23 May 2023

Second meeting of the Transitional Committee

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

Contents

Abbreviations and acronyms

AA	Anticipatory Action
AAAP	Africa Acceleration Adaptation Programme
AAP	Anticipatory Action Plan
ACCF	Africa Climate Change Fund
ADB	Asian Development Bank
ADF	African Development Fund
AfDB	African Development Bank
AfD	*Agence Française de Développement*
AF	Adaptation Fund
AIDS	acquired immunodeficiency syndrome
AIIB	Asian Infrastructure Investment Bank
ARC	African Risk Capacity
ASAP	Adaptation for Smallholder Agriculture Programme
ASEAN	Association of Southeast Asian Nations
BMUV	German Federal Ministry for the environment nature conservation nuclear safety and consumer protection
BMZ	German Federal Ministry for Economic Cooperation and Development
BRAC	Bangladesh Rural Advancement Committee
CBF	Bangladesh Climate Bridge Fund
CBPF	Country-based Pooled Funds
CCA	Climate change adaptation
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CDM	Clean Development Mechanism
CDRFI	Climate and Disaster Risk Finance and Insurance
CERs	certified emission reductions
CERF	UN Central Emergency Response Fund
CHF	Swiss francs
CIF	Climate Investment Funds
CIFF	Children's Investment Fund Foundation
CJRF	Climate Justice Resilience Fund
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CO2	Carbon dioxide
COP	Conference of the Parties
CREWS	Climate Risk Early Warning Systems
CRS	Common Reporting Standard
CRW	Crisis Response Window
CSO	Civil society organisation
CTCN	Climate Technology Centre and Network
CVF	Climate Vulnerable Forum
DDO	Deferred Drawdown Option
DREF	Disaster Relief Emergency Fund
DRF+	Expanded Disaster and Pandemic Response Facility
DRFI	Disaster Risk Financing and Insurance
DRR	Disaster risk reduction
EBRD	European Bank for Reconstruction and Development
EC	European Commission

ECAL	Environment & Climate Adaptation Levy
ECHO	European Civil Protection and Humanitarian Aid Operations
EIB	European Investment Bank
EU	European Union
EUR	Euro
ExCom	Executive Committee of the Warsaw International Mechanism
FACE	Finance for Acting on Climate in the Eastern Caribbean
FFEM	French Facility for Global Environment
FFI	Fauna & Flora International
GAVI	The Vaccine alliance
GCCA	Global Climate Change Alliance
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GFCR	Global Fund for Coral Reefs
GFDRR	Global Facility for Disaster Reduction and Recovery
GHG	Greenhouse gas
GNI	Gross national income
GRiF	Global Risk Financing Facility
G7	Group of Seven
HIPIC	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
ICRC	International Committee of the Red Cross
ICS	International Chamber of Shipping
IDA	International Development Association
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IFAD	International Fund for Agricultural Development
IFF	Innovative Finance Foundation
IFFEd	International Finance Facility for Education
IFFIm	International Finance Facility for Immunization
IFRC	International Federation of Red Cross and Red Crescent Societies
IIF	InsuResilience Investment Fund
IKI	International Climate Initiative
ILS	insurance-linked securities
IMF	International Monetary Fund
IOM	International Organization for Migration
IPCC	Intergovernmental Panel on Climate Change
IRA	Immediate Response Account
IRM	Immediate Response Mechanism
IsDB	Islamic Development Bank
ISF	InsuResilience Solutions Fund
IUCN	*International Union for Conservation of Nature*
LDC	Least developed country
LDCF	Least Developed Countries Fund
MDB	multilateral development bank
MDRI	Multilateral Debt Relief Initiative
MPTF	Multi-Partner Trust Fund
NAP	National Adaptation Plan

NELs	Non-economic loss and damage
NGO	Non-governmental organisation
NPC	Nature, People and Climate Program
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OECD DAC	OECD Development Assistance Committee
PCRIC	Pacific Catastrophe Risk Insurance Company
PPCR	Pilot Program for Climate Resilience
PRGT	Poverty Reduction and Growth Trust
RSF	Resilience and Sustainability Facility
RST	Resilience and Sustainability Trust
SCCF	Special Climate Change Fund
SDRs	Special Drawing Rights
SEADRIF	Southeast Asia Disaster Risk Insurance Facility
SEAR	Solidarity and Emergency Aid Reserve
SIDS	Small Island developing State
SOE	Slow onset event
SOFF	Systematic Observation Financing Facility
SPV	special purpose vehicle
TA	Technical assistance
TC	Transitional Committee on the operationalization of the new funding arrangements for responding to loss and damage and the fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.4
TEI	Team Europe Initiative
TRAC	Target for Resource Assignments from the Core
TSU	Technical support unit
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNDRR	United Nations Office for Disaster Risk Reduction
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNHCR	United Nations High Commissioner for Refugees
UNITAID	*Tous Unis pour Aider*
UNOPS	United Nations Office for Project Services
USD	United States Dollars
V20	Vulnerable Twenty Group
WBG	World Bank Group
WFP	World Food Programme
WHO	World Health Organization
WIM	Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts
WMO	World Meteorological Organization
XCF	Extreme Capacity Facility

Summary

(a) **Tracking loss and damage funding is complex** given the absence of a singular (unique) loss and damage marker. Finance flows are not systematically reported in a loss and damage category by any UNFCCC reporting method or by the MDB common climate finance methodology.

(b) **Exact disaggregation from overall development** assistance is challenging, in particular for slow onset events and impacts, as most development projects today include screens and other "climate proofing" measures aimed at increasing resilience and minimizing future loss and damage.

(c) **Some finance flows can be attributed to addressing loss and damage** from ODA reporting using Rio markers, reporting within existing frameworks such as the Sendai Framework for Disaster Risk Reduction, or from earmarked funding windows, programmes and facilities addressing ex-ante, anticipatory actions and ex-post measures in context of disasters.

(d) **Existing funding arrangements** that facilitate cooperation between developed and developing countries in addressing loss and damage concern adaptation finance (27 per cent of all public climate finance), fiscal and financial stability, humanitarian aid, insurance, and domestic trusts. Within these general domains, funding institutions operate multiple funding windows, facilities and programmes, each with its own scope, eligibility criteria and disbursement policies.

(e) **A range of financial instruments are used**, including market-rate and concessional loans, lines of credit, guarantees, grants, insurance products, bonds, and to a minor extent domestic taxation. Frequently, two or more funding types or instruments are blended.

(f) **The type of funding varies by institution.** Overall, loans, both concessional and non-concessional, accounted for 72 per cent of public climate finance (mitigation, adaptation, crosscutting) between 2016 and 2020, with 26 per cent of financing provided through grants. MDBs as the predominant providers of concessional loans feature a greater proportion of loans in their portfolios, the multilateral climate funds provide mainly grants (that can leverage other funding such as private sector investment) while bilateral funders provide both loans and grants in nearly equal measure.

(g) **Lending is dominant, posing risks to debt sustainability.** Concessional and non-concessional loans accounted for 72 per cent of public climate finance (mitigation, adaptation, crosscutting) between 2016 and 2020, with grants providing 26 per cent of financing. Over 50 per cent of debt increase in vulnerable countries has been related to funding disaster recoveries and reconstruction. With increasing intensity and severity of hazards, a country's ability to access to financial markets and concessional loans may be compromised to the estimated USD 200 billion a year needed.

(h) Within the landscape, adaptation finance, at 27 per cent of total public climate finance, provides a broad, general measure of investment to avoid future loss and damage. Dominant finance providers are MDBs with multilateral climate funds and bilateral donors taking an important role in grant financing for adaptation.

(i) **Despite increases in adaptation finance major funding gaps remain.** Finance flows to developing countries are five to ten times below needs the estimated annual needs of USD 160–340 billion by 2030 and USD 315–565 billion annually by 2050. The Intergovernmental Panel on Climate Change (IPCC) estimated the annual costs of damages from sea level rise at USD 427 billion by 2100.

(j) **Fiscal and financial stability support** to address long-term fiscal, financial and balance of payments stability includes the USD 41.2 billion IMF Resilience and Sustainability Trust (RST) and the USD 1.4 billion Resilience and Sustainability Facility (RSF). Structural challenges with regard to outdated eligibility criteria vis-à-vis today's climate vulnerability exist, limiting access to concessional financing, hence leading to high-interest borrowing by vulnerable middle-income countries.

(k) **Risk insurance coverage remains limited** in developing countries with coverage gaps of up to 97 per cent. Risk pooling initiatives (ARC, CCRIF, PCRIC) aim to increase uptake, as well as micro-insurance at household level. With the projected increase in the frequency and severity of hazards, insurance may face additional uptake barriers as premium costs are likely to rise while payouts are likely to shrink.

(l) **Humanitarian aid** is increasingly correlated with adverse effects of climate change, but at the current level cannot significantly address loss and damage. In 2020, the CERF and 18 Country-Based Pooled Funds (CBPFs) combined provided more than USD 2.16 billion in assistance, with an average of 26 per cent for climate-related emergencies. Substantial financial gaps through the UN humanitarian system remain with respect to required new and additional funding.

(m) **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.

(n) **Innovative sources** consist of a limited number of financial innovations such as debt swaps, cat bonds and large-scale innovative financing mechanisms successfully implemented outside the climate change arena.

(o) **Debt swaps** have considerable potential as innovative sources of funding, including relief of commercial debt, for vulnerable countries with limited access to debt relief with a currently missing mechanism that brokers agreements at improved financial terms and with the participation of government donors, civil society and philanthropy within a loss and damage framework, in particular addressing recovery and reconstruction.

(p) **Debt securitization**, also known as "frontloading", is the use of future public income streams such as ODA to issue bonds in the financial markets but potential in the context of addressing loss and damage is limited, except potentially related to initiatives such as Early Warning for All.

(q) **Solidarity levies** are government-imposed surcharges on specified transactions. The French air ticket levy introduced in 2006 generates approximately 210 million Euros a year. The levy is a tax imposed and collected at source by the state. If implemented by several countries individually, an air ticket climate levy could raise in excess of USD 1 billion a year (combined). Other solidarity levy proposals include a 0.001 per cent extractive industry levy by the Innovative Finance Foundation (IFF) in 2014, which would generate approximately USD 1.64 billion a year. Other examples include the carbon shipping levy proposed at the IMO and other climate-related measures in the shipping industry.

(r) Identified gaps in existing funding arrangements include:

- Data, knowledge and capacity gaps related to tracking, aggregating, analysing, calculating of highly heterogenous data relevant to formulate responses for addressing loss and damage, including determining specificity of existing finance flows from climate and development finance;

- A coherence gap related to overall policy framework for addressing loss and damage given that no single entity is dedicated specifically to loss and damage;

- Policy gaps to effectively and consistently determine, across domains, inter alia, triggers and levels of funding to address loss and damage, in particular for slow onset events, humanitarian aid and NELs;

- Significant financial gaps across all domains within the landscape of existing funding arrangements to address loss and damage;

- Structural gaps related to eligibility criteria that do not take into account sufficiently the adverse effects of climate change on vulnerable middle-income countries, thereby limiting their access to concessional lending pushing countries to borrow at high rates from the financial markets;

- Significant structural gaps in terms of substantial grant financing for realized loss and damage in the context of disasters, in particular for recovery, social protection and reconstruction;

- Insurance gaps in geographical and damage coverage, gaps in micro-insurance and lack of a mechanism to assist in uninsurable scenarios;

- Structural gaps with no mechanism that drives negotiations to realize the full potential of debt swaps (sovereign and commercial) at improved terms, working with creditors, government donors, the private and the philanthropic sectors.

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.[1]

2. In the decisions, the COP and the CMA acknowledged, among others, 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 action (including rehabilitation, recovery and reconstruction).[2]

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.[3] 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.[4]

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 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).[5]

[1] Decisions 2/CP.27 and 2/CMA.4, preamble.
[2] Decisions 2/CP.27 and 2/CMA.4, para. 1
[3] Decisions 2/CP.27 and 2/CMA.4, para. 2.
[4] Decisions 2/CP.27 and 2/CMA.4, para. 3.
[5] Decisions 2/CP.27 and 2/CMA.4, para. 4 and Annex.

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.[6]

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, a description and an analysis of the overall funding landscape and relevant funding instruments, mandates and policies. The term "funding arrangements" is interpreted widely in accordance with decisions 2/CP.27, and 2/CMA.4 and includes both sources of funding as well as funding institutions.

8. The report focuses predominately on external financing (international finance from multilateral, bilateral and other sources) and does not review in depth domestic, national and sub-national and local financing, except to illustrate by few examples a potential role that 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, was considered in the synthesis report. The scope of this synthesis report does not include an analysis of additionality, predictability and adequacy of funding.

9. The discussion of innovative sources includes financial innovations currently used in the context of climate change such as debt-for-nature swaps 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 fund.

10. The synthesis report is divided into five 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 some key issues. The fourth section describes existing and potential innovative sources and innovative financing mechanisms relevant for funding loss and damage and the fund, and the fifth section presents some of the gaps identified with respect to the existing funding arrangements and innovative sources.

11. An initial version of the synthesis report was made available for the first TC meeting (TC1) from 27 to 29 March 2023. Feedback received from TC members as reflected in the TC Co-Chairs summary,[7] 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,

[6] Decisions 2/CP.27 and 2/CMA.4, para. 6.
[7] Available at https://unfccc.int/event/TC1.

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, funding for early warning and other ex-ante measures, anticipatory and contingency funding, and medium-and long-term recovery financing and funding options for non-economic loss and damage.

C. Methodology/ Tracking loss and damage funding

12. This synthesis report is based on data from UNFCCC technical papers on loss and damage including those under the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM) and those under the UNFCCC Standing Committee on Finance (see *Annex I)*, publicly available information from the UN, the IMF, the MDBs and the V20, peer-reviewed literature and information provided by TC members and the Technical Support Unit (TSU) convened by the secretariat, as well as direct communication with a number of institutions.

13. The mapping of existing funding arrangements and innovative sources is a snapshot in time and a best effort given the complexities and methodological limitations associated with the collection, aggregation and analysis of climate finance flows in general, and specifically to addressing loss and damage.

14. With regard to climate finance data in general, the UNFCCC Standing Committee on Finance pointed to a number of methodological issues, 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.[8]

15. The collection, aggregation and analysis of finance flows relevant or potentially relevant in the context of addressing loss and damage is additionally complex given the absence of a singular (unique) marker for loss and damage.[9] Currently, finance flows are not specifically tagged or systematically reported in a loss and damage category by any UNFCCC reporting method nor by the MDB common climate finance methodology.

16. The majority of relevant finance flows is reported under the overall adaptation finance category. However, some finance flows, in particular bilateral ODA for ex-ante and ex-post funding, can also be attributed to specific areas or frameworks such as the Sendai Framework for Disaster Risk Reduction (DRR) with the help of the OECD-DAC Rio markers methodology (includes DRR marker, humanitarian aid for climate marker and similar).

17. Generally, attribution of finance flows for addressing loss and damage related to ex-ante and ex-post funding in the context of sudden onset events and impacts such as disaster risk reduction and management, preparedness, early warning and other anticipatory measures, insurance, recovery, reconstruction and fiscal and financial support can be achieved with some level of specificness, because such funding is often marked and/or administered by dedicated funding windows, programmes and facilities.

18. The attribution of relevant finance flows reported within the general adaptation category, including finance flows addressing risks to coastal socio-ecological systems, terrestrial and ocean ecosystems, risks associated with critical physical infrastructure, networks, and services, risks to living standards and equity, risks to human health, food and water security and peace and migration,[10] non-economic loss and damage (NELs) and finance flows in other sectors is bound to be less accurate, because these finance flows cover a wide range of developmental activities.

[8] UNFCCC Standing Committee on Finance, Fifth Biennial Assessment and Overview of Climate Finance Flows, 2022. Available at: https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20BA5_2022_Report_v4%5B52%5D.pdf.

[9] Ibid.

[10] IPCC AR6, WGII report, Available at : https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter17.pdf

19. An experimental approach to data collection of loss and damage-relevant financial information could be offered by digital wallets (e-wallets). These application platforms rely on self-reporting at household level and could potentially complement loss and damage assessment information 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, micro-insurance coverage, social protection, recovery, reconstruction and others.

20. The G7 is also in the process of compiling an Inventory on Climate Disaster Risk Reduction, Response and Recovery with the aim of mapping existing support mechanisms for the developing countries that are particularly vulnerable to the adverse effects of climate change, to maximize the effectiveness of their risk reduction of, response to, and recovery from climate disasters, which is among the priorities that should be urgently enhanced among a wide-range of measures to avert, minimize and address loss and damage.[11] This mapping can contribute to the discussions on the new funding arrangements responding to loss and damage under the TC to identify the priority gaps within the current landscape for which solutions are to be explored.[12]

III. Existing funding arrangements

A. Current funding landscape

21. Estimates of economic and non-economic costs of loss and damage associated with the adverse effects of climate change range from USD 290 to USD 580 billion by 2030, rising to USD 1 trillion in 2050.[13] 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.[14]

22. A report by the Vulnerable Group of Twenty (V20) economies, currently comprising 58 countries with a combined population of 1.5 billion, states that V20 countries are estimated to have lost 20 per cent of their Gross Domestic Product (GDP) due to the adverse impacts of climate change.[15]

23. Larger, interconnected emerging economies are also increasingly exposed to the adverse effects of climate change. IMF modelling shows that following a severe weather event there is a 50 per cent probability that external financing needs in two sample emerging economies could exceed between USD 19 billion and USD 342 billion and that, due to the size and the degree of interconnectedness of the economies, the large external financing needs could impair access to financial markets and even trigger default.[16]

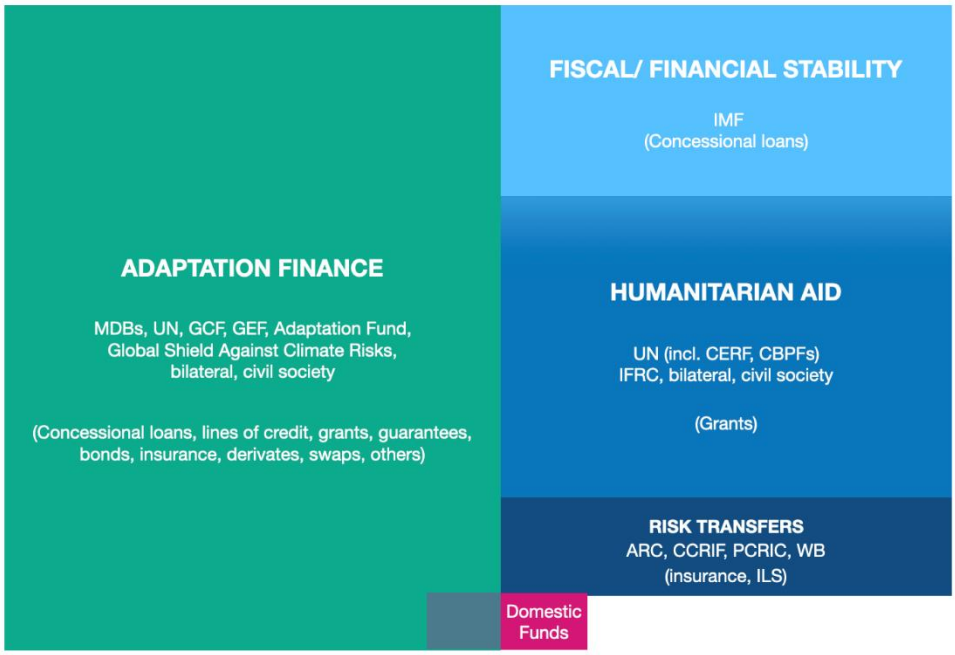
24. Other negative consequences associated with the adverse effects of climate change include a wide range of risks and impacts in nearly all areas of life, ranging coastal socio-ecological systems, terrestrial and ocean ecosystems, critical physical infrastructure, networks and services, living standards and equity, human health, food and water security, internal displacement and migration[17] and NELs.

[11] G7 at https://www.meti.go.jp/press/2023/04/20230417004/20230417004-9.pdf
[12] Ibid.
[13] 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.
[14] IPCC. “The Ocean Cryosphere in a Changing Climate" 2019.
[15] V20. Climate Vulnerable economies loss report, 2022, at https://www.v-20.org/resources/publications/climate-vulnerable-economies-loss-report.
[16] Tovar Mora, C. et al. (2022). Stress Testing the Global Economy. IMF. Available 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.
[17] For latest IDP, see IDMC, available at: https://www.internal-displacement.org/global-report/grid2023/

25. While the effects and impacts of climate change are well documented across all sectors by the UNFCCC process, the IPCC and other sources, the exact disaggregation of relevant activities and finance flows from overall development assistance for low-and middle-income countries is challenging. Moreover, most development projects today include screens and other "climate proofing" measures, which overall increase resilience and address future loss and damage.

26. In the most general terms, the existing funding arrangements that facilitate cooperation between developed and developing countries in addressing loss and damage associated with the adverse effects of climate change concern adaptation finance (27 per cent of all public climate finance[18]), fiscal and financial stability, humanitarian aid, insurance, and domestic trusts (see *Figure 2*).

Figure 2. ***General landscape of existing funding arrangements relevant to address loss and damage[19]***



27. Within the existing funding arrangements landscape, a wide range of relevant or potentially relevant needs and actions are funded.

28. With respect to sudden onset events and impacts, the mapping exercise (see *Annex II*) lists a total of 75 entries of funding windows, programmes and facilities. Out of the total number of entries, 38 funding mechanisms are active in the area of ex-ante, anticipatory measures such as preparedness, disaster risk reduction and management, early warning and training of first responders and other personnel (see *Figure 3*). It should be noted, however, that entries may be incomplete, overlap with, or be a subset of, other existing funding arrangements and finance flows reported under general adaptation finance and not included in the table below.

[18] 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.

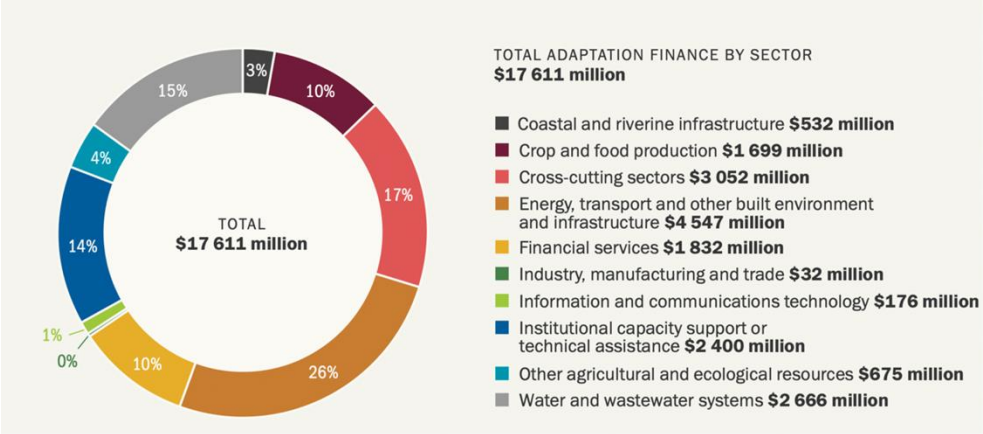
[19] Graph not to any scale.

Figure 3. ***Existing funding arrangements for needs and actions in context of sudden-onset events and impacts as per mapping exercise[20]***

Need Spectrum	*Actions*	*Entries*
Preparedness	▪ disaster risk reduction ▪ disaster preparedness planning ▪ early warning systems ▪ personnel training	42
Response	▪ search and rescue ▪ emergency relief (food, emergency shelter, medical care) ▪ access control & damage assessment	13
Recovery	▪ temporary shelter ▪ debris removal and clean-up ▪ restoration of vital infrastructure services ▪ social protection/ livelihoods	
Rehabilitation	▪ management of injury/ trauma ▪ prevention/ management of disability ▪ restoration of functional capabilities ▪ re-integration of survivors	
Reconstruction (Build Back Better, Forward/ Resilient)	▪ health care/ mental health support ▪ resettlement ▪ physical and social infrastructure ▪ employment opportunities	9

29. With respect to slow onset events, adaptation finance flows by MDBs as the dominant providers of adaptation finance, can provide a general measure of addressing loss and damage by investing in relevant areas to avoid loss and damage in the future. The compounding effects of slow onset and sudden onset events, in particular "tipping points",[21] are not specifically addressed in the existing funding arrangements landscape.

Figure 4. ***MDB adaptation finance by sector in low-and middle-income economies in 2021 (in USD million)***



Source: 2021 Joint Report on MDB's Climate Finance.

30. Within the funding arrangements landscape, organizations deploy a range of financial instruments in line with their mandates, policies and priorities. These financial instruments are: concessional loans, lines of credit, grants, guarantees, insurance, bonds, debt-swaps and debt buy-backs, and to a minor extent domestic taxation. Frequently, two or more funding 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.

[20] Total 75 entries, of which 13 are outside the scope of figure 3;11 under general adaptation or other domains and 2 unclassified. The table may not be comprehensive of all available funding.

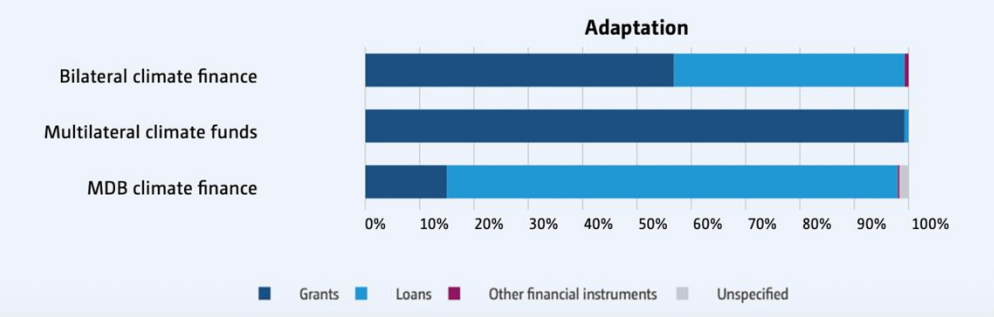
[21] IPCC.

In addition, most institutions have multiple funding windows, facilities and programmes, each with its own scope, eligibility criteria and disbursement policies.

31. The type of funding instrument varies by institution (see *Figures 5 and 6*). The MDBs as the predominant providers of concessional loans (aside from the IMF not included in *Figure 5*) feature a greater proportion of loans in their portfolios than grant-giving institutions such as multilateral climate funds (can leverage other funding such as private sector investment), while bilateral funders provide both loans and grants in nearly equal measure.

