adaptation.

*Figure 2. Current landscape of existing funding arrangements relevant to address loss and damage*

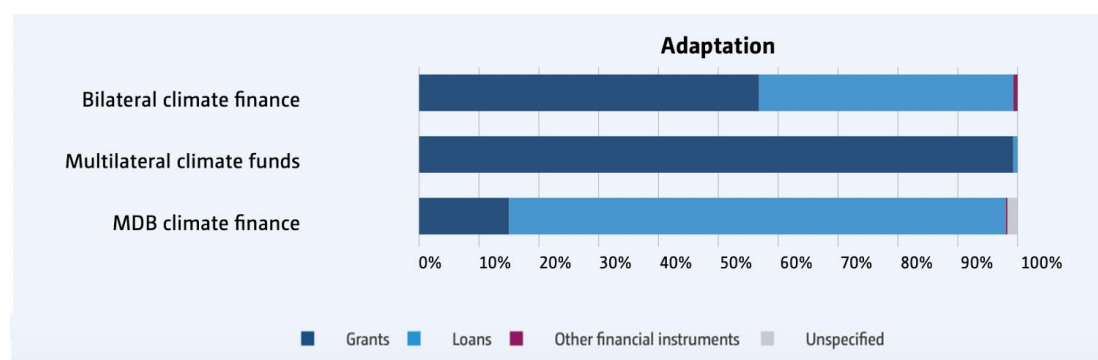


31. Within this landscape, countries and funding institutions deploy a wide range of financial instruments in line with their mandates and policies, including concessional loans, lines of credit as contingencies, guarantees, grants, insurance and risk pooling, catastrophe (cat) bonds, and domestic taxation. Frequently, two or more funding types or instruments are blended, for example a concessional loan offering may contain grant elements to reduce costs and uncertainty related to risk-return expectations in a transaction. Many institutions have multiple dedicated funding windows, facilities and programmes, each with its own scope, eligibility criteria and disbursement policies. The different funding windows and facilities are described in more detail in sections C and D under relevant climate and non-climate finance respectively.

32. The type of funding varies by institution (see *Figures 3 and 4*). The International Monetary Fund (IMF) and the MDBs, as the predominant providers of concessional loans, will naturally be more likely to feature a greater proportion of loans in their portfolios than funders charted as grant-giving institutions. UN agencies and multilateral climate funds almost exclusively provide grant funding while bilateral funders provide both loans and grants in nearly equal measure. Overall, loans, both concessional and non-concessional accounted for 72 per cent of public climate finance (mitigation, adaptation, crosscutting) between 2016 and 2020, with grants providing 26 per cent of financing.<sup>38</sup>

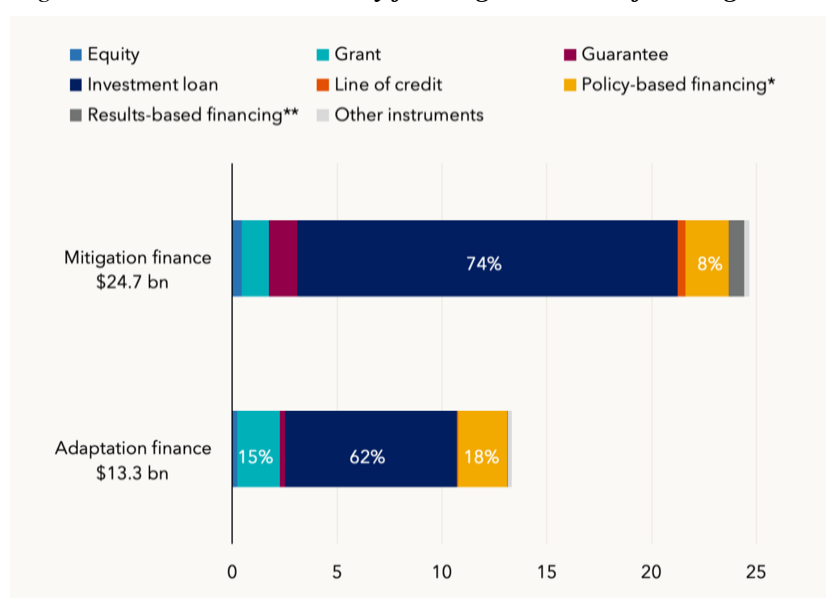
<sup>38</sup> Finance for Climate Action. Report of the Independent High-Level Panel Expert Group on Climate Finance, November 2022, p.16.

Figure 3. Shares of different funding instruments in adaptation climate finance flows



Source: UNFCCC Standing Committee on Financial Flows, 2022.

Figure 4. Total commitments by funding instrument for mitigation and adaptation by MDBs in 2020



Source: IMF. Global Financial Stability Report, 7 October 2022.

33. The high share of lending, in particular for adaptation finance, by the MDBs poses long-term risks to debt sustainability of climate vulnerable countries, which face constant, substantial, additional finance needs to deal with the increasing frequency and intensity of sudden onset events and impacts and their compounded effects. In 2019, eight out of ten countries most affected by extreme weather events were low- and lower-middle-income countries, and half were least developed countries (LDCs).<sup>39</sup> Over 50 per cent of debt increase in vulnerable countries is now related to funding disaster recovery.<sup>40</sup> The sovereign debt of the Vulnerable Group of Twenty (V20) countries climbed from USD 464 billion in 2015 to USD 570 billion in 2018 and USD 686 billion in 2020, at a time when investments in sustainable infrastructure investments need to be scaled up by USD 3.2 trillion per year to meet the UN 2030 Sustainable Development Goals and to limit global warming to 2°C.<sup>41</sup> In 2016, Caribbean SIDS showed an average gross external debt of 71 per cent of GDP, between 12 and 35 per cent higher than the average for developing countries and other Latin American and Caribbean economies.<sup>42</sup> The debt overhang problem poses challenges for

<sup>39</sup> Eckstein et al. 2021. Global Climate Risk Index 2021, Who Suffers Most from Extreme Weather Events? Briefing Paper. German Watch, p. 56.

<sup>40</sup> Finance for Climate Action. Report of the Independent High-Level Panel Expert Group on Climate Finance, November 2022, p.33.

<sup>41</sup> V20 Debt Review 2022, p.6 at: [https://www.v-20.org/wp-content/uploads/2022/09/V20-Debt-Review\\_Sept.-20-compressed.pdf](https://www.v-20.org/wp-content/uploads/2022/09/V20-Debt-Review_Sept.-20-compressed.pdf).

<sup>42</sup> Climate Analytics 2018, at: <https://climateanalytics.org/briefings/debt-for-climate-swaps-caribbean->



addressing loss and damage and investing in adaptation, prevention, and early warning systems.

34. With increasing intensity and frequency of sudden-onset events, at times affecting a vulnerable countries multiple times within a short time span, wiping out substantial portions of GDP, a country's ability to access financial markets and concessional loans to fund the USD 200 billion per year for post-disaster and reconstruction<sup>43</sup> may be severely affected. For example, many Caribbean SIDS, despite their special status of eligibility in the International Development Association (IDA), have limited access to concessional finance because of their current income classification, which does not take into account full realities of climate change impacts and an assessment on whether countries have the ability to maintain their economic status in the face of substantial climate-related expenditures.

35. Structural limitations in existing funding arrangements with respect to accessing large-scale, low-cost concessional financing for vulnerable countries, currently outside the scope of IMF and MDB eligibility criteria, has led to an international debate on whether the international financial architecture is fit-for-purpose in light of the adverse effects of climate change. The Bridgetown Initiative, among a range of specific proposals such as the inclusion of disaster clauses in lending instruments, calls for a widening of eligibility for concessional lending.<sup>44</sup>

36. The emergence of national funds and trusts within the landscape of existing funding arrangements relevant to addressing loss and damage, although limited in scale and scope vis-à-vis the challenges, are an important national effort by countries that could serve as a model to scale-up with international assistance. Fiji, for example, faced by loss and damage from a confluence of slow and sudden onset events and impacts, imposed a 5 per cent Environment & Climate Adaptation Levy (ECAL) to partially fund a national trust. The trust financed the relocation of six villages as a measure of last resort when all other adaptation options were exhausted. Paraguay imposes a 10 per cent Selective Consumption Tax to partially fund a National Emergency Trust, which collects information related to early warning and coordinates preparedness among ministries and local governments while also directing and coordinating assistance to communities in emergency situations.

## C. Relevant adaptation climate finance

37. Adaptation finance encompasses finance flows that provide funding for actions that may be of relevance to addressing loss and damage, in the context of both slow onset events and sudden onset events.

38. Global adaptation finance increased 65 per cent, from an annual average of USD 30 billion in 2017–2018 to USD 49 billion in 2019–2020, driven mainly by financing from bilateral and multilateral development. In 2019–2020, public adaptation finance from developed to developing countries through bilateral, regional and other channels grew 40 per cent while mitigation finance decreased by 13 per cent.<sup>45</sup> UNFCCC funds and multilateral climate funds approved a combined USD 2.9 billion and USD 3.5 billion for climate change projects in 2019 and 2020, respectively. The annual average for 2019–2020 represents an increase of 21 per cent compared with the annual average for 2017–2018, attributable primarily to increases in project approvals by the GEF Council, the GCF Board and the Clean Technology Fund. The MDBs provided USD 46 billion and USD 45 billion in climate finance to developing and emerging economies in 2019 and 2020, respectively. The annual average for 2019–2020 represents a 17 per cent increase compared with the 2017–2018 amount.<sup>46</sup>

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[outlook.](#)

<sup>43</sup> Finance for Climate Action. Report of the Independent High-Level Panel Expert Group on Climate Finance, November 2022, pp. 33–34.

<sup>44</sup> See <https://www.foreign.gov.bb/the-2022-barbados-agenda>.

<sup>45</sup> All data from UNFCCC Standing Committee on Finance. Fifth Biennial Assessment and Overview of Climate Finance Flows, at: [https://unfccc.int/sites/default/files/resource/J0156\\_UNFCCC%20BA5\\_2022\\_Report\\_v4%5B52%5D.pdf](https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20BA5_2022_Report_v4%5B52%5D.pdf).

