



09 October 2023

**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 proposals by Transitional Committee members
in relation to the identified outstanding issues**

1 The Co-chairs have prepared this note as background information to the TC-4 discussions on outstanding issues.

2 **Decision**

3 The following proposals have been made to be included in the covering decision. The TC will continue to
4 consider the appropriate location of proposals.

5 **Relationship between the Fund, governing bodies, and the Financial Mechanism**

6 *Proposal 1:*

7 1. *Decides* to designate the Fund as an operating entity of the financial mechanism of
8 the Convention, in accordance with Article 11 of the Convention, as well as of the Paris
9 Agreement, with arrangements to be concluded between the Conference of the Parties and
10 the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
11 and the Fund to ensure that it is accountable to and functions under the guidance of the
12 Conference of the Parties and the Conference of the Parties serving as the meeting of the
13 Parties to the Paris Agreement.

14 *Proposal 2:*

15 2. *Decides* that the Board of the Fund (the “Board”) is to receive guidance from the
16 [Conference of the Parties and the] Conference of the Parties serving as the meeting of the
17 Parties to the Paris Agreement on its policies, program priorities and eligibility criteria, taking
18 into account the Board’s reports to the [Conference of the Parties and the] Conference of the
19 Parties serving as the meeting of the Parties to the Paris Agreement on its activities, which
20 are initially to be on an annual basis.

21 **Location of the Secretariat/Fund**

22 *Proposal 1:*

23 1. *Decides* that the Fund is to be hosted by the World Bank as a Financial Intermediary
24 Fund and that the World Bank is to establish a dedicated and independent Secretariat for the
25 Fund, and in this role is to serve in a fiduciary and administrative capacity, and is to perform
26 that role in accordance with its Articles of Agreement, by-laws, rules and decisions;

2. *Requests* the secretariat to negotiate with the World Bank relevant arrangements for the operationalization of the Fund and invites the World Bank to accept the hosting of the Fund as a Financial Intermediary Fund;

Proposal 2:

1. *Invites* Parties to submit to the Board expressions of interest for hosting the Fund by XXX based on the following non-exhaustive criteria:

(a) The ability to confer and/or recognize juridical personality and legal capacity to the Fund for the protection of its interests and the exercise of its functions, including those functions specified in the governing instrument, including but not limited to the ability to contract, acquire and dispose of immovable and movable property, and to institute legal proceedings;

(b) The ability to provide privileges and immunities to the Fund as are necessary for the fulfilment of its purposes, and to the officials of the Fund as are necessary for the independent exercise of their official functions in connection with the Fund.

Trustee

1. *Invites* the World Bank to serve as the trustee for the Loss and Damage Fund Fund;

Funding arrangements

2. *Recalls* the decisions in 2/CP.27 and 2/CMA.4 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;

Proposal 1:

3. *Invites* Parties and relevant institutions to take forward improvements, including but not limited to the recommendations in annex 2, in such sources, funds, processes and initiatives outside the Convention and the Paris Agreement to address gaps in speed, eligibility, adequacy and access to finance across a variety of challenges, such as climate-related emergencies, sea-level rise, displacement, relocation, migration, insufficient climate information and data and the need for climate-resilient reconstruction and recovery;

4. *Welcomes* a wide variety of sources, including innovative sources, of finance, to support the new arrangements that complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement;

Proposal 2:

1. *Acknowledges* that the [new] funding arrangements aim to strengthen the architecture for responding to loss and damage and contribute to averting, minimising and addressing loss and damage in a coherent and well-coordinated manner as part of the overall finance architecture;

2. *Recalls* that the recommendations to operationalize the funding arrangements, including the Fund, are to consider, inter alia, coordination and complementarity with existing funding arrangements;

3. *Acknowledges* that existing funding arrangements include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement, including existing instruments, and multilateral and bilateral cooperation across sectors, which are assisting developing countries that are particularly vulnerable to the adverse effects of climate change in responding to loss and damage;