32. 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.[22]

Figure 5. ***Use of different funding instruments for adaptation finance by institution group***



Source: UNFCCC Standing Committee on Financial Flows, 2022

Figure 6. ***MDB adaptation finance by instrument type in low- and middle-income economies in 2021 (in USD million)***

Instrument type	Adaptation finance
Equity	22
Grant	2631
Guarantee	145
Investment loan	11055*
Line of credit	40
Policy-based financing	1490
Results-based financing	1179
Other instruments	1050
Total	**17611***

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects reported under ERUM, amounting to $20 million, is excluded from the investment loan amount to avoid double counting.

Source: Joint Report on Multilateral Development Banks' Climate Finance, 2021.

33. The relatively high share of lending within the existing funding arrangements landscape 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.

34. 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).[23] Over 50 per cent of debt increase in vulnerable countries is now related to funding disaster recovery.[24] The sovereign debt of the V20 countries climbed from USD 464 billion in 2015

[22] Finance for Climate Action. Report of the Independent High-Level Panel Expert Group on Climate Finance, November 2022, p.16.

[23] Eckstein et al. 2021. Global Climate Risk Index 2021, Who Suffers Most from Extreme Weather Events? Briefing Paper. German Watch, p. 56.

[24] Finance for Climate Action. Report of the Independent High-Level Panel Expert Group on Climate

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 degrees Celsius.[25]

35. Against a backdrop of insufficient international public finance flows and limited access to concessional resources, developing economies have increasingly raised development finance on commercial terms in international financial markets.[26] External debt stocks of developing countries grew by 8 per cent to USD 11.1 trillion, about 31 per cent of GDP, in 2021, with worsening risk profiles.[27]

36. The debt-overhang problem, increasing inflation and substantial additional finance needs for increasing recovery and reconstruction costs as a result of more frequent and more destructive sudden onset events may severally affect a country's access the financial markets and concessional loans and impact its balance of payments stability. Some estimates project post-disaster recovery and reconstruction financing needs at USD 200 billion per year.[28]

37. The USD 41.2 billion Resilience and Sustainability Trust (RST), and in particular the Resilience and Sustainability Facility (RSF), provide long-term financing to low-income countries and small states with a population under 1.5 million with a per capital GNI below 25 times the 2021 IDA operational cut-off and middle-income countries with per capita GNI below 10 times the 2021 IDA operational cut-off undertaking reforms to reduce risks to prospective balance of payments stability, including those related to climate change and pandemic preparedness. RSF loans have a 20-year maturity and a 10 and a half-year grace period during which no principal is repaid. [29]

38. Some vulnerable nations, despite their special status of eligibility, such as SIDS, do not have access to sufficiently large and low-cost financing because of their income classification. This classification potentially neglects to take into account sufficiently, among others, the fiscal and financial pressures in some of the most vulnerable middle-income countries resulting from climate change events and impacts.

39. Although investments in adaptation and anticipatory ex-ante measures altogether contribute to minimizing loss and damage and constitutes the best case in economic terms given the savings or avoided losses and damages that can be realized, they are not equal to the loss and damage costs that the most vulnerable countries incur but difficult to quantify in advance as loss and damage. To the contrary, realized loss and damage can be quantified directly but any financing, in particular very concessional financing for such realized loss and damage, is insufficient vis-à-vis the needs, or access to it is limited, especially for reconstruction in some of the most vulnerable countries and some middle-income countries.

40. The emergence of national funds and trusts within the landscape of existing funding arrangements, 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) on prescribed services for businesses over USD 3 million in annual gross turnover to partially fund a national trust.[30] The trust financed the relocation of 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

Finance, November 2022, p.33.

[25] V20 Debt Review 2022, p.6 at: https://www.v-20.org/wp-content/uploads/2022/09/V20-Debt-Review_Sept.-20-compressed.pdf.

[26] UNCTAD at : https://sdgpulse.unctad.org/debt-sustainability/#:~:text=References-,External%20debt%20stocks%20of%20developing%20countries%20grew%20by%208%20per,2021%2C%20with%20worsening%20risk%20profiles&text=—%2D%2C%20as%20discussed%20in%20the,average%207.1%20per%20cent%20annually.

[27] Ibid.

[28] Finance for Climate Action. Report of the Independent High-Level Panel Expert Group on Climate Finance, November 2022, pp. 33–34.

[29] IMF at https://www.imf.org/en/About/Factsheets/Sheets/2023/Resilience-Sustainability-Facility-RSF

[30] See htctps://www.frs.org.fj/our-services/taxation/business/environmental-levy/

information related to early warning and coordinates preparedness among ministries and local governments while also directing and coordinating assistance to communities in emergency situations.

B. Adaptation finance, disaster risk management

41. 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, sudden onset events and their compounded effects.

42. Global adaptation finance increased 65 per cent during the period from 2017 to 2020, driven mainly by financing from bilateral and multilateral development.[31] Despite the overall increases in adaptation finance to 27 per cent of total public climate finance,[32] 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.[33]

43. In 2021, MDBs committed a a total of USD 19.187 billion to adaptation finance, with USD 17.611 billion, or 92 per cent, committed to low- and middle-income economies, surpassing the expected collective MDB 2019 delivery target of increasing adaptation finance to USD 18 billion.[34] The MDB data reported corresponds to the incremental costs of project components, sub-components, or elements, or proportions of projects, which are considered to be inputs to an adaptation process and are intended to reduce vulnerability to climate change and build resilience to it.[35]

44. 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.[36]

45. Early warning systems have proven to be an effective way to adapt to climate change by providing a cost-effective and reliable way of protecting lives and livelihoods from natural disasters such as floods, heatwaves, storms, and tsunamis. According to the Global Commission on Adaptation, giving just 24 hours' notice of an impending hazardous event can reduce damage by 30 percent. The Early Warnings for All initiative, co-led by the World Meteorological Organization (WMO) and the United Nations Office for Disaster Risk Reduction (UNDRR), with support from the International Telecommunication Union (ITU) and the International Federation of Red Cross and Red Crescent Societies (IFRC) and other partners aims to scale up investment in early warning.

46. Investing just USD 800 million in such systems in developing countries would prevent losses of USD 3 to USD 16 billion annually. With 95 percent of the world's population having access to mobile broadband networks and nearly 75 percent owning a mobile phone, mobile networks have become powerful communication channels that can effectively target those in at-risk areas.[37]

[31] 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.

[32] UNFCCC Standing Committee on Finance. Fifth Biennial Assessment and Overview of Climate Finance Flow, p.106.

[33] UNEP. Adaptation Gap Report 2022, at: https://www.unep.org/resources/adaptation-gap-report-2022.

[34] 2021 Joint Report on MDBs' Climate Finance, p. 12

[35] Ibid.

[36] 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.

[37] All data from WMO, available at: https://public.wmo.int/en/earlywarningsforall#:~:text=The%20%22Early%20Warnings%20for%20All,by%20the%20end%20of%202027.

47. The World Bank operates a number of voluntary, dedicated credit line windows such as the IDA Crisis Response Window (CRW) and IDA 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.[38] The IRM complements longer-term emergency response tools available to IDA countries, such as the CRS, offering them financial support within weeks rather than months of an emergency.

48. The World Bank also provides the Catastrophe Deferred Drawdown Option (Cat DDO) as a contingent financing line that provides immediate liquidity to both low-income IDA countries and middle-income IBRD countries to address shocks related to natural disasters and/or health-related events. The funding is approved prior to a disaster, and disburses quickly once the event occurs and the drawdown trigger is met. 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 countries 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.[39]

49. 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. 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.[40]

50. 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) were for adaptation, the highest level of adaptation finance committed since reporting began in 2011.[41]

51. The African Development Bank (AfDB) launched the Africa Acceleration Adaptation Programme (AAAP), which aims to raise USD 25 billion for adaptation projects through the AAAP Upstream Financing Facility and the African Development Fund (ADF) Climate Action Window.[42]

[38] All information based on World Bank, at: https://ida.worldbank.org/en/financing/crisis-financing/crisis-response-window.

[39] All information based on IMF, at: https://thedocs.worldbank.org/en/doc/563361507314948638-0340022017/original/productnotecatddoidaenglish2018.pdf.

[40] All information from EIB, at: https://www.eib.org/en/about/priorities/climate-action/explained/index.htm.

[41] 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.

[42] AfDB, at: https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/africa-adaptation-acceleration-program.

52. 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.[43]

53. 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.[44]

54. The UNFCCC multilateral funds, including the GEF, the GCF and the Adaptation Fund play an important role in adaptation by providing several billion annually in grant financing.

55. The Global Environment Facility (GEF) channels support for climate adaptation mainly through the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF). These two funds have an important role of serving the Paris Agreement. Since inception, LDCF/SCCF, the dedicated adaptation financing instrument of the GEF, has provided more than USD 2.12 billion in grant funding to support adaptation in developing countries. Under the new GEF-8 (2022–2026) programming strategy for adaptation, the GEF doubled its per country allocation to USD 20 million per LDCs in addition to support to regional and global initiatives. Similarly, for the first time, GEF-8 adaptation strategy has set up dedicated window A under SCCF to address critical climate change adaptation priorities for non-LDC SIDS, and aiming to allocate USD 3 million and USD 6.5 million per non-LDC SIDS. The SCCF has also indicated to support national projects in all eligible developing countries through window B. Like most MDBs, GEF deploys separate funding windows to fund emergency response operations outside of its adaptation finance.