<sup>46</sup> All data from UNFCCC Standing Committee on Finance. Fifth Biennial Assessment and Overview of

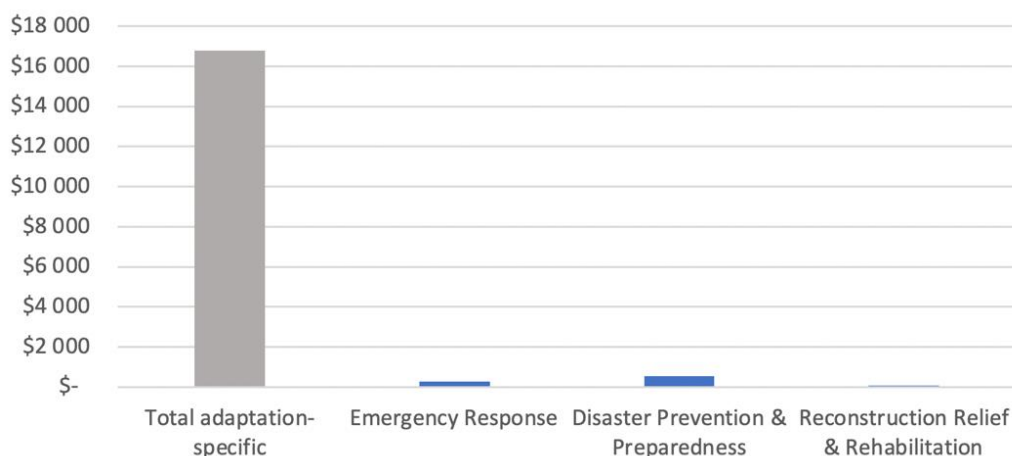
39. The World Bank announced that an average of 35 per cent of its financing would be for climate finance over the period 2021–25, and that at least 50 per cent of IBRD and IDA climate financing would support adaptation. The 35 per cent target has been exceeded (36 per cent) in 2022, ahead of time.<sup>47</sup>

40. Bilateral funding for adaptation by OECD-DAC members has only been tracked since 2010. Over the last decade, funding has more than doubled from USD 7.9 billion in 2011 to USD 29.5 billion in 2020.<sup>48</sup>

41. Despite the overall increases in adaptation finance to 27 per cent of total public climate finance,<sup>49</sup> the current adaptation finance flows to developing countries are 5–10 times below the estimated annual needs of USD 160–340 billion by 2030 and USD 315–565 billion by 2050.<sup>50</sup>

42. Out of the more than USD 16.7 billion in climate related development assistance attributed to adaptation<sup>51</sup> in 2021 as reported in the OECD–DAC CRS, USD 278 million were allocated to emergency response, USD 535 million to disaster prevention and preparedness and only USD 63 million to reconstruction relief and rehabilitation (see *Figure 5*).

**Figure 5. Share of emergency response, disaster preparedness and reconstruction in adaptation finance flows<sup>52,53</sup> (2021) in USD millions.**



Source: Authors analysis based on OECD 2023. OECD DAC CRS.

43. A number of special funding windows, facilities and programmes, most of them aggregated under adaptation climate finance,<sup>54</sup> provide ex-ante and ex-post financing

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Climate Finance Flows, at:

[https://unfccc.int/sites/default/files/resource/J0156\\_UNFCCC%20BA5\\_2022\\_Report\\_v4%5B52%5D.pdf](https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20BA5_2022_Report_v4%5B52%5D.pdf).

<sup>47</sup> See <https://www.worldbank.org/en/news/press-release/2022/09/07/world-bank-group-delivers-record-31-7-billion-in-climate-finance-in-fiscal-year2022#:~:text=Financing%20for%20climate%20action%20in,in%20support%20of%20climate%20action>.

<sup>48</sup> OECD (2022), Aggregate Trends of Climate Finance Provided and Mobilised by Developed Countries in 2013–2020, Climate Finance and the USD 100 Billion Goal.

<sup>49</sup> UNFCCC Standing Committee on Finance. Fifth Biennial Assessment and Overview of Climate Finance Flow, p.106.

<sup>50</sup> UNEP. Adaptation Gap Report 2022, at: <https://www.unep.org/resources/adaptation-gap-report-2022>.

<sup>51</sup> Does not include cross-cutting figures.

<sup>52</sup> Ibid.

<sup>53</sup> This paints only a partial picture of total adaptation flows, as the sources considered are DAC and non-DAC member countries, other multilateral (AF, FAO, GEF, NDF) and private donors, thus excluding MDB finance.

<sup>54</sup> For the purpose of this report, IMF facilities are categorized in the funding landscape as fiscal/financial stability measures.



relevant in the context of addressing loss and damage from the adverse effects of climate change.

44. The IMF Resilience and Sustainability Facility (RSF) and the Resilience and Sustainability Trust (RST) aim to help countries build resilience to external shocks and ensure sustainable growth, contributing to their long-term balance of payments stability. The RST focuses on longer-term structural challenges, including climate change and pandemic preparedness, that entail significant macroeconomic risks and where policy solutions have a strong global public good nature. According to the IMF, about three quarters of its membership are eligible for longer-term affordable financing from the RST, including all low-income countries, all developing and vulnerable small states, and lower middle-income countries. It will channel Special Drawing Rights (SDRs) contributed by countries with strong external positions to countries where the needs are the greatest, providing policy support and affordable longer-term financing to strengthen members' resilience and sustainability and thereby contributing to prospective balance of payments stability.

45. The World Bank operates a number of voluntary, dedicated credit line windows such as the Crisis Response Window (CRW) and Immediate Response Mechanism (IRM). The CRW provides IDA countries with a dedicated source of additional resources to respond, as a last resort, to the impact of severe natural disasters, public health emergencies, and economic crises and respond at an earlier juncture to slower-onset crises, namely disease outbreaks and food insecurity. Under IDA19, the CRW size was USD 2.5 billion in crisis response financing, including up to USD 500 million in resources dedicated to the early response financing framework, with the size increasing to USD 3.3 billion under IDA20. The IRM allows IDA countries to rapidly access up to 5 per cent of their undisbursed IDA investment project balances following a crisis. SIDS with small undisbursed balances will be able to access up to USD 5 million.<sup>55</sup> The Immediate Response Mechanism (IRM) complements longer-term emergency response tools available to IDA countries, such as the Crisis Response Window, offering them financial support within weeks rather than months of an emergency.

46. Catastrophe Deferred Drawdown Option (Cat DDO) is a contingent financing line that provides immediate liquidity to countries to address shocks related to natural disasters and/or health-related events. Cat DDO enhances countries' capacity to plan for and manage crises by securing access to financing before disaster strikes. It is approved prior to a disaster and disburses quickly once the event occurs and the drawdown trigger is met. A disaster risk management strategy would typically include a Cat DDO to provide liquidity in the immediate aftermath, or at the onset, of an event. This may also be complemented by other risk transfer instruments that provide immediate liquidity, cover losses or support reconstruction. Governments determine the mix of disaster risk financing instruments based on an assessment of risks, desired coverage, available budget, and cost efficiency. In order to gain access to the Cat DDO, the recipient must (i) have an adequate macroeconomic policy framework; and (ii) be preparing, or already have, a satisfactory disaster risk management programme, which the World Bank will monitor on a periodic basis. The Cat DDO country limit is set at a maximum of USD 250 million or 0.5 per cent of GDP, whichever is lower. IDA clients with limits below USD 20 million may request a Cat DDO up to a maximum of USD 20 million. The Cat DDO has a pre-specified drawdown trigger, typically the member country's declaration of a state of emergency. The drawdown period is three years, which may be renewed once for a maximum of six years in total.<sup>56</sup> Regional development banks have increased climate finance, including adaptation. The Asian Development Bank (ADB) committed USD 7.1 billion in climate finance in 2022, of which USD 2.8 billion (39.8 per cent) to adaptation, the highest adaptation finance committed since reporting began in 2011.<sup>57</sup> The African Development Bank (AfDB) launched the Africa Acceleration Adaptation

<sup>55</sup> All information based on World Bank, at: <https://ida.worldbank.org/en/financing/crisis-financing/crisis-response-window>.

<sup>56</sup> All information based on IMF, at: <https://thedocs.worldbank.org/en/doc/563361507314948638-0340022017/original/productnotecatddoenglish2018.pdf>.

<sup>57</sup> ADB, at: <https://data.adb.org/dashboard/climate-change-financing-adb#:~:text=In%202022%2C%20ADB%20committed%20%247%2C110,since%20reporting%20began%20in%202011>.

Programme (AAAP), which aims to raise USD 25 for adaptation projects through the AAAP Upstream Financing Facility and the African Development Fund (ADF) Climate Action Window.<sup>58</sup> The Islamic Development Bank, together with the Arab Coordination Group, is providing an 8-year USD 24 billion financing window for climate action, of which USD 13 billion is ISDB funding.<sup>59</sup> The Inter-American Development Bank and IDB Invest, the group's private sector arm, provided more than USD 26 billion in climate financing for Latin America and the Caribbean between 2016 and 2021, of which USD 8.3 billion has been allocated to adaptation.<sup>60</sup>

47. The European Investment Bank (EIB), the largest multilateral financing institution with assets over USD 400 billion, is implementing its first Adaptation Plan, which aims to triple its adaptation finance by 2025, increasing adaptation lending to 15 per cent of its overall climate finance lending, corresponding to approximately USD 30 billion. This represents an almost three-fold increase, compared to adaptation finance over the past five years. The plan includes lending to least-developed countries and SIDS. The EIB expanded the share of project finance from 50 per cent to 75 per cent for adaptation projects. In the most vulnerable countries, up to 100 per cent of project costs are eligible, including in SIDS. The EIB invests in projects that anticipate the adverse effects of climate change and take appropriate action to prevent or minimize loss and damage, including risk of floods, resilient cities and afforestation.<sup>61</sup>

48. The Adaptation Fund is financed with a share of proceeds from the Clean Development Mechanism (CDM) and other sources of funding. The share of proceeds amounts to 2 per cent of certified emission reductions (CERs) issued for a CDM project activity. To-date, the Adaptation Fund allocated over USD 850 million to adaptation measures in developing countries.<sup>62</sup>

49. The Global Shield Against Climate Risks, created as a joint initiative of the within the framework of the V20 and G7, with funding commitments of approximately USD 200 million, is a mechanism for adaptation and resilience that aims to increase cooperation and to provide financial protection to deliver faster, reliable pre-arranged finance against disasters, including social protection schemes. The facility disbursement is based on parametric triggers, similar to parametric risk insurance.<sup>63</sup>

## D. Relevant non-climate finance

50. Loss and damage-relevant non-climate finance includes risk transfer mechanisms such as risk insurance, including risk pooling and catastrophe (cat) bonds, funding for humanitarian assistance in the context of disasters, internal displacement and migration, funding for food security and earmarked domestic taxation for national funds addressing loss and damage, for example resettlement.

51. Risk insurance can cover a range of hazards such as floods, droughts, and other extreme weather events impacting crops, for example. The global market for climate risk insurance is growing, however, most climate related risk insurance products are sold in

<sup>58</sup> AfDB, at: <https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/africa-adaptation-acceleration-program>.

<sup>59</sup> ISDB, at: <https://www.isdb.org/news/isdb-arab-coordination-group-announce-us24-billion-climate-action-financing#:~:text=Of%20this%20amount%2C%20the%20IsDB,President%20and%20Group%20Chairman%20stated.>

<sup>60</sup> IADB, at: <https://www.iadb.org/en/news/idb-and-idb-invest-provided-26-billion-climate-financing-over-five-years#:~:text=IDB%20Invest%27s%20contribution%20to%20adaptation,losses%20caused%20by%20climate%20change.>

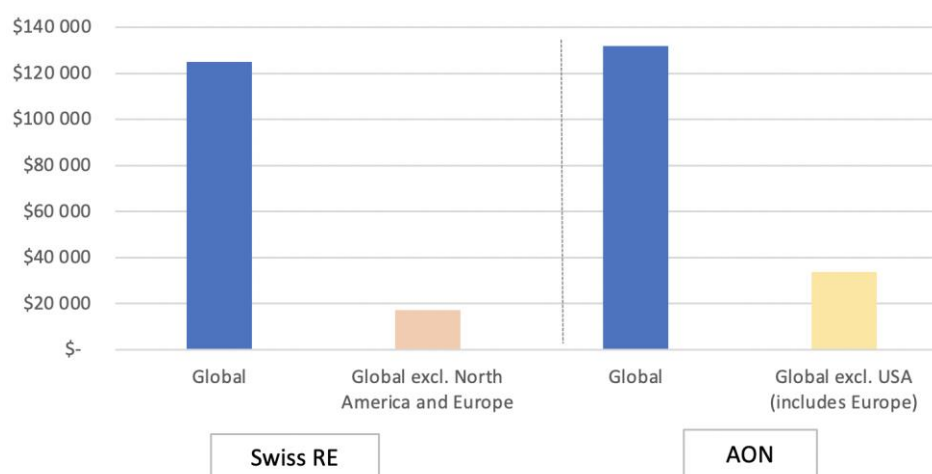
<sup>61</sup> All information from EIB, at: <https://www.eib.org/en/about/priorities/climate-action/explained/index.htm>.

<sup>62</sup> Adaptation Fund, at: <https://www.adaptation-fund.org/#:~:text=With%20over%20US%24%20850%20million.and%20transparency%20at%20every%20step.>

<sup>63</sup> All information from V20, at: <https://www.v-20.org/global-shield-against-climate-risks>.

developed countries, with relatively limited uptake in developing countries. A number of initiatives exist aimed at increasing access to, and affordability of, climate risk insurance in developing countries by pooling risks regionally. The African Risk Capacity (ARC), the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the Pacific Catastrophe Risk Insurance Company (PCRIC) offer climate risk insurance coverage by pooling risks regionally. Despite the number of insurance initiatives, insurance coverage in highly vulnerable and vulnerable nations remains low given the cost, limited financial markets and limited competition leading to large gaps in insurance coverage, with, for example an insurance protection gap of 97 per cent in Africa and 95 per cent in Vanuatu.<sup>64</sup> Insurance coverage is also significantly lower in developing countries (see *Figure 6*).

*Figure 6. Insured losses against climate related and other disasters in rest of the world and Europe*



Sources: SwissRe Institute. 2023. Sigma. Natural catastrophes and inflation in 2022; AON. 2023. 2023 Weather, climate and catastrophe insight report.

52. While insurance has potential for scale up within the current landscape of funding arrangements and innovative sources, uptake in developing countries, including vulnerable nations, has been very limited. With the projected increase in the frequency and intensity of climate-induced sudden-onset events and impacts, premium costs are likely to rise substantially while pay-outs are likely to shrink, which add to hurdles to increased uptake of insurance. The insurance industry is showing early signs of destabilization as the number of unpredictable weather events and damages increase, pushing insurers out of high-risk markets.<sup>65</sup> A mechanism that deals with potentially uninsurable impacts of climate change in the most vulnerable countries could be explored in the context of addressing loss and damage.

53. Catastrophe bonds are a form of insurance-linked securities (ILS), also known as insurance securitization, where insurers transfer risk, usually from a catastrophe or disaster through a sponsor, typically a reinsurer, to investors. Cat Bonds pay high interest rates to investors. Depending on how a Cat Bond is structured, if losses reach the threshold specified in the bond offering, the investor may lose all or part of the principal or interest. In 2022, issuance levels remained above the USD 10 billion mark for the sixth consecutive year. The World Bank has issued Cat Bonds that provide insurance for protection against natural disasters and weather events in countries such as Mexico, the Philippines, and Jamaica. In the context of vulnerable and highly vulnerable countries, the Cat Bond market for large disasters is relatively small and shallow, making Cat Bonds expensive for a single country. Similar to risk insurance, pooling among many smaller countries has been proposed as an option to make uptake of Cat Bonds more attractive.

<sup>64</sup> Summary of the First workshop on addressing loss and damage in the context of decisions 2/CP.27 and 2/CMA.4 available at [https://unfccc.int/event/LD\\_wksp1](https://unfccc.int/event/LD_wksp1).

<sup>65</sup> Climate Change is Destabilizing the Insurance Industry, at: <https://www.scientificamerican.com/article/climate-change-is-destabilizing-insurance-industry>.

54. In 2014, ARC, the mutual insurance facility of the African Union, established the Extreme Capacity Facility (XCF), a multi-year funding mechanism issuing Cat Bonds to provide additional financing to ARC members for the management of climate risks. The XCF is set up to issue more than USD 1 billion in African climate change bonds over the next 30 years. These bonds will be used to blend private capital for climate adaptation/resilience projects with XCF funds in eligible African countries. The ARC programmes offer protection against droughts, wind hazards, storm surges and wave damage, and flood risks.

55. Humanitarian funding plays a key role in assisting vulnerable communities to address climate-related losses and damages. Humanitarian funding is exclusively grant-based. The UN Central Emergency Response Fund (CERF) and 18 Country-Based Pooled Funds (CBPFs) managed by OCHA provide humanitarian assistance in over 100 countries and territories. CBPFs are funds created to facilitate response to a specific emergency or in a specific country, supporting national and international NGOs as well as UN agencies. In 2020, CERF and CBPF combined provided more than USD 1.75 billion in humanitarian assistance.<sup>66</sup>

56. OCHA has started to track CERF and CBPF allocations related to climate shocks, including droughts, floods, and cyclones. While analysis of CBPF is ongoing, preliminary reviews of CERF indicate that, since 2006, the fund has allocated an average of 26 per cent of its funds annually to climate related emergencies. In total, CERF has spent nearly USD 2 billion on climate hazards (see *Table 2*) with 417 climate related allocations across 86 countries. In terms of types of hazards, nearly USD 1 billion has been allocated to droughts, with USD 500 million to floods and USD 300 million to storms. In 2021, OCHA allocated USD 104.9 million to help vulnerable countries address climate shocks. CBPF have spent over USD 543 million on climate related shocks since 2015. In 2021, almost USD 182 million was allocated to enable vulnerable countries to take action to address climate related shocks.

*Table 2. CERF allocations by type of hazard*

Year	Funding by Hazard (USD)				
	Drought	Flood	Heat/Cold Wave	Storm	Total
2006	\$ 60.7M	\$ 30.4M		\$ 1M	\$ 92.1M
2007	\$ 4.6 M	\$ 33.5M	\$ 1.8M	\$ 52.7M	\$ 92.6M
2008	\$ 106.4M	\$ 42.5M	\$ 7.2M	\$ 44.7M	\$ 200.8M
2009	\$ 41.1M	\$ 27.5M	\$ 4.2M	\$ 8.5M	\$ 81.3M
2010	\$ 62.9M	\$ 54.3M	\$ 3.6M	\$ 15.5M	\$ 136.3M
2011	\$ 98.3M	\$ 48.1M		\$ 3.2M	\$ 149.6M
2012	\$ 95.6M	\$ 40.0M		\$ 11.5M	\$ 147.1M
2013	\$ 24.3M	\$ 24.0M		\$ 28.3M	\$ 76.6M
2014	\$ 25.7M	\$ 16.6M			\$ 42.3M
2015	\$ 90.1M	\$ 27.4M	\$ 1.2M	\$ 6.6M	\$ 125.3M
2016	\$ 52.8M	\$ 19.0M	\$ 2.4M	\$ 23.8M	\$ 98.0M
2017	\$ 90.8M	\$ 19.0 M	\$ 1.1M	\$ 28.3M	\$ 139.2M
2018	\$ 59.3M	\$ 30.8M		\$ 6.9M	\$ 97.0M
2019	\$ 128.4M	\$ 34.5M		\$ 43.4M	\$ 206.2M
2020	\$ 76.3M	\$ 49.7M		\$ 26.2M	\$ 152.1M
2021	\$ 84.8M	\$ 19.6M		\$ 0.5M	\$ 104.9M
Approximate Grand Total	\$ 1102.1M	\$ 516.9M	\$ 21.5M	\$ 301.1M	\$ 1941.4M

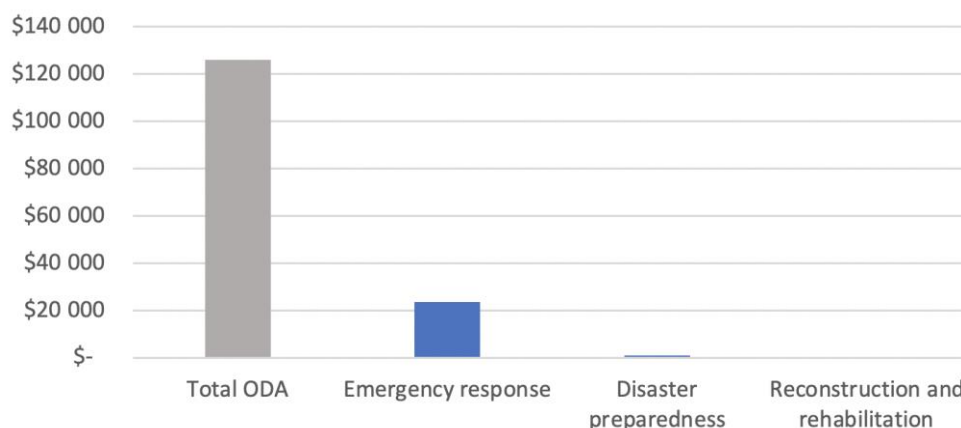
Source: OCHA.