4. *Takes note* that new funding arrangements include scaling-up, reforming or improving existing funding arrangements, applying to the whole spectrum of loss and damage as described in article 8 of the Paris Agreement;

5. *Welcomes* initiatives such as Early Warning for All, Climate Risk and Early Warning Systems (CREWS), SOFF and the V20/G7 initiative Global Shield against Climate Risks and encourages all Parties in a position to do so to increase their support for activities to enhance responses to loss and damage;

6. *Encourages* the entities that constitute the funding arrangements to explore ways for better coordination among bilateral and multilateral channels with the aim to improve synergies and coherence among the existing and new arrangements. Encourages coordination on a national level, while ensuring coherence at operational level and in programmatic approaches;

7. *Urges* the Fund to engage in partnerships with funding arrangements to address priority gaps in their activities, with the aim of reinforcing these funding arrangements' activities and leveraging their resources, in particular with respect to its thematic sub-funds that provide additional and complementary finance;

8. *Invites* Parties and relevant institutions to actively take forward improvements, including but not limited to the recommendations in Annex 3, in such sources, funds, processes, fora and initiatives outside the Convention and the Paris Agreement to address gaps in speed, eligibility, adequacy and access to finance across a variety of challenges, in order to deliver impact on the ground and to complement the work of the Fund in responding to loss and damage;

9. *Invites* Parties and relevant institutions to engage with these sources, funds, processes, fora and initiatives in Annex 3 to help ensure that the new funding arrangements target particularly vulnerable people and communities (incl. women, children, youth, Indigenous People and marginalised groups) in developing countries that are particularly vulnerable to the adverse effects of climate change and have limited capacity for adaptation;

10. *Welcomes* a wide variety of sources of finance, including innovative sources, to support the new arrangements that complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement.

Proposal:

Funding arrangements Council

1. *Decides* that the Loss and Damage Fund (xx name) shall act as the convener of the funding arrangements, whereby an annual meeting of the funding arrangements (council) shall be organized by the board of the Fund

2. *Requests* the Board of the Loss and Damage Fund (xx name) to present a report to the COP and the CMA on the meeting and the recommendations agreed by members of the Funding arrangements (council), and that the report shall also include a section on the follow up of the implementation of the previous recommendations;

3. *Mandates* the Standing Committee of finance, SCF, to prepare draft recommendations based on submissions and other inputs provided to the SCF, for consideration by the COP and the CMA in their respective sessions;

4. *Decides* that the COP and the CMA shall consider the annual report of the Board of the Loss and Damage Fund (xx fund) and the draft recommendations presented by the SCF and provide recommendations.

5. Requests entities participating in the funding arrangements, and invites other relevant entities working on climate induced loss and damage to fully consider and implement the recommendations agreed by the COP and the CMA in their respective decisions.

6. *Decides* that the COP and the CMA shall review the functions and operations of the funding arrangements every five years, with a view to enhance the deliverables and operating modalities of the funding arrangements, such review shall be based on draft elements prepared by the SCF in line with its established practices.

Funding arrangements (elements to be included in the recommendations by the TC)

The Transitional committee recommends the following with regards to the funding arrangements:

Scope

1. The goal of the funding arrangements established is to assist in providing, mobilizing and leveraging additional and complementary finance, ensure coherence, address priority gaps in the activities and deliverables to particularly vulnerable developing countries;

2. Operationalizes the funding arrangements established in decisions 2/CP27 and 2/CMA.4 through a “High level coordination mechanism or platform” referred to as (the “council”) with the purpose of facilitating broad support and participation across sources, funds, initiatives and processes under and outside the Convention and the Paris Agreement in assisting developing countries that are particularly vulnerable to the adverse effects of climate change in responding to loss and damage as described in but not limited to Annex 2;

3. The established Coordination mechanism shall act as the platform for a wide range of existing and any future entities that assists developing countries in responding to climate induced loss and damage;

4. The Mechanