



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

**Aswan, Egypt  
17 to 20 October 2023**

**Informal note by the Co-chairs of the Transitional Committee  
on the New Funding Arrangements**

1. We propose that discussions on the new funding arrangements at TC-4 focus on the following:
  - a. What is the process and role of the COP/CMA in the follow-up and further work, given that the new funding arrangements were established at COP27/CMA4?
  - b. Is the COP/CMA, noting the proposed recommendations?
  - c. What are the coordination and complementarity mechanisms for the new funding arrangements, including the fund?
2. We have exercised our judgment to ensure consistency within the text and to produce this draft by applying general practice used in designing governing instruments/terms of reference for funds.
3. This note was prepared prior to the TC4 meeting and therefore does not reflect the discussions on funding arrangements during the meeting.

**Operationalization of the new funding arrangements, including a  
Fund, for responding to loss and damage referred to in paragraph  
2 and paragraph 3, of decisions 2/CP.27 and 2/CMA.4**

*(New funding arrangements)*

*The Parties,*

*Recalling* decisions XXXX,

*Recalls* the decisions in 2/CP.27 and 2/CMA.4 that established the 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,

*Stresses* that the purpose of the new funding arrangements is to mobilize additional financing for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage, notably the areas outlined in Article 8.4 of the Paris Agreement; promoting a more coordinated approach to loss and damage investments; and convening key stakeholders and serving as a platform for discussion and

advocacy around strengthening loss and damage responses that complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement.

*Stresses* that funding arrangements are an important part of the mosaic by 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.

1. *Endorses* the recommendations of the Transitional Committee as contained in the annex in relation to the funding arrangements, and confirms that the new funding arrangements, including the fund, shall complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement.

## **Annex: Recommendations of the Transitional Committee in Relation to the New Funding Arrangements**

1. Funding arrangement includes various channels to finance measures to respond to loss and damage with a clear purpose, considering coordination and complementarity, maximize and leverage comparative advantages, share best practices, and promote synergies across communities of practice related to loss and damage, thus strengthening the architecture for responding to loss and damage.
2. The new funding arrangements include scaling-up, reforming or improving existing, and initiating new funding arrangements for responding to loss and damage.
3. The funding arrangements should also ensure coordination on a national and regional level, while ensuring coherence at operational level and in programmatic approaches.
4. The funding arrangements will work in coherence and complementarity to the fund. This will be enabled through the best use of existing mechanisms, such as the Warsaw International Mechanism and the Santiago network.
5. The Funding arrangements may also include the convening of a biennial coordination and complementarity dialogue (the dialogue) of the funding arrangement partners. The dialogue, with the participation of high-level representatives from institutions engaged in responding to loss and damage, shall be organized in order to:
  - a) Facilitate a structured and timely exchange of relevant knowledge and information, including between the funding arrangements and the fund;
  - b) Strengthen capacity and synergies to enhance the integration of measures to respond to loss and damage into sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement by drawing on the experiences of others, exchanging good policy and practice and leveraging research and data systems;
  - c) Promote exchange of experiences from countries' and communities' perspectives on actions undertaker to respond to loss and damage;
  - d) Identify new opportunities for cooperation, coordination and complementarity; and,
  - e) Report to the Parties, through the WIM, on the dialogue, including on the follow-up of the implementation of the recommendations on to the funding arrangements and suggesting new ones.
6. The dialogue may include high-level representatives from institutions engaged in responding to loss and damage, including, inter alia:
  - a) Representatives of the Fund;
  - b) The World Bank and Regional Development Banks;
  - c) The International Monetary Fund;
  - d) Relevant UN Agencies, such as the United Nations Office for the Coordination of Humanitarian Affairs, United Nations Office for Disaster Risk Reduction, United Nations Development Programme, United Nations Environment Programme, United Nations Educational, Scientific and Cultural Organization, Food and Agriculture Organization of the United Nations, World Food Programme, and World Health Organization;

- e) Relevant multilateral climate funds, such as the Fund, the Green Climate Fund, the Global Environment Facility, Adaptation Fund, and Climate Investment Funds; and
  - f) The International Organization for Migration;
  - g) Representatives of the WIM ExCom, the Santiago network
  - h) Experts on Loss and Damage chosen on the basis of their expertise as well as their representation of different regions and perspectives;
7. Parties and relevant institutions should consider developing and implementing additional funding arrangements for improvement in such sources, funds, processes and initiatives inside and outside the Convention and the Paris Agreement to address gaps in speed, eligibility, adequacy and access to finance, especially pre-arranged finance across a variety of challenges, such as climate-related emergencies, slow onset events, displacement, relocation, migration, insufficient climate information and data and the need for climate-resilient reconstruction and recovery.
  8. A wide variety of sources, including innovative sources, of finance, should be made available to support the new and existing arrangements that complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement; in ways to ensure that the new and existing funding arrangements target particularly vulnerable people and communities, including women, children, youth, indigenous people and marginalized groups and developing countries that are particularly vulnerable to the adverse impacts of climate change.
  9. The Santiago network and its members should contribute to the coherence by aligning technical assistance it catalyzes to build capacity and support programmatic approaches of the fund and the funding arrangements.
  10. The entities that constitute the funding arrangements should explore ways for better coordination among all channels, bilateral, regional, and multilateral channels with the aim to improve synergies and coherence among the existing and new arrangements.
  11. The United Nations agencies and the multilateral development banks and, bilateral agencies, are invited to include in their annual reports funding for loss and damage starting from next year's report.
  12. Relevant governing bodies are called on to give guidance to the Green Climate Fund, Global Environment Facility, Least Developed Country Fund, Special Climate Change Fund and Adaptation Fund and encourage the multilateral development banks to strengthen their work related to preparing for, and responding to, slow onset events, as well as the United Nations Office for Disaster Risk Reduction, disaster risk management initiatives such as Global Risk Financing Facility, national and local stakeholders as well as the private sector to include impacts from slow onset events (SOEs) into their risk analyses and preventative measures.
  13. The WIM ExCom is called to support this via its technical work, including by building upon local and indigenous knowledge to assess impacts and finding solutions for SOEs impacts.
  14. Countries are urged to include non-economic losses in their National Adaptation Plans and Nationally Determined Contributions and request donors, relevant funds and organizations to take them into account in their response plans.

15. [Placeholder for recommendations emerging from TC-4 and proposals contained in the Informal note by the Co-chairs of the Transitional Committee on the proposals by Transitional Committee members in relation to the identified outstanding issues as contained in document TC4/2023/5.]

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