57. Bilateral aid for humanitarian assistance amounted to USD 126 billion in 2021, of which USD 23.7 billion was allocated to emergency response, USD 920 million to disaster preparedness and USD 260 million to reconstruction and rehabilitation (see *Figure 7*).<sup>67</sup>

<sup>66</sup> All information based on OCHA submission to TC1.

<sup>67</sup> OECD CRS. 2023. Final ODA release for 2021, at: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/idsonline.htm>.

Figure 7. *Bilateral ODA for humanitarian aid in million USD in 2021*



Source: OECD 2023. OECD CRS. Final ODA release 2021.

58. Addressing internal displacement and migration is a relevant non-climate finance area but attributable global data that can reliably aggregated is currently limited. However, there are examples of finance flows that address this issue. The Bangladesh Climate Bridge Fund (CBF) is a trust fund established by the Bangladesh Rural Advancement Committee (BRAC) in November 2019, with the support from the Government of Germany. The fund supports small-scale projects implemented by registered non-governmental organisations in Bangladesh to strengthen the resilience of people displaced or at the risk of being displaced as a result of climate change. Support extends to livelihoods, shelter and living environment, health, education, water, sanitation and hygiene and climate resilient infrastructure.<sup>68</sup>

## IV. Types of innovative sources

59. For the purposes of this synthesis report, in this section, “innovative sources” means innovative financing mechanisms other than financial innovations such as catastrophic bonds (see section D, paragraph 53) that have either been applied in the context of climate change or those that have been successfully implemented in other sectors. These mechanisms are revenue streams outside the traditional ambit of ODA that generate additional and predictable funding.<sup>69</sup> In the global health arena, international innovative financing mechanisms have generated more than USD 12 billion in funding to-date.

### A. Debt swaps and debt buy-back

60. Bilateral debt swaps are negotiated agreements between creditor government and debtor government, in which the creditor forgives a portion of outstanding debt (principal and related<sup>70</sup> interest) on the condition that the debtor invests an agreed counterparty amount (in local currency) in an agreed activity. The local activity can be executed via a dedicated national structure such as a national fund or by a non-governmental organization (NGO), which historically used to broker such agreements.

61. Although debt swaps are technically not additional to ODA (cancelled amounts are counted as ODA), they have an important and proven potential to convert old debt into new resources. The main advantages for the debtor government are the reduction in debt and interest payment, discount on counterparty amount, savings on foreign exchange and national ownership of locally financed activity. For the creditor government, the main advantages are attribution of cancelled amount to their ODA quota and direction of funds to areas identified in bilateral cooperation agreements. However, there are some important limitations to debt

<sup>68</sup> All information from BRAC, at: <https://www.brac.net/program/climate-bridge-fund>.

<sup>69</sup> Douste-Blazy, Ph. And R. Filipp. Innovative Financing for Development, in Boussichas, M and P. Guillaumont. Financing for Sustainable Development, Economica, 2015, p. 415.

<sup>70</sup> Ibid.



swaps. Due to their relatively small size, debt swaps are not suitable to significantly impact the debt service of a participating country.

62. A special form of debt swaps is a mechanism that involves the buy-back of debt from the creditor at discounted terms. The creditor government sells all or part of the debt outstanding to a third-party organization or a special purpose vehicle (SPV) created by the government for this purpose. The debt is usually sold by the creditor government to the third party at a price lower than its face value but the debtor country is still required to repay the debt to the organization, which in turn uses the payments to fund agreed national efforts. There is also an adjusted, subsidized debt-for-nature swap instrument, where a non-governmental organization (potentially the organization implementing conservation projects) commits to providing complementary financial resources in addition to the debt-reduction.

63. The potential of bilateral debt swaps for least developed countries (LDCs) is limited given that a substantial portion, over USD 100 billion<sup>71</sup> in sovereign debt, has been cancelled under the now discontinued Heavily Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI) by Paris Club creditors. However, in the context of addressing loss and damage in vulnerable middle-income countries, including some SIDS and others, debt swaps remain an option.<sup>72</sup>

64. In the Eastern Caribbean, total public sector debt amounted to USD 5.4 billion in 2020 and is exacerbated by repeated destruction of physical and social infrastructure caused by climate impacts such as hurricanes and drought, with losses and damages in excess of 5 per cent of GDP. Antigua and Barbuda is implementing a debt-for-climate-swap for USD 245 million or approximately 25 per cent of the country's sovereign debt, supported by the "Finance for Acting on Climate in the Eastern Caribbean" (FACE) initiative.<sup>73</sup> The Republic of Seychelles implemented a debt-for-nature swap with debt-buyback, converting USD 21.6 million in debt. The estimated savings for Seychelles were about USD 2 million per annum due to reduced debt service charges are directed to the Seychelles Conservation and Climate Adaptation Trust to create two marine reserves and improve resilience and adaptation to climate change.<sup>74</sup>

65. A further development of the traditional debt swap mechanism is the Debt2Health initiative of the Global Fund to Fight AIDS, Tuberculosis and Malaria.<sup>75</sup> In this programme, debtor governments remit the counterparty amount to the Global Fund for health projects in their country. To date, USD 367 million have been swapped through this mechanism,<sup>76</sup> making participating debtor governments donors to the Global Fund while ensuring that local projects are implemented within the national health strategy. The fund could consider brokering similar debt conversions for SIDS and other countries with bilateral sovereign debt.

66. In addition to swaps of bilateral sovereign debt, underexploited potential exists in the conversion of old commercial debt, often held by export credit guarantee agencies of the state.

## B. Debt securitization

67. Debt securitization, also referred to as "frontloading" in the context of innovative financing for development, is the use of future government or public income streams such as

<sup>71</sup> World Bank. HIPC at <https://www.worldbank.org/en/topic/debt/brief/hipc>.

<sup>72</sup> For discussion of debt swaps in SIDS and Pacific, see UNESCAP, at: [https://www.unescap.org/sites/default/d8files/event-documents/DFCS%20advance%20copy\\_15%20March%202022\\_webpage.pdf](https://www.unescap.org/sites/default/d8files/event-documents/DFCS%20advance%20copy_15%20March%202022_webpage.pdf).

<sup>73</sup> Alliance of Small Island States, at: <https://www.aosis.org/innovative-aosis-osf-climate-partnership-aims-to-reduce-island-debt-2/>.

<sup>74</sup> Commonwealth Blue Charter. Innovative financing – Debt conservation swap Seychelles. Sustainable Blue Economy, at <https://thecommonwealth.org/case-study/case-study-innovative-financing-debt-conservation-swap-seychelles-conservation-and>.

<sup>75</sup> OECD. Debt2Health at <https://www.oecd.org/site/oecdgfd/41466556.pdf>.

<sup>76</sup> Global Fund at [https://www.theglobalfund.org/media/12284/publication\\_debt2health\\_overview\\_en.pdf](https://www.theglobalfund.org/media/12284/publication_debt2health_overview_en.pdf).

ODA to issue bonds and raise capital from the financial markets to finance interventions now rather than later, thereby “preponing” action for urgent developmental or social outcomes.

68. The International Finance Facility for Immunization (IFFIm) was the first such bond-issuing facility. The bonds, in the case of the IFFIm called vaccine bonds, are issued with the security of government guarantees, which are used to buy back the bonds over a longer time period. Given this guarantee, the bonds are able to attract a solid rating, which contributes significantly to the success in the financial markets. IFFIm is sponsored by 11 governments, including the United Kingdom, France, Norway, Italy, the Netherlands, Sweden, Spain, Brazil, South Africa and Canada. To date, the facility has raised USD 8.7 billion from investors and helped the GAVI, the Global Vaccine Alliance, vaccinate 981 million children.<sup>77</sup>

69. More recently, in September 2022, the International Finance Facility for Education (IFFEd) was launched to raise capital for education from the financial markets. IFFEd aims to provide an initial USD 2 billion in additional funding for education programmes, and could unlock an additional USD 10 billion in additional financing for education and skills by 2030.<sup>78</sup>

### C. International solidarity levies

70. International solidarity levies are government-imposed surcharges on specified transactions. For example, the French air ticket solidarity levy was introduced by the French government in 2006. The levy is imposed on air travel departing from French airports at EUR 1.50 for economy class and EUR 10 for business and first class. Importantly, the collection process is efficient, with marginal cost for tax collection as the tax is collected by the French Directorate of Aviation as part of its normal functions and, then transferred to a dedicated, earmarked fund managed by the Agence Française de Développement (AfD) for developmental and social purposes, among others, to go towards the funding of UNITAID, a global health organization and drug-purchasing facility administratively hosted by the World Health Organization (WHO). On average, it has raised EUR 210 million Euros for developmental and social purposes.