56. The Green Climate Fund (GCF) is the only climate fund with an explicit commitment to deliver 50 per cent of its financing to adaptation, of which at least 50 per cent for LDCs, SIDS and the African region. Currently, GCF supports 216 projects and programmes worth USD 12 billion in GCF resources and more than USD 42 billion in total with co-financing. The GCF Readiness Programme supports, among others, the formulation of National Adaptation Plans (NAPs) amounts to USD 163.2 million in approved funding, of which USD 68.5 million has been disbursed. This support will enable developing countries to plan and attract larger scale finance for more resilient futures by strengthening their adaptation planning processes. These planning processes are key building blocks of ongoing efforts to bolster adaptive capacities and attract investment in adaptation from a diversity of sources to make societies more climate-resilient.

57. The Adaptation Fund has committed over USD 1 billion for adaptation and resilience projects and programmes since its inception in 2010, including 150 projects in the most vulnerable communities of developing countries.[45] It also pioneered the Direct Access and Enhanced Direct Access modalities, empowering countries to access funding and develop local projects directly through accredited national implementing entities.

58. The Global Shield Against Climate Risks, created as a joint initiative of the V20 and G7, with funding commitments of approximately USD 242 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 Global Shield involves three separate finance facilities the Global Shield Financing Facility (hosted by the World Bank), the CVF & V20 Joint Multi-Donor Fund

[43] 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.

[44] 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.

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

(hosted by UNOPS) and the Global Shield Solutions Platform (hosted by the Frankfurt School of Finance & Management). Disbursement is based on parametric triggers, similar to parametric risk insurance.[46]

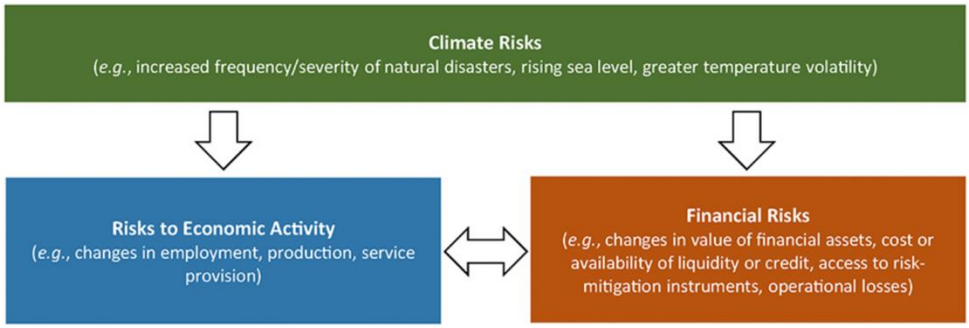
C. Fiscal/ financial stability support

59. Climate change can have a significant impact on the structure of the economy and the pricing and return on assets, which has implications for the efficiency and stability of the financial system.

60. With increasing frequency and severity of slow and sudden onset events and impacts and their compounding effects, vulnerable countries are particularly exposed to risks that may affect financial stability. These areas of risks to the financial system and economy include shocks, which are difficult to predict and vulnerabilities, and which are underlying features of an economic or financial system that can amplify the negative effects of shocks.[47]

61. The adverse effects of climate change can result in direct financial risks, prompting changes to asset values used as security for loans, thereby changing the cost or availability of credit, or affecting the timing or reliability of cash flows and in risks to economic activity, which can themselves create or amplify financial risks.[48] Both economic and financial risks can also amplify one another, for example, weather-related property destruction can lead to bank losses, leading to less lending, leading to reduced investment, and so on. Climate change can also affect the ability of households and businesses to meet their repayments because of the impact it can have on their incomes.

Figure 7. ***Stylized relationships between climate, economic and financial risks***



Source: U.S. Federal Reserve System, 2021

62. In the context of addressing loss and damage related to economic, financial and balance of payments stability, the IMF has taken steps to assist countries with the Resilience and Sustainability Trust (RST) and the Resilience and Sustainability Facility (RSF).

63. The USD 41.2 billion RST and the USD 1.4 billion RSF 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. 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.

[46] All information from V20, at: https://www.v-20.org/global-shield-against-climate-risks.

[47] Brunetti, C. et al. Climate Change and Financial Stability, Fed Notes, 19 March, 2021. Available at: https://www.federalreserve.gov/econres/notes/feds-notes/climate-change-and-financial-stability-20210319.html#:~:text=Climate%20Risks%20and%20Financial%20Stability,amplified%20by%20the%20financial%20system.

[48] Ibid.

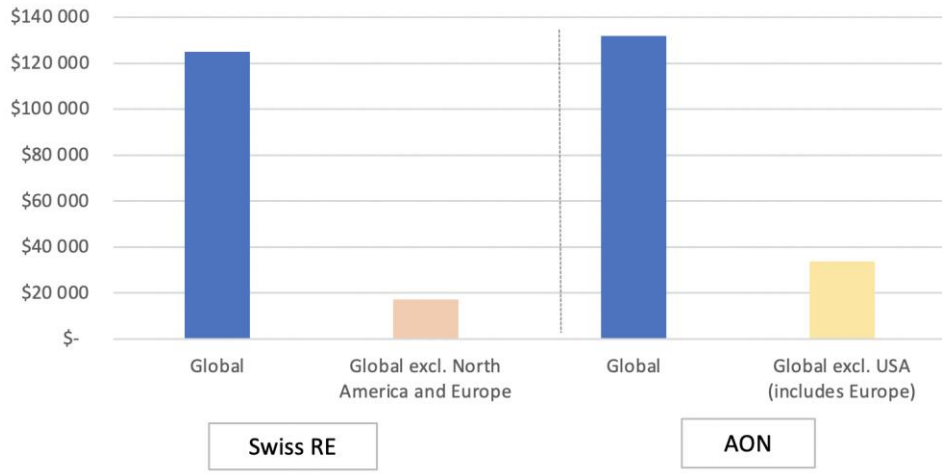
64. The RST could support resilience-enhancing climate-related policy reforms with affordable long-term financing through debt buybacks with the help of philanthropic, private funding.

D. Insurance

65. Risk insurance can cover a range of hazards such as floods, droughts, and other extreme weather events impacting crops, for example. Currently, most climate related risk insurance products are sold in developed countries with limited uptake in developing countries.

66. A number of initiatives exist aimed at increasing access to, and affordability of, climate risk insurance 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.[49] The extent of insured losses is also significantly lower in developing countries (see *Figure 6*).

Figure 8. ***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.

67. While insurance has potential for scale-up within the current landscape of funding arrangements and innovative sources, uptake in developing countries, including vulnerable developing countries, 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 payouts 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.[50] 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.

68. Catastrophe (cat) bonds are a form of insurance-linked securities (ILS), also known as insurance securitization, where insurers transfer risk, usually from a catastrophe or disaster

[49] 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.

[50] Climate Change is Destabilizing the Insurance Industry, at: https://www.scientificamerican.com/article/climate-change-is-destabilizing-insurance-industry.

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.

69. In 2014, ARC 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.

70. Microinsurance to help address climate-induced risks can include crop covers (area yield, weather index, hybrid products etc.), livestock covers, property damage covers (due to weather events like typhoons, floods etc.), business interruption covers (interruption due to weather events) and others. Microinsurance schemes can insure people from the impacts of hazards on their assets by compensating policyholders for life and non-life losses. AfatVimo, an Indian micro-insurance scheme which focuses on low-income households, covers 19 types of disasters at an annual premium that is equivalent to approximately three days' of a household income.[51]

E. Humanitarian aid

71. Humanitarian aid plays a key role in assisting vulnerable communities to cope with conflicts and emergencies. Although the adverse effects of climate change are increasingly relevant in this context, the volume of humanitarian aid today has not reached levels that can be considered significantly relevant to addressing loss and damage. In 2022, the UN and its partners reached nearly 160 million people with humanitarian assistance, at a cost of approximately USD 25 billion, but needs in 2023 are already exceeding 54 billion.[52]

72. The UN Central Emergency Response Fund (CERF) and 18 Country-Based Pooled Funds (CBPFs) managed by the UN Office for the Coordination of Humanitarian Affairs (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 non-governmental organizations (NGOs) as well as UN agencies. In 2020, CERF and CBPF combined provided USD 2.16 billion in humanitarian assistance.[53]

73. Preliminary analysis indicates that, since 2006, CERF has allocated an average of 26.5 per cent of its funds annually to climate related emergencies. In total, CERF has spent nearly USD 2 billion on climate hazards with 417 climate related allocations across 86 countries. In terms of types of hazards, more than USD 1.2 billion has been allocated to droughts, with USD 581 million to floods and USD 312 million to storms.

Figure 9. ***CERF allocations by type of hazard (2008-2022)***

[51] See Climate and Development Knowledge Network at: https://cdkn.org/story/opinion-risk-transfer-through-microinsurance-as-an-approach-to-deal-with-climate-change

[52] UN-OCHA, at https://www.unocha.org/story/un-emergency-fund-releases-record-250-million-reach-world's-most-vulnerable-people-avert#:~:text=This%20year%2C%20to%20meet%20the,help%20people%20in%2019%20countries.

[53] All information based on OCHA submission to TC1.

Year	Heat/Cold Wave	Drought	Flood	Heat/Cold Wave	Storm	TOTAL - CERF Allocations for Climate Emergencies:	CERF allocation amount for Climate Emergencies % of TOTAL ANNUAL CERF $$	Number of climate related allocations (annual)	Number of CC related projects
2006		$ 60.7M	$ 30.4M		$ 1.M	**$ 92.1M**	35.8%	21	81
2007	$ 1.8M	$ 4.6M	$ 33.5M	$ 1.8M	$ 52.7M	**$ 92.5M**	26.2%	37	143
2008	$ 7.2M	$ 106.4M	$ 42.5M	$ 7.2M	$ 44.7M	**$ 200.9M**	46.8%	60	250
2009	$ 4.2M	$ 41.1M	$ 27.5M	$ 4.2M	$ 8.5M	**$ 81.3M**	20.5%	23	124
2010	$ 3.6M	$ 62.9M	$ 54.3M	$ 3.6M	$ 15.5M	**$ 136.3M**	32.8%	26	153
2011		$ 98.3M	$ 48.1M		$ 3.2M	**$ 149.6M**	35.0%	22	149
2012		$ 95.6M	$ 40.M		$ 11.5M	**$ 147.M**	30.0%	34	165
2013		$ 24.3M	$ 24.M		$ 28.3M	**$ 76.6M**	15.9%	17	80
2014		$ 25.7M	$ 16.6M			**$ 42.3M**	9.2%	17	81
2015	$ 1.2M	$ 90.1M	$ 27.4M	$ 1.2M	$ 6.6M	**$ 125.2M**	26.7%	23	119
2016	$ 2.4M	$ 52.8M	$ 19.M	$ 2.4M	$ 23.8M	**$ 98.M**	22.3%	22	122
2017	$ 1.1M	$ 90.8M	$ 19.M	$ 1.1M	$ 28.3M	**$ 139.2M**	33.3%	24	156
2018		$ 59.3M	$ 30.8M		$ 6.9M	**$ 97.M**	19.4%	16	83
2019		$ 128.4M	$ 34.5M		$ 43.4M	**$ 206.3M**	38.3%	30	216
2020		$ 76.3M	$ 49.7M		$ 26.2M	**$ 152.1M**	17.9%	29	139
2021		$ 84.8M	$ 19.6M		$ .5M	**$ 104.9M**	19.1%	15	66
2022		$ 145.7M	$ 64.2M		$ 11.8M	**$ 221.8M**	32.4%	29	149
		$ 494.5M	$ 198.8M	$ .M	$ 88.8M				
Total	**$ 21.5M**	**$ 1247.8M**	**$ 581.1M**	**$ 21.5M**	**$ 312.9M**	**$ 2163.1M**	**26.5%**	**445**	**2287**

Source: OCHA.

Figure 10. ***CBPF allocations by type of hazard (2015-2022)***

Year	Cold wave	Drought	Floods	Heat wave	Storm	Grand Total	% of total CBPF allocations	# of projects
2015	$1,441,484	$13,433,765	$2,382,950		$16,593,674	$33,851,874	7%	58
2016		$19,036,673	$12,442,745			$31,479,417	4%	60
2017		$69,774,692	$952,861		$450,755	$71,178,308	10%	155
2018		$70,309,044	$6,633,578		$4,984,246	$81,926,868	10%	137
2019		$41,105,181	$37,633,340		$300,000	$79,038,521	8%	155
2020	$10,659,707	$9,875,557	$35,716,438	$374,996		$56,626,698	6%	116
2021	$402,994	$137,973,952	$39,615,277	$290,976		$178,283,199	17%	299
2022		$171,107,912	$22,914,372			$194,022,284	16%	253
Grand Total	**$12,504,185**	**$532,616,776**	**$158,291,560**	**$665,972**	**$22,328,676**	**$726,407,169**	**10%**	**1,233**

Source: OCHA.

IV. Types of innovative sources

74. In this section, "innovative sources" means innovative financing mechanisms other than financial innovations such as catastrophe bonds. Innovative financing mechanisms are revenue streams outside the traditional ambit of ODA that could generate additional and predictable funding[54] and as such bear potential to become innovative sources in the context of addressing loss and damage or capitalizing the fund.

A. Debt swaps/ debt buy-back

75. Bilateral debt swaps are negotiated agreements between a creditor government and a debtor government, in which the creditor forgives a portion of outstanding debt (principal and related 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 an NGO, which historically used to broker such agreements.

76. 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 and open fiscal space to invest in resilience. However, debt swaps cannot restore solvency unless the amount involved is a sufficiently large share of debt with substantial debt cancellation.

77. 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 a locally financed activity. For the creditor government, the main advantages

[54] Douste-Blazy, Ph. And R. Filipp. Innovative Financing for Development, in Boussichas, M and P. Guillaumont. Financing for Sustainable Development, Economica, 2015, p. 415.

are attribution of cancelled debt amount to their ODA quota and direction of funds to areas identified in bilateral cooperation agreements. However, there are some important limitations to debt swaps. Due to their relatively small size, debt swaps are not suitable to significantly impact the debt service of a participating country. Only 3 out of 140 debt swaps over the last 35 years had a value of more than USD 250 million.[55]

78. 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 an NGO (potentially the organization implementing conservation projects) commits to providing complementary financial resources in addition to the debt-reduction.

79. The potential of bilateral debt swaps for LDCs is limited given that a portion, over USD 100 billion[56] 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 and continued access to debt relief. However, for climate vulnerable middle-income countries, including some SIDS and others, debt swaps remain a viable option because they have swappable debt and limited access to debt relief.[57]

80. 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 are implementing a debt-for-climate-swap of 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.[58] The Republic of Seychelles implemented a debt-for-nature swap with debt-buyback, converting USD 21.6 million in debt to create two marine reserves and improve resilience and adaptation to climate change.[59]

81. A further development of the traditional debt swap mechanism is the Debt2Health initiative of the Global Fund to Fight AIDS, Tuberculosis and Malaria.[60] 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,[61] making participating debtor governments donors to the Global Fund while ensuring that local projects are implemented within the national health strategy.

82. The loss and damage fund could consider a mechanism for brokering debt conversions with improved financial terms and the participation of government donors, civil society and philanthropy within a loss and damage framework, in particular addressing gaps in the existing funding arrangements landscape such as recovery and reconstruction.

83. Underexploited potential exists in the conversion of commercial debt, often held by government export credit guarantee agencies. Commercial debt forgiveness is affected when a creditor releases, waives or otherwise extinguishes a debtor's obligation to repay a debt.

[55] Energy Monitor

[56] World Bank. HIPC at https://www.worldbank.org/en/topic/debt/brief/hipc.

[57] 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.

[58] Alliance of Small Island States, at: https://www.aosis.org/innovative-aosis-osf-climate-partnership-aims-to-reduce-island-debt-2/.

[59] 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.

[60] OECD. Debt2Health at https://www.oecd.org/site/oecdgfd/41466556.pdf.

[61] Global Fund at https://www.theglobalfund.org/media/12284/publication_debt2health_overview_en.pdf.

B. Debt securitization

84. Debt securitization, also referred to as "frontloading", is the use of future government or public income streams such as ODA to issue bonds and raise capital from the financial markets for urgent public good interventions now rather than later, thereby preponing action with the raised financing.

85. 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 type of guarantee, the bonds are able to attract a solid rating, which contributes significantly to their placement success in the financial markets.

86. 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 has helped the Global Vaccine Alliance (GAVI) to vaccinate 981 million children.[62]

87. 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.[63]

C. International solidarity levies

88. 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 210 million Euros for developmental and social purposes.

89. 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 USD 0.10 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.[64]

90. 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).[65] 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 carbon dioxide (CO_2) 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.

[62] IFFIm, at: https://iffim.org
[63] IFFEd, at: https://iff-education.org.
[64] Innovative Finance Foundation. Implementing an Extractive Industries Micro-Levy, September 2014, p. 18.
[65] https://www.ics-shipping.org/press-release/international-chamber-of-shipping-sets-out-plans-for-global-carbon-levy.

V. Gaps in existing funding arrangements

91. Based on the analysis of the current landscape of existing funding arrangements and related finance flows for addressing loss and damage associated with the adverse effects of climate change, the following potential gaps are identified:

- Data, knowledge and capacity gaps related to tracking, aggregating, analysing, calculating of highly heterogenous data relevant to formulate responses for addressing loss and damage, including determining specificity of existing finance flows from climate and development finance;

- A coherence gap related to overall policy framework for addressing loss and damage given that no single entity is dedicated specifically to loss and damage;

- Policy gaps to effectively and consistently, across domains, determine, among others, triggers and levels of funding to address loss and damage, in particular for slow onset events, humanitarian aid and NELs;

- Significant financial gaps across all domains within the landscape of existing funding arrangements to address loss and damage;

- Structural gaps related to eligibility criteria that do not take into account sufficiently the adverse effects of climate change on vulnerable middle-income countries, thereby limiting their access to concessional lending pushing countries to borrow at high rates from the financial markets;

- A significant structural gap in terms of substantial grant financing for realized loss and damage in the context of disasters, in particular for recovery, social protection and reconstruction;

- Insurance gaps in geographical and damage coverage, gaps in micro-insurance and lack of a mechanism to assist in uninsurable scenarios;

- Structural gap with no mechanism that drives negotiations to realize the full potential of debt swaps (sovereign and commercial) at improved terms, working with creditors, government donors, the private and the philanthropic sectors.

Annex I

Past reports concerning loss and damage within the UNFCCC process

Title	*Body*	*Content*
Synthesis report for the technical assessment component of the first global stocktake of the WIM ExCom[1]	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[2]	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.
Compendium on Comprehensive Risk Management Approaches.[3] (including Final Synopsis)[4]	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[5]		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)[6] are available on the event webpage.
The two-part Synthesis Paper[7][8] on the submissions made on	WIM ExCom (2018)	Two-part Synthesis Paper on the submissions received in response to the call for submission of

[1] Available at https://unfccc.int/sites/default/files/resource/ExCom_SR_GST_cleared.pdf.
[2] Available at https://unfccc.int/sites/default/files/resource/01_0.pdf.
[3] Available at https://unfccc.int/documents/200759.
[4] Available at https://unfccc.int/sites/default/files/resource/Synopsis%20of%20the%20compendium.pdf.
[5] Available at https://unfccc.int/sites/default/files/resource/SUVA%20Report_ver_13_Nov.pdf.
[6] 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.
[7] Part I available at https://unfccc.int/sites/default/files/resource/Item_9_Summary_views_on_actions_12_Mar.pdf.
[8] Part II available at https://unfccc.int/sites/default/files/resource/Item_9_Summary_views_on_SUVA_TP_UNFCCCinstit

Title	*Body*	*Content*
the type and nature of actions to address loss and damage for which finance may be required		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.[9]
Information paper on best practices, challenges and lessons learned from existing financial instruments[10]	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 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[11]	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[12]	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[13]	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[14]	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

uions_12_Mar.pdf.

[9] 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.

[10] Available at https://unfccc.int/files/adaptation/groups_committees/loss_and_damage_executive_committee/application/pdf/information_paper_aa7d_april_2016.pdf.

[11] Available at https://unfccc.int/resource/docs/2016/cop22/eng/08.pdf#page=29.

[12] Available at https://unfccc.int/sites/default/files/resource/docs/2013/tp/12.pdf.

[13] Available at https://unfccc.int/sites/default/files/resource/docs/2012/sbi/eng/inf14.pdf.

[14] Available at https://unfccc.int/documents/5369.

Title	*Body*	*Content*
		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.

Annex II

Mapping table of existing funding arrangements and innovative sources relevant to addressing loss and damage associated with the adverse effects of climate change[1,2]

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
Preparedness	Disaster Risk Financing and Insurance (DRFI) program	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	InsuResilience Investment Fund (IIF)		Grants, concessional equity			ODA eligible countries (additional criteria apply) For companies: financial viability and commitment to development impact					Total equity (public and private sources) of about $ 0.180 – 0.230 billion as well as revolving debt (public and private sources) $ 0.150 billion (2015-2027).

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

[2] The figures provided in this table should not be aggregated as there is possibility of double counting.

[3] 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.

[4] 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.

[5] Including, where available, information on triggers for support.

[6] Q = quick, in weeks; M = medium, up to 12 months, S = slow, in years.

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
Preparedness	InsuResilience Solutions Fund (ISF)	Frankfurt School of Finance & Management	Grants		€ 0.005-8	ODA recipient countries, with the exception of EU candidate and Neighbourhood East countries (additional criteria apply)		M			€ 0.0025 (maximum per project)
Preparedness	Global Facility for Disaster Reduction and Recovery (GFDRR)	World Bank	Grants	$ 0.89	$ 0.0165	Focus on low and middle income countries at high risk of disasters		Q			Figures based on GFDRR annual report 202 Funded projects may include components of relevance to L&D
Preparedness	Climate Risk Early Warning Systems (CREWS)	GFDRR, WMO and UNDRR	Grants	$ 0.095		LDCs and SIDS	Via implementing partners	Q Within one month after project approval			$ 0.095 billion pledged (as at May 2023) $ 0.074 billion of approved funding (as at May 2023)
Preparedness	Global Shield Against Climate Risks	G7 and V20	Grants	$ 0.242		Initial 8 pathfinder countries (Bangladesh, Ghana, Costa Rica, Pakistan, Malawi, Jamaica, the Philippines, Senegal) and 1					The figure refers to the total pledged as at April 2023 Trigger-based and pre-arranged financial protection against climate and

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
						pathfinder region (Pacific)					disaster-related losses
Preparedness	Global Shield Solutions Platform (GSSP)	Frankfurt School of Finance & Management	Grants		€ 0.020 (expected)		Through in-Country process of the Global Shield				One of the facilities of the Global Shield Against Climate Risks
Preparedness	Global Shield Finance Facility (GSFF)	World Bank	Grants								One of the facilities of the Global Shield Against Climate Risks Multi-donor trust fund at the World Bank
Preparedness	Global Risk Financing Facility (GRiF)	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	Rapid Social Response Umbrella Trust Fund	World Bank	Grants	$ 0.141	$ 0.11	ODA eligible countries	Submissions in response to Calls for Proposals; Bank- and Recipient-executed activities	Q			Rapid Social Response grants have leveraged $17 billion in World Bank operational financing (IDA and IBRD)
Preparedness	Least Developed Countries Fund (LDCF)	GEF	Grants	$1.7	$ 0.0624	LDCs	Through GEF agencies	M/S			Funded projects may include components of relevance to L&D. For the period July 2022 to June 2026 - Scenario A: $ 1

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
											billion; Scenario B: $ 1.3 billion (as of 4/23)
Preparedness	Special Climate Change Fund (SCCF)	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	M/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: $ 0.1 billion Scenario B: $ 0.2 billion
Preparedness	Green Climate Fund (GCF)		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 $12 billion of GCF

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
											proceeds in respect of projects/programmes with an aggregate value of $ 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 by conflicts and natural disasters
Preparedness	Adaptation Fund (AF)		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

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
											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	Asian Development Bank	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. Funded projects may include components of relevance to L&D
Preparedness	Global Innovation Lab for Climate Finance		Concessional loans; non concessional loans	$ 3.5		Developing countries					The figure refers to cumulative funding mobilized Exclusive focus on climate. Funded

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
											projects may include components of relevance to L&D.
Preparedness	African Risk Capacity (ARC)		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. In collaboration with Adrifi, and ARC Replica
Preparedness	Caribbean Catastrophe Risk Insurance Facility (CCRIF)		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	Pacific Catastrophe Risk Insurance Company (PCRIC)		Parametric Insurance	$0.011		Pacific countries and territories	Payouts to national governments	Q Within 30 days of occurrence of covered event			$0.011 aggregate in 4 payouts to date Covers Pacific Tropical Cyclone Event and Pacific

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
											Earthquake Event (including tsunami)
Preparedness	Southeast Asia Disaster Risk Insurance Facility (SEADRIF)	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	Insurance and Risk Financial Facility	UNDP	Grants, Insurance, Risk Financing (with industry)	$ 0.06	$ 0.01	All ODA recipient countries	Through UNDP and insurance partners	M			Currently active in 29 countries Develops long-term enabling environment for insurance and risk-financing, works with government on capacity and insurance market development, and with the insurance industry on insurance and risk financing products, tools and services.
Preparedness	CVF & V20 Joint Multi-Donor Fund	CVF, V20	Grants	$ 0.0158		Open to all climate vulnerable	Via implementing partners selected through a competitive		No	No	V20 window under the Global Shield

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
						developing countries with a focus on Global Shield pathfinder countries and V20 members	process managed by UNOPS or through donor pre-selection.				$ 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 countries and V20 members			No	Yes	Currently under design
Preparedness	GCCA+	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	International Climate	German Federal	Grants	€ 4.5	€ 0.601	ODA eligible countries	Via implementing organisations				

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
	Initiative (IKI)	Ministry for Economic Affairs and Climate Action					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	Pilot Program for Climate Resilience (PPCR)	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 $ 1.1 (as of 11/20)
Preparedness	Nature, People and Climate Program (CIF NPC)	Climate Investment Funds (CIF)	Grants; Concessional loans; Direct funding			Dominican Republic, Egypt, Fiji, Kenya, Africa's Zambezi River Basin Region (Zambia,	Via MDBs				Funded projects may include components of relevance to L&D. Part of the Strategic Climate Fund

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
						Malawi, Mozambique, Namibia, and Tanzania)					
Preparedness	African Development Fund (ADF)	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	Africa Climate Change Fund (ACCF)	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.
Preparedness	Climate Action Window	African Development Bank (AfDB)	Technology; technical assistance; insurance	$ 0.429		30 ADF-eligible countries					$0.429 refers to currently earmarked seed funding

Indicative category	*Modality/ facility*	*Institution*	*Instrument*	*Total volume pledged3*	*Annual disbursement 4*	*Eligibility*	*Access modality5*	*Disbursement timeframe6*	*NELs*	*SOEs*	*Additional remarks*
											Funded projects may include components of relevance to L&D.
Preparedness		Children's Investment Fund Foundation (CIFF)	Grants; Concessional loans; Direct funding	$ 0.848	$0.468	29 African countries, India, China, Europe					$6 total endowment $ 0.848 current commitments on climate (multi-year) Funded projects may include components of relevance to L&D.
Preparedness		Nordic Development Fund	Grants; Loans; Equity	€ 0.396	€ 0.029	IDA eligible partner countries					€ 0.396 cumulative disbursements since 2009 € 0.029 annual disbursement in 2022 Funded projects may include components of relevance to L&D. Disbursement figures are for climate change projects.

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											Nexus of climate change and development in lower-income countries and countries in fragile situations
Preparedness	Immediate Response Account (IRA), Anticipatory Action (AA) Trust Fund	World Food Programme (WFP)	Grants; Loans		$ 0.13	Global for a specific an 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	$ 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		$ 0.365 total financial coverage, payouts of $ 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		$ 0.041, $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	

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Preparedness	Adaptation for Smallholder Agriculture Programme (ASAP 2)	International Fund for Agricultural Development (IFAD)	Grants			Global					$ 0.1 (2017-2025) Funded projects may include components of relevance to L&D.
Preparedness	Enhanced Adaptation for Smallholder Agriculture Programme (ASAP+)	International Fund for Agricultural Development (IFAD)	Grants	$ 0.066		Global					$ 0.066 mobilized as at 2021 Initial priorities focus on the intersection of climate, conflict and fragility Funded projects may include components of relevance to L&D.
Preparedness	Local Climate Adaptive Living Facility	UN Capital Development Fund (UNCDF)		$ 0.150		LDCs and other developing countries, 30 countries engaged to date					Over $0.150 cumulative mobilized as at 2022 Performance-based climate resilience grants Funded projects may include components of relevance to L&D.

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Preparedness	Systematic Observation Financing Facility (SOFF)	WMO, UNDP and UNEP	Grants		$ 0.065	All ODA-DAC eligible countries, LDCs and SIDS	Through country request	M			$ 0.400 capitalization target $ 0.065 average annual disbursement Average time of 4 months from initial country request to approval of readiness funding request
Preparedness	Team Europe Initiative (TEI) on Climate Change Adaptation and Resilience in Africa	EU		€ 1.0		Africa					The focus will include reinforcing early warning systems and developing and implementing Climate and Disaster Risk Finance and Insurance (CDRFI) mechanisms. The initiative includes € 60 million for loss and damage.
Preparedness	Initiative to Promote the Development of Early Warning Systems through Public-Private	Japan				Asia Pacific region					Currently in the development stage

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	Partnerships in the Asia-Pacific Region										
Response	IDA Immediate Response Mechanism (IRM)	World Bank	Debt; Concessional loans			IDA		Q			5 per cent of IDA; Small States up to $0.005 Funded projects may include components of relevance to L&D
Response	IDA Crisis Response Window	World Bank	Debt		$3.30	IDA		M		Yes	$3.30 under IDA20
Response	Central Emergency Response Fund (CERF)	UN-OCHA	Grants	$2.16	$ 0.2218	Global	United Nations humanitarian agencies and IOM	Q/M			$ 0.695 total CERF allocation in 2022 $ 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-

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											2022 is 240.7 per cent more. Extreme weather related UN humanitarian appeal requirements were approx 800 per cent higher in 2021 than in 2000
Response	Country-based Pooled Funds (CBPF)	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	European Civil Protection and Humanitarian Aid (ECHO)	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 EU budget and grant funding for humanitarian actions. They identify, among others, the region of

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											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	Solidarity and Emergency Aid Reserve (SEAR)	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	EU Solidarity Fund	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,

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											public health emergencies.
Response	Asia Pacific Disaster Response Fund	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	Disaster Relief Emergency Fund (DREF)	International Federation of Red Cross and Red Crescent Societies (IFRC)	Grants; Loans		CHF 0.059	All countries	80 per cent through National Societies	Q Within 12-24 hours from receipt of request	No	Yes	Supports anticipatory action as well

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Response	Global Start Fund, National Start Funds, Start Ready, Disaster Risk Financing Support, Small Grants	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
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
	New Zealand Disaster Response Partnership	New Zealand	Grants			Pacific	Via accredited NGOs				Ad hoc funding rounds, up to NZ$250,000 per activity
Response											
Reconstruction	Expanded Disaster and Pandemic Response Facility	Asian Development Bank	Grants to Group A countries affected by disaster or emergency.	$0.250	$0.0442	ADB developing member countries except those	Support to respond to severe disasters and emergencies caused by (i) natural hazards; (ii) conflicts and	Q or M depending on what instrument is used to			$0.250 (under ADF 13) $0.0897 million committed to date,

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			Grants to group A and B countries when they are affected by a severe disaster involving significant cross-border inflows of displaced people.			that have graduated from regular ADB assistance	related humanitarian events, such as cross-border flows of displaced people; and (iii) health emergencies, including pandemics and epidemics. .	process to project.			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 estimated damage and losses that exceed 10 per cent of GDP. The DRF+ offers 100 per cent 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. Funded projects may include components of relevance to L&D

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Reconstruction		European Bank for Reconstruction and Development (EBRD)	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					The figure refers to commitments made in 2021 $ 5.02 adaptation finance to low- and middle-income economies $1.191 adaptation finance to high income economies 2021 Funded projects may include components of relevance to L&D.
Reconstruction		African Development Bank (AfDB)	Loans, grants		$1.325	37 ADF eligible countries					The figure refers to commitments made in 2021 $1.325 adaptation finance to low- and middle-income economies 2021 Funded projects may include components of relevance to L&D.

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Reconstruction		World Bank (WBG)	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		Caribbean Development Bank	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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											Funded projects may include components of relevance to L&D.
Reconstruction		European Investment Bank (EIB)	Loans		$ 0.328	Global, with 90 per cent of funding towards promoting sustainable growth and job creation in EU Member States.					$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 IDB, IDB Lab and IDB Invest (IDGB)	Loans, grants		$1.915	26 Latin American and Caribbean countries					The figure refers to commitments made in 2021 $1.655 adaptation finance to low- and middle-income economies 2021 $0.26 adaptation finance to high income economies 2021 Funded projects may

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											include components of relevance to L&D.
Reconstruction		Islamic Development Bank (IsDB)	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 Funded projects may include components of relevance to L&D.
Reconstruction		Asian Infrastructure Investment Bank (AIIB)	Loans, grants		$0.651	AIIB member states					The figure refers to commitments made in 2021 $0.651 adaptation finance to low- and middle-income economies 2021 Funded projects may include components of relevance to L&D.
Rehabilitation	Climate Justice Resilience Fund (CJRF)		Grants	$0.025		Arctic (Alaska and Northern Canada), Bay of Bengal (Orissa, West					$0.025 since 2016

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						Bengal, and Bangladesh), East Africa (Kenya and Tanzania).					Funded projects include L&D among other focus areas
											£1m regranting partnership with the Scottish Government specifically on climate-induced loss and damage established in 2021
Macro-economic stability	Resilience and Sustainability Trust (RST)	IMF	Debt; Concessional loans	$ 30.6 $41.2		All PRGT-eligible low income countries, small states (population under 1.5 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					$ 30.6 in SDR and $41.2 pledged May include components of relevance to L&D. 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

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											adequate capacity to repay the Fund.
Social Protections	Sahel Adaptive Social Protection Program	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	Migration Multi-Partner Trust Fund	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. $ 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)

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											expected to free 0.011 billion over 20 years
Natural Capital	French Facility for Global Environment (FFEM)	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	Global EbA Fund	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	UNEP-CTCN	Technical Assistance/Grant		$ 0.002	All developing countries					Approximately $ 0.002 per year for last 10 years Funded projects may include

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											components of relevance to L&D.
Natural Capital	KIWA Initiative	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		Global Fund for Coral Reefs (GFCR)	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
Natural Capital	World Heritage Fund	UNESCO	Grants, concessional loans	$ 0.0059		All States Parties to the World			Yes		Funded projects may include components of relevance to L&D. $ 0.0059 (biennium 2022-2023)

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						Heritage Convention who have paid contributions to the Fund					Funded projects may include components of relevance to L&D.
Natural Capital	Rapid Response Facility	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