71. Other proposals for international solidarity levies include a proposal for an extractive industry solidarity levy proposed by the Innovative Finance Foundation (IFF) in 2014. According to the IFF, a 10 USD cents micro-levy on a barrel of oil, the equivalent of roughly 0.001 per cent of its cost, would generate approximately USD 1.64 billion a year in revenues.<sup>79</sup>

72. The carbon levy on shipping, although not strictly an international solidarity levy, has been proposed by the global trade association of ship operators, the International Chamber of Shipping (ICS). According to the proposal submitted to the International Maritime Organization (IMO), the levy would be based on mandatory contributions by ships trading globally, exceeding 5,000 gross tonnage for each ton of CO<sub>2</sub> emitted. According to the proposals, the proceeds would go into an IMO Climate Fund, which would subsidize zero-carbon fuels, deploy the bunkering infrastructure required in ports throughout the world to supply fuels such as hydrogen and ammonia and support developing countries in the transaction and in other climate finance. Proposals for the size of levy per ton range from USD 56 to USD 300. Shipping is anticipated to contribute approximately 17% of global carbon emissions by 2050.<sup>80</sup>

<sup>77</sup> IFFIm, at: <https://iffim.org>

<sup>78</sup> IFFEd, at: <https://iff-education.org>.

<sup>79</sup> Innovative Finance Foundation. Implementing an Extractive Industries Micro-Levy, September 2014, p. 18.

<sup>80</sup> IMO, at: <https://www.imo.org/en/OurWork/Environment/Pages/Fourth-IMO-Greenhouse-Gas-Study-2020.aspx>.

## V. Gaps in existing funding arrangements

73. Based on the analysis of the current landscape of existing funding arrangements and related finance flows, the following potential gaps are identified:

- Gaps in focus on and finance for livelihoods, social protection, reconstruction and rehabilitation and non-economic loss and damage;
- Structural and legal constraints of IMF, MDBs and EIB limiting access to very low-cost finance for climate-vulnerable countries, which are currently outside the scope of eligibility to access low-cost financing at scale (SIDS and others);
- No mechanism to break vicious cycle of liquidity problems of new debt, debt overhang, and debt vulnerability caused by constant financial needs related to loss and damage;
- Large gaps (up to 97%) in uptake of risk insurance and risk insurance coverage;
- No mechanism to address growing number of uninsurable scenarios in most vulnerable countries;
- No mechanism to effectively negotiate debt swaps, debt-buy-back, including underexploited swaps of old commercial debt held by sovereign guarantors;
- Gaps in granularity of reporting, collection and aggregation of financial data, in particular in non-climate finance and NELD, regarding addressing loss and damage.



## Annex I

### Indicative list of actions and needs in context of sudden-onset events and impacts

<i>Time</i>	<i>Need</i>	<i>Actions</i>
Before	Preparedness	<ul style="list-style-type: none"> <li>disaster risk reduction</li> <li>disaster preparedness planning</li> <li>early warning systems</li> <li>investment in adaptation/ resilient infrastructure</li> <li>capacity building/ training of first responders, emergency workers, rehabilitation personnel</li> <li>insurance</li> </ul>
During	Response	<ul style="list-style-type: none"> <li>search and rescue</li> <li>emergency relief (food, emergency shelter, medical care)</li> <li>access control</li> <li>damage assessment</li> </ul>
	Recovery	<ul style="list-style-type: none"> <li>temporary shelter</li> <li>debris removal and clean-up</li> <li>restoration of vital infrastructure services (electricity, water, telecommunications, etc.)</li> <li>financial assistance</li> </ul>
After	Rehabilitation	<ul style="list-style-type: none"> <li>management of injury/ trauma</li> <li>prevention and management of complications and disability</li> <li>restoration of functional capabilities</li> <li>re-integration of survivors in the community</li> </ul>
	Resettlement	<ul style="list-style-type: none"> <li>identification of resettlement site(s)</li> <li>trust-building measures</li> <li>process transparency</li> <li>financial support, house, food, public services</li> <li>mental health support</li> </ul>
	Reconstruction (Better, Forward/ Resilient)	<ul style="list-style-type: none"> <li>health care incl. mental health support</li> <li>investment in physical and social infrastructure incl. housing, education, other community-specific infrastructure</li> <li>investment in resilient infrastructure and adaptation</li> <li>employment opportunities</li> </ul>

## Annex II

### Overview of commitments to projects (2015–2020) by multilateral climate funds

Overview of commitments to projects approved during 2015–2020 by multilateral climate funds (millions of USD)

	Pledged through 2020 FY	Commitments during 2015 FY	Commitments during 2016 FY	Commitments during 2017 FY	Commitments during 2018 FY	Commitments during 2019 FY	Commitments during 2020 FY
<b>Adaptation funds</b>	<b>4 323.9</b>	<b>544.5</b>	<b>504.1</b>	<b>569.1</b>	<b>422.7</b>	<b>532.7</b>	<b>454.8</b>
Adaptation for Smallholder Agriculture Program	381.7	84.0	35.0	2.2	–	–	–
Adaptation Fund <sup>a</sup>	956.6	59.6	32.3	84.8	69.2	188.9	57.1
Least Developed Countries Fund <sup>a</sup>	1 463.5	100.1	74.2	157.3	72.6	128.8	81.6
Pilot Program for Climate Resilience <sup>b</sup>	1 144.8	172.3	10.4	31.6	24.2	10.4	0.8
Special Climate Change Fund <sup>a</sup>	377.4	10.1	7.6	1.0	1.1	2.0	2.1
Green Climate Fund – adaptation commitments	–	118.3	344.5	292.2	255.7	202.7	313.3
<b>REDD+ funds</b>	<b>2 727.6</b>	<b>108.5</b>	<b>244.5</b>	<b>254.5</b>	<b>361.7</b>	<b>255.8</b>	<b>302.4</b>
Forest Carbon Partnership Facility – Readiness Fund	449.9	65.8	–	–	–	–	–
Forest Carbon Partnership Facility – Carbon Fund	878.3	–	–	–	–	–	–
Forest Investment Program <sup>b</sup>	725.6	11.0	48.8	88.7	61.6	27.2	34.3
UN-REDD Programme	318.6	5.4	32.2	4.3	4.1	–	–
Biocarbon Fund	355.2	20.0	–	12.0	50.8	–	–
Green Climate Fund <sup>a</sup> – REDD+ commitments	–	6.2	163.5	150.0	245.0	228.6	268.1
<b>Mitigation funds</b>	<b>9 203.2</b>	<b>783.0</b>	<b>1 561.6</b>	<b>1 244.2</b>	<b>1 716.7</b>	<b>1 563.3</b>	<b>2 096.3</b>
Clean Technology Fund <sup>b</sup>	5 404.3	451.7	498.5	342.8	395.8	458.0	478.6
GEF Trust Fund 5 <sup>th</sup> Replenishment <sup>a</sup>	1 152.4	–	–	–	–	–	–
GEF Trust Fund 6 <sup>th</sup> Replenishment <sup>a</sup>	1 117.2	212.8	191.1	151.4	256.8	1.8	–
GEF Trust Fund 7 <sup>th</sup> Replenishment <sup>a</sup>	654.2	–	–	–	–	814.0	588.1
Scaling Up Renewable Energy Program in Low Income Countries <sup>b</sup>	744.4	76.3	73.5	184.8	89.5	56.0	10.9
Partnership for Market Readiness	130.7	–	0.4	9.5	3.0	–	–
Green Climate Fund <sup>a</sup> – mitigation commitments	–	42.3	798.2	556.0	971.6	233.6	1 018.7
<b>Multiple-objective funds</b>	<b>1 332.9</b>	<b>11.8</b>	<b>59.9</b>	<b>162.9</b>	<b>573.9</b>	<b>587.4</b>	<b>606.5</b>
Global Climate Change Alliance	1 332.9	–	51.4	–	–	148.7	74.4
Green Climate Fund	–	11.8	8.5	163.0	574.0	438.7	532.0
<b>Total</b>	<b>27 246</b>	<b>1 447.6</b>	<b>2 370.0</b>	<b>2 230.7</b>	<b>3 075.0</b>	<b>2 939.3</b>	<b>3 459.9</b>

Source: CFU, 2022.

Notes: Amounts may not sum to the total because of rounding; GCF funding in 2020 includes both First Replenishment (GCF-1) and Initial Resource Mobilisation.

Abbreviations: Pledged = contributor pledges, FY = the fund's fiscal year ending during the specified calendar year.

a. Denotes a fund under the UNFCCC.

b. Denotes a fund that is part of the CIF.

## Annex III

### Mapping table of existing funding arrangements and innovative sources relevant to addressing loss and damage associated with the adverse effects of climate change<sup>1,2</sup>

Indicative category	Modality/ facility	Institution	Instrument	Total volume pledged <sup>3</sup>	Annual disbursement <sup>4</sup>	Eligibility	Access modality <sup>5</sup>	Disbursement timeframe <sup>6</sup>	NELs	SOEs	Additional remarks
Preparedness	<a href="#">Disaster Risk Financing and Insurance (DRFI) program</a>	World Bank	Debt, Grants, Loans, Insurance	\$4.3  \$8.5							\$4.3 in contingent lines of credit, \$8.5 transferred to financial markets  Funded projects may include components of relevance to L&D
Preparedness	<a href="#">InsuResilience Investment Fund (IIF)</a>	KfW on behalf of BMZ	Debt, Equity, Insurance	\$0.095  \$0.04		ODA eligible countries					\$0.095 cumulative in loans, \$0.04 in equity investment (as at April 2023)
Preparedness	<a href="#">InsuResilience Solutions Fund (ISF)</a>	KfW on behalf of BMZ	Grant-based co- finance		€0.0025 (maximum per project)	ODA recipient countries, with the exception of EU candidate and Neighborhood East countries					
Preparedness	<a href="#">Global Facility for Disaster Reduction and</a>	World Bank	Grants	\$ 0.89	\$ 0.0165	Focus on low and middle income		Q			Figures based on GFDRR annual report 202

<sup>1</sup> The table includes a list of funding arrangements that may have relevance in the context of loss and damage based on currently available information.

<sup>2</sup> The figures provided in this table should not be aggregated as there is possibility of double counting.

<sup>3</sup> In billion US Dollars or billion Euros or billion CHF or billion Pounds sterling as indicated; the figure refers to the overall cumulative available funding. For double entries, see the *Additional Remarks* column for further details.

<sup>4</sup> In billion US Dollars or billion Euros or billion CHF or billion Pounds sterling as indicated; the figure refers to the overall cumulative available funding.

<sup>5</sup> Including, where available, information on triggers for support.

<sup>6</sup> Q = quick, in weeks; M = medium, up to 12 months, S = slow, in years.

<i>Indicative category</i>	<i>Modality/ facility</i>	<i>Institution</i>	<i>Instrument</i>	<i>Total volume pledged<sup>3</sup></i>	<i>Annual disbursement<sup>4</sup></i>	<i>Eligibility</i>	<i>Access modality<sup>5</sup></i>	<i>Disbursement timeframe<sup>6</sup></i>	<i>NELs</i>	<i>SOEs</i>	<i>Additional remarks</i>
	<a href="#">Recovery (GFDRR)</a>					countries at high risk of disasters					Funded projects may include components of relevance to L&D
Preparedness	<a href="#">Climate Risk Early Warning Systems (CREWS)</a>	GFDRR, WMO and UNDRR	Grants	\$ 0.077		LDCs and SIDS	Via implementing partners	M			\$ 0.077 billion pledged (as of 2021)
				\$ 0.047							\$ 0.047 billion cumulative funding decisions (as of 2021)
Preparedness	<a href="#">Global Shield Against Climate Risks</a>	G7 and V20	Grants	\$ 0.232		Initial 8 pathfinder countries (Bangladesh, Ghana, Costa Rica, Pakistan, Malawi, Jamaica, the Philippines, Senegal) and 1 pathfinder region (Pacific)					The figure refers to the total pledged as at April 2023
											Trigger-based and pre- arranged financial protection against climate and disaster-related losses
Preparedness	<a href="#">Global Risk Financing Facility (GRiF)</a>	World Bank	Grants	\$0.20		Priority to poorest and most vulnerable countries	Recipient executed, and processed as components of lending operations by the World Bank or potentially other MDBs				
Preparedness	<a href="#">Least Developed Countries Fund (LDCF)</a>	GEF	Grants	\$1.7	\$ 0.0624	LDCs	Through GEF agencies	S			Funded projects may include components of relevance to L&D.  For the period July 2022 to June 2026 - Scenario A: US\$ 1 billion; Scenario B: US\$ 1.3 billion (as of 4/23)

<i>Indicative category</i>	<i>Modality/ facility</i>	<i>Institution</i>	<i>Instrument</i>	<i>Total volume pledged<sup>3</sup></i>	<i>Annual disbursement<sup>4</sup></i>	<i>Eligibility</i>	<i>Access modality<sup>5</sup></i>	<i>Disbursement timeframe<sup>6</sup></i>	<i>NELs</i>	<i>SOEs</i>	<i>Additional remarks</i>
Preparedness	<a href="#">Special Climate Change Fund (SCCF)</a>	GEF	Grants	\$0.363	\$ 0.0208	SCCF Window A is for non-LDC SIDS; SCCF Window B is for Non-Annex I	Through GEF agencies	S			Funded projects may include components of relevance to L&D.  For the period July 2022 to June 2026 Window A for SIDS Scenario A: US\$ 0.1 billion Scenario B: US\$ 0.2 billion
Preparedness	<a href="#">Green Climate Fund (GCF)</a>		Grants; Concessional loans; Guarantees; Equity Investments	\$ 12	\$ 0.7	Developing country Parties to the Kyoto Protocol and the Paris Agreement	accredited entities (national, regional and international)  For readiness: direct government access possible	S to M  Fastest time from project approval to 1st disbursement is 36 days.  Current median time from approval to 1st disbursement: 13 months	Yes	Yes	Funded projects may include components of relevance to L&D.  In addition to preparedness, GCF also provides support for addressing loss and damage in the areas of reconstruction, social protection and natural capital.  As at 31 March 2023, 216 projects/programmes approved requesting US\$12 billion of GCF proceeds in respect of projects/programmes with an aggregate value of US\$45 billion.
Response	TRAC 3	UNDP	Grants		\$0.0006	Global					Core facility of UNDP for immediate action. Established to provide UNDP with capacity to respond quickly and flexibly to the development needs of countries affected

<i>Indicative category</i>	<i>Modality/ facility</i>	<i>Institution</i>	<i>Instrument</i>	<i>Total volume pledged<sup>3</sup></i>	<i>Annual disbursement<sup>4</sup></i>	<i>Eligibility</i>	<i>Access modality<sup>5</sup></i>	<i>Disbursement timeframe<sup>6</sup></i>	<i>NELs</i>	<i>SOEs</i>	<i>Additional remarks</i>
											by conflicts and natural disasters
Preparedness	<a href="#">Adaptation Fund (AF)</a>		Grants	\$ 1.06	\$ 0.07637	Developing country Parties to the Kyoto Protocol and the Paris Agreement	Through accredited entities (national, regional or multilateral)	M (4.9 months on average with quickest being 2 months)	Yes	Yes	Figures as at March 2023  Funded projects may include components of relevance to L&D.  Action, Innovation, Enhanced Direct Access, Regional, Learning and Readiness windows  Countries may use their allocations to fund SOEs and NELs. Max \$10M project size for single country projects. Regional project can be funded up to \$14M for 2+ countries proposal. Additional windows outside country cap including innovation, enhanced direct access and locally-led adaptation.
Preparedness	Thematic Pool on CCA and DRR under ADF 13	<a href="#">Asian Development Bank</a>	Grants	\$0.262	\$0.084	Group A and B Countries	Linked to adaptation/disaster risk reduction projects or projects that have a dedicated component	S (linked to regular projects which takes time for undertaking feasibility and due diligence)			\$0.252 allotted to date, with around \$0.084 million per year  Purpose is to provide additional grants to Group A and B countries and to incentivize them to invest in long-term resilience building.

<i>Indicative category</i>	<i>Modality/ facility</i>	<i>Institution</i>	<i>Instrument</i>	<i>Total volume pledged<sup>3</sup></i>	<i>Annual disbursement<sup>4</sup></i>	<i>Eligibility</i>	<i>Access modality<sup>5</sup></i>	<i>Disbursement timeframe<sup>6</sup></i>	<i>NELs</i>	<i>SOEs</i>	<i>Additional remarks</i>
Preparedness	<a href="#">Global Innovation Lab for Climate Finance</a>		Concessional loans; non concessional loans	\$ 3.5		Developing countries					Funded projects may include components of relevance to L&D  The figure refers to cumulative funding mobilized  Exclusive focus on climate. Funded projects may include components of relevance to L&D.
Preparedness	<a href="#">African Risk Capacity (ARC)</a>		Parametric Insurance	\$ 0.170	\$0.030	35 African Union member states	Payouts to national treasury	Q  Within 2-4 weeks of harvest			\$ 0.170 cumulative payouts since 2014  Maximum coverage of \$30 million per country per season for drought events that occur with a frequency of 1 in 5 years or less.
Preparedness	<a href="#">Caribbean Catastrophe Risk Insurance Facility (CCRIF)</a>		Parametric Insurance	\$ 0.26	\$ 0.045	Caribbean and Central American CCRIF member countries	Payouts to national governments	Q  Within 14 days of a natural disaster once a policy is triggered			\$ 0.26 cumulative payouts since 2007  Annual figure for the 2021/22 policy year
Preparedness	<a href="#">Pacific Catastrophe Risk Insurance</a>		Parametric Insurance	\$0.011		Pacific countries and territories	Payouts to national governments	Q			\$0.011 aggregate in 4 payouts to date

<i>Indicative category</i>	<i>Modality/ facility</i>	<i>Institution</i>	<i>Instrument</i>	<i>Total volume pledged<sup>3</sup></i>	<i>Annual disbursement<sup>4</sup></i>	<i>Eligibility</i>	<i>Access modality<sup>5</sup></i>	<i>Disbursement timeframe<sup>6</sup></i>	<i>NELs</i>	<i>SOEs</i>	<i>Additional remarks</i>
	<a href="#">Company (PCRIC)</a>							Within 30 days of occurrence of covered event			Covers Pacific Tropical Cyclone Event and Pacific Earthquake Event (including tsunami)
Preparedness	<a href="#">Southeast Asia Disaster Risk Insurance Facility (SEADRIF)</a>	ASEAN+3, World Bank	Parametric Insurance			ASEAN+3 countries eligible, current members Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, Singapore, Japan, Viet Nam	Payouts to national governments	Q  Parametric component claim payout within 10 business days and finite risk component claim within 5 business days.	No	No	Parametric insurance pool, public asset financial protection program, regional capacity building program, flood risk model & tool
Preparedness	<a href="#">CVF &amp; V20 Joint Multi- Donor Fund</a>	CVF, V20	Grants	\$ 0.0158		Open to all climate vulnerable developing countries with a focus on Global Shield pathfinder countries and V20 members	Via implementing partners selected through a competitive process managed by UNOPS or through donor pre-selection.		No	No	V20 window under the Global Shield  \$ 0.009 billion through premium support, \$0.0068 through the V20 Loss and Damage Funding Programme.  Funded projects may include components of relevance to L&D
Preparedness	Slow Onset Risk Pool	CVF, V20	Grants			Open to all climate vulnerable developing countries with a focus with Global Shield pathfinder			No	Yes	Currently under design



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						countries and V20 members					
Preparedness	<a href="#">GCCA+</a>	EU	Grants	€ 0.75	0.420	LDCs and SIDS	Via financing agreements with partner countries. Regional organisations and CSOs may also be directly supported.				€ 0.75 refers to the cumulative GCCA/GCCA+ budget for the period 2007 – 2020  Funded projects may include components of relevance to L&D
Preparedness	<a href="#">International Climate Initiative (IKI)</a>	German Federal Ministry for Economic Affairs and Climate Action	Grants	€ 4.5	€ 0.601	ODA eligible countries	Via implementing organisations including NGOs. None of IKI funds flow to government institutions in partner countries.				€ 4.5 total committed between 2008 and 2020.  € 0.601 annual disbursement in 2020 Funded projects may include components of relevance to L&D.
Preparedness	<a href="#">Pilot Program for Climate Resilience (PPCR)</a>	Climate Investment Funds (CIF)	Concessional loans; Grants; Guarantees	\$ 0.9973		OECD-DAC list of ODA eligible countries (Priority is given to highly vulnerable LDCs eligible for MDB concessional funds, including the SIDS)	Via MDBs				\$ 0.9973 cumulative approved  \$ 0.846 cumulative disbursed as of December 2021  Funded projects may include components of relevance to L&D. Part of the Strategic Climate Fund

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											US\$ 1.1 (as of 11/20)
Preparedness	<a href="#">Nature, People and Climate Program (CIF NPC)</a>	Climate Investment Funds (CIF)	Grants; Concessional loans; Direct funding			Dominican Republic, Egypt, Fiji, Kenya, Africa's Zambezi River Basin Region (Zambia, Malawi, Mozambique, Namibia, and Tanzania)	Via MDBs				Funded projects may include components of relevance to L&D.  Part of the Strategic Climate Fund
Preparedness	<a href="#">African Development Fund (ADF)</a>	African Development Bank (AfDB)	Grants; Concessional loans, guarantees	\$7.06		37 regional member countries					\$7.06 (ADF14)
											Funded projects may include components of relevance to L&D.
Preparedness	<a href="#">Africa Climate Change Fund (ACCF)</a>	African Development Bank (AfDB)	Grants	\$ 0.026	\$0.0039	African countries	Via African governments, non- governmental organizations and regional institutions				\$ 0.026 refers to the current size of the fund (as at March 2023)  \$ 0.01589 cumulative approved projects since 2014  \$0.0039 disbursed as per 2021 annual report  Funded projects may include components of relevance to L&D.

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Preparedness	<a href="#">Climate Action Window</a>	African Development Bank (AfDB)	Technology; technical assistance; insurance	\$ 0.429		30 ADF-eligible countries					<p>\$0.429 refers to currently earmarked seed funding</p> <p>Funded projects may include components of relevance to L&amp;D.</p>
Preparedness	<a href="#">Children's Investment Fund Foundation (CIFF)</a>		Grants; Concessional loans; Direct funding	\$ 0.848	\$0.468	29 African countries, India, China, Europe					<p>\$6 total endowment</p> <p>\$ 0.848 current commitments on climate (multi-year)</p> <p>Funded projects may include components of relevance to L&amp;D.</p>
Preparedness	<a href="#">Nordic Development Fund</a>		Grants; Loans; Equity	€ 0.396	€ 0.029	IDA eligible partner countries					<p>€ 0.396 cumulative disbursements since 2009</p> <p>€ 0.029 annual disbursement in 2022</p> <p>Funded projects may include components of relevance to L&amp;D.</p> <p>Disbursement figures are for climate change projects.</p> <p>Nexus of climate change and development in lower-income countries and</p>

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											countries in fragile situations
Preparedness	Immediate Response Account (IRA), Anticipatory Action (AA) Trust Fund	<a href="#">World Food Programme (WFP)</a>	Grants; Loans		US\$ 0.13	Global for a specific and imminent risk; AA needs pre-approved AA Plan		Q  48hrs			Contingency Fund; size can change any year
Preparedness	ARC Replica	World Food Programme (WFP) and Start Network	Parametric Insurance, Macro-insurance	Unavailable	US\$ 0.15	Mali, Mauritania, Senegal, Burkina Faso, the Gambia, Madagascar and Zimbabwe					
Preparedness	Climate Risk Insurance	World Food Programme (WFP)	Direct engagement in insurance product design, distribution, and premium support and TA		US\$ 0.365 total financial coverage, payouts of US\$ 0.0126 in cash transfers	21 countries in 2022	Index based insurance	Q  Rapid access	No	No	
Preparedness	Anticipatory Action programmes	World Food Programme (WFP)	Grants		US\$ 0.041, US\$0.368 of which was available in pre-arranged financing	28 countries in 2022	Anticipatory Action Plans (AAPs) in case of trigger activation	Q  Rapid access	No	No	
Preparedness	<a href="#">Adaptation for Smallholder Agriculture Programme (ASAP 2)</a>	International Fund for Agricultural Development (IFAD)	Grants			Global					\$ 0.1 (2017-2025)  Funded projects may include components of relevance to L&D.

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Preparedness	<a href="#">Enhanced Adaptation for Smallholder Agriculture Programme (ASAP+)</a>	International Fund for Agricultural Development (IFAD)	Grants	\$ 0.066		Global					<p>\$ 0.066 mobilized as at 2021</p> <p>Initial priorities focus on the intersection of climate, conflict and fragility</p> <p>Funded projects may include components of relevance to L&amp;D.</p>
Preparedness	<a href="#">Local Climate Adaptive Living Facility</a>	UN Capital Development Fund (UNCDF)		\$ 0.150		LDCs and other developing countries, 30 countries engaged to date					<p>Over \$0.150 cumulative mobilized as at 2022</p> <p>Performance-based climate resilience grants</p> <p>Funded projects may include components of relevance to L&amp;D.</p>
Preparedness	<a href="#">Systematic Observation Financing Facility (SOFF)</a>	WMO, UNDP and UNEP	Grants		\$ 0.065	All ODA-DAC eligible countries, LDCs and SIDS	Through country request	M			<p>\$ 0.400 capitalization target</p> <p>\$ 0.065 average annual disbursement</p> <p>Average time of 4 months from initial country request to approval of readiness funding request</p>
Preparedness	<a href="#">Team Europe Initiative (TEI) on Climate Change</a>	EU		€ 1.0		Africa					<p>The focus will include reinforcing early warning systems and developing and implementing Climate and</p>

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	<a href="#">Adaptation and Resilience in Africa</a>										Disaster Risk Finance and Insurance (CDRFI) mechanisms.
											The initiative includes € 60 million for loss and damage.
Preparedness	<a href="#">Initiative to Promote the Development of Early Warning Systems through Public-Private Partnerships in the Asia-Pacific Region</a>	Japan				Asia Pacific region					Currently in the development stage
Response	<a href="#">Immediate Response Mechanism (IRM)</a>	World Bank	Debt; Concessional loans			IDA		Q			5% of IDA; Small States up to \$0.005  Funded projects may include components of relevance to L&D
Response	<a href="#">Crisis Response Window</a>	World Bank	Debt		\$3.30	IDA		M		Yes	\$3.30 under IDA20
Response	<a href="#">Central Emergency Response Fund (CERF)</a>	UN-OCHA	Grants	\$2.16	\$ 0.2218	Global	United Nations humanitarian agencies and IOM	Q/M			\$ 0.695 total CERF allocation in 2022

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											\$ 0.2218 total CERF allocation for climate emergencies in 2022
											\$2.16 climate-related allocations between 2006 to 2022
											Amount spent per climate event is \$ 6.7 million. Overall yearly comparison 2006- 2022 is 240.7% more. Extreme weather related UN humanitarian appeal requirements were approx 800% higher in 2021 than in 2000
Response	<a href="#">Country-based Pooled Funds (CBPF)</a>	UN-OCHA	Grants	\$ 0.532	\$1.23	Global	International and national NGOs and UN agencies	Q			\$1.23 total disbursement (including not climate related)
											\$0.532 allocated for climate hazards between 2006 to 2022
Response	<a href="#">European Civil Protection and Humanitarian Aid (ECHO)</a>	EU	Grants	€11.57	€1.65	Global	Organisations with partnership agreement with the European Commission				Funded projects may include components of relevance to L&D.
											€11.57 multi-year funding framework (2021-2027)
											Financing decisions are made by EC to authorize ECHO to spend from the

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											EU budget and grant funding for humanitarian actions. They identify, among others, the region of implementation, the humanitarian crisis, the objectives, the available funds and potential partners for EU humanitarian assistance. Decisions are taken on basis of needs assessments.
Response	<a href="#">Solidarity and Emergency Aid Reserve (SEAR)</a>	EU			€1.2	EU Member States and accession countries. Can also help non-EU countries with emerging needs stemming from conflicts, the global refugee crisis or worsening natural disasters due to climate change.					Maximum €1.2 per year  Funded projects may include components of relevance to L&D.
Response	<a href="#">EU Solidarity Fund</a>	EU	Grants			EU member states and countries engaged in accession negotiations	Via competent national authorities of the affected state				Funded projects may include components of relevance to L&D including emergency response to disasters caused by floods, forest fires, earthquakes, storms, droughts, public health emergencies.



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Response	<a href="#">Asia Pacific Disaster Response Fund</a>	Asian Development Bank	Grants	\$0.1545	\$0.0065	All ADB developing country members	3 eligibility criteria (i) disaster triggered by a natural hazard has occurred; (ii )emergency officially declared of a scale beyond the capacity of the country and its own agencies to meet the immediate expenses necessary to restore life saving services and (iii) the United Nations humanitarian/resident coordinator has confirmed the scale and implications of the disaster and has indicated a general amount of funding that would be required	Q  The fund is disbursed very quickly (usually in couple of days) once conditions are met		Yes	\$0.1327 committed to date, \$0.0065 in 2022  Yearly disbursements vary significantly.  Grant support of up to \$ 3 million per event.  Funds are meant for meeting immediate life-saving needs of affected population.  The fund has supported 34 developing member countries to date.  Funded projects may include components of relevance to L&D
Response	<a href="#">Disaster Relief Emergency Fund (DREF)</a>	International Federation of Red Cross and Red Crescent Societies (IFRC)	Grants; Loans		CHF 0.059	All countries	80% through National Societies	Q  Within 12- 24 hours from receipt of request	No	Yes	Supports anticipatory action as well
Response	<a href="#">Global Start Fund, National Start Funds, Start Ready, Disaster Risk Financing Support, Small Grants</a>	START Network		£ 0.117	£ 0.015	Global	Via members (80 humanitarian agencies ranging from international organisations to national NGOs across the globe)	Q  Within 72 hours after members raise a crisis alert			£ 0.117 since 2014

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Response	Post disaster stand-by loans	Japan				Developing countries					Examples of signed agreements are the Philippines (50 billion yen in 2020), Fiji (5 billion yen in 2020), El Salvador (5 billion yen in 2015), Peru (10 billion yen in 2014), and the Philippines (50 billion yen in 2013)
	<a href="#">New Zealand Disaster Response Partnership</a>	New Zealand	Grants			Pacific	Via accredited NGOs				Ad hoc funding rounds, up to NZ\$250,000 per activity
Response											
Reconstruction	<a href="#">Expanded Disaster and Pandemic Response Facility</a>	Asian Development Bank	Grants to <a href="#">Group A</a> countries affected by disaster or emergency.  Grants to group A and B countries when they are affected by a severe disaster involving significant cross- border inflows of displaced people.	\$0.250	\$0.0442	ADB developing member countries except those that have graduated from regular ADB assistance	Support to respond to severe disasters and emergencies caused by (i) natural hazards; (ii) conflicts and related humanitarian events, such as cross- border flows of displaced people; and (iii) health emergencies, including pandemics and epidemics.  .	Q or M depending on what instrument is used to process to project.			\$0.250 (under ADF 13)  \$0.0897 million committed to date, in 2022 the amount was \$0.0442  Provides a more flexible, predictable, and systematic approach to emergency response and reduce the need for reprogramming.  Provision of grants to all group A countries when they are affected by a severe disaster with

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										<p>estimated damage and losses that exceed 10% of GDP.</p> <p>The DRF+ offers 100% grant assistance to both group A and B countries when they are affected by a severe disaster involving significant cross-border inflows of displaced people.</p> <p>Funded projects may include components of relevance to L&amp;D</p>
Reconstruction	<a href="#">European Bank for Reconstruction and Development (EBRD)</a>	Loans		\$6.211	Target countries in Central Asia; Central Europe and Baltic States; Cyprus and Greece; Eastern Europe and the Caucasus; South-eastern Europe; Southern and Eastern Mediterranean; Türkiye					<p>The figure refers to commitments made in 2021</p> <p>\$ 5.02 adaptation finance to low- and middle-income economies</p> <p>\$1.191 adaptation finance to high income economies 2021</p> <p>Funded projects may include components of relevance to L&amp;D.</p>
Reconstruction	<a href="#">African Development Bank (AfDB)</a>	Loans, grants		\$1.325	37 ADF eligible countries					<p>The figure refers to commitments made in 2021</p>

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										\$1.325 adaptation finance to low- and middle-income economies 2021
										Funded projects may include components of relevance to L&D.
Reconstruction	<a href="#">World Bank (WBG)</a>	Loans, grants		\$10.749						The figure refers to commitments made in 2021
										\$10.626 adaptation finance to low- and middle-income economies
										\$0.123 adaptation finance to high income economies 2021
										Funded projects may include components of relevance to L&D.
Reconstruction	<a href="#">Caribbean Development Bank</a>	Loans, grants		\$0.2566	19 member countries in the Caribbean region					In 2021 disbursements totalled \$ 0.256.6 with \$0.185 in loans and \$0.0716 in grants (including non-climate relevant components).
										The total value of projects approved in 2021 was \$0.1226 million (including non-climate relevant components).

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Reconstruction	<a href="#">European Investment Bank (EIB)</a>	Loans		\$ 0.328	Global, with 90% of funding towards promoting sustainable growth and job creation in EU Member States.					Funded projects may include components of relevance to L&D.  \$0.328 adaptation finance to low- and middle-income economies 2021  Funded projects may include components of relevance to L&D.
Reconstruction	Inter-American Development Bank Group, composed of the <a href="#">IDB</a> , IDB Lab and IDB Invest (IDGB)	Loans, grants		\$1.915						The figure refers to commitments made in 2021  \$1.655 adaptation finance to low- and middle-income economies 2021  26 Latin American and Caribbean countries  \$0.26 adaptation finance to high income economies 2021  Funded projects may include components of relevance to L&D.
Reconstruction	<a href="#">Islamic Development Bank (IsDB)</a>	Loans, grants		\$0.252	57 ISDB member states and Muslim communities in non- member states					The figure refers to commitments made in 2021  \$0.252 adaptation finance to low- and middle-income economies 2021

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Reconstruction		<a href="#">Asian Infrastructure Investment Bank (AIIB)</a>	Loans, grants		\$0.651	AIIB member states					<p>Funded projects may include components of relevance to L&amp;D.</p> <p>The figure refers to commitments made in 2021</p> <p>\$0.651 adaptation finance to low- and middle-income economies 2021</p> <p>Funded projects may include components of relevance to L&amp;D.</p>
Rehabilitation	<a href="#">Climate Justice Resilience Fund (CJRF)</a>		Grants	\$0.025		Arctic (Alaska and Northern Canada), Bay of Bengal (Orissa, West Bengal, and Bangladesh), East Africa (Kenya and Tanzania).					<p>\$0.025 since 2016</p> <p>Funded projects include L&amp;D among other focus areas</p> <p>£1m regranting partnership with the Scottish Government specifically on climate-induced loss and damage established in 2021</p>
Macro-economic stability	<a href="#">Resilience and Sustainability Trust (RST)</a>	IMF	Debt; Concessional loans	\$ 30.6 \$41.2		All PRGT-eligible low income countries, small states (population under 1.5					<p>\$ 30.6 in SDR and \$41.2 pledged</p> <p>May include components of relevance to L&amp;D.</p>

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						million) with per capita GNI below 25 times the 2021 IDA operational cutoff, and all middle-income countries with per capita GNI below 10 times the 2021 IDA operational cutoff					To qualify for RST support, an eligible member would need: a package of high- quality policy measures consistent with the RST's purpose; a concurrent financing or non-financing IMF-supported program with appropriate macroeconomic policies to mitigate risks for borrowers and creditors; and sustainable debt and adequate capacity to repay the Fund.
Social Protections	<a href="#">Sahel Adaptive Social Protection Program</a>	World Bank	Grants for pilot interventions, technical assistance, capacity building	\$0.165		Burkina Faso, Chad, Mali, Mauritania, Niger, Senegal	Direct grants to governments				May include components of relevance to L&D.
Relocation	<a href="#">Migration Multi-Partner Trust Fund</a>	UN Network on Migration, IOM	Technical assistance	\$0.0281 total capitalization (2021)	\$ 0.037	All countries	Via UNDP Multi- Partner Trust Fund (MPTF) Office		Yes		Funded projects may include components of relevance to L&D.
Natural Capital	Barbados debt for nature swap	The Nature Conservancy	Co-guarantee, Debt swap	\$ 0.050		Barbados					Funded projects may include components of relevance to L&D.  \$ 0.150 billion co-guarantee allowing a debt swap expected to free around \$ 0.050
Natural Capital	Belize debt for nature swap	The Nature Conservancy	Debt swap		\$ 0.004	Belize					Funded projects may include components of relevance to L&D.

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											US\$ 0.553 billion debt restructuring expected to free 0.004 billion a year
Natural Capital	Seychelles debt for nature swap	The Nature Conservancy	Debt swap	\$ 0.011		Seychelles					\$ 0.0202 debt buy back (\$ 0.0216 debt restructured) expected to free 0.011 billion over 20 years
Natural Capital	<a href="#">French Facility for Global Environment (FFEM)</a>	France		\$ 0.12		ODA eligible countries, Africa prioritized	Any legal entity supported by one of the six FFEM member institutions				\$ 0.12 (2019-2022)  Funded projects may include components of relevance to L&D.
Natural Capital	<a href="#">Global EbA Fund</a>	IKI, German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), implemented by UNEP & IUCN	Grants	\$ 0.0056		ODA eligible countries (for country-specific or multi-country interventions)	Diverse applicants, the Fund will not grant directly to government partners				\$ 0.0056 total approvals since initiation (2021 onwards)  Funded projects may include components of relevance to L&D.  Grants between USD 50,000- 250,000 for ecosystem-based solutions
Natural Capital	Technical Assistance / Capacity Building	<a href="#">UNEP-CTCN</a>	Technical Assistance/Grant		\$ 0.002	All developing countries					Approximately \$ 0.002 per year for last 10 years



<i>Indicative category</i>	<i>Modality/ facility</i>	<i>Institution</i>	<i>Instrument</i>	<i>Total volume pledged<sup>3</sup></i>	<i>Annual disbursement<sup>4</sup></i>	<i>Eligibility</i>	<i>Access modality<sup>5</sup></i>	<i>Disbursement timeframe<sup>6</sup></i>	<i>NELs</i>	<i>SOEs</i>	<i>Additional remarks</i>
											Funded projects may include components of relevance to L&D.
Natural Capital	<a href="#">KIWA Initiative</a>	French Development Agency	Grants			19 eligible Pacific Island Countries and territories	Public or private not-for-profit organizations				Funded projects may include components of relevance to L&D.
											Funding for Nature Based Solutions. Provides grants ranging from € 25,000-400,000 and project funding € 1.5- 5 million.
Natural Capital		<a href="#">Global Fund for Coral Reefs (GFCR)</a>	Grants, Investment capital	\$0.625	\$0.0237		Private and public companies, cooperatives, non-profit organizations, community-based organizations, family owned businesses, UN agencies, government agencies, multi-national organizations			Yes	10-year \$ 0.625 blended finance vehicle, of which \$0.125 grant fund (member states and private foundations) and \$0.5 Investment fund
											\$0.0237 in grants approved in 2021
											Funded projects may include components of relevance to L&D.
Natural Capital	<a href="#">World Heritage Fund</a>	UNESCO	Grants, concessional loans	\$ 0.0059		All States Parties to the World Heritage Convention who have paid contributions to the Fund				Yes	\$ 0.0059 (biennium 2022-2023)
											Funded projects may include components of relevance to L&D.

<i>Indicative category</i>	<i>Modality/ facility</i>	<i>Institution</i>	<i>Instrument</i>	<i>Total volume pledged<sup>3</sup></i>	<i>Annual disbursement<sup>4</sup></i>	<i>Eligibility</i>	<i>Access modality<sup>5</sup></i>	<i>Disbursement timeframe<sup>6</sup></i>	<i>NELs</i>	<i>SOEs</i>	<i>Additional remarks</i>
Natural Capital	<a href="#">Rapid Response Facility</a>	UNESCO, Fauna & Flora International (FFI)	Grants	\$ 0.0012		ODA eligible countries	Government bodies, NGOs, private sector organisations	Q  Within 8 working days	Yes		\$ 0.0012 cumulative since 2006  Focus on alleviating disaster situations affecting wildlife in UNESCO natural World Heritage sites.  Funded projects may include components of relevance to L&D.  Up to \$ 40,000 available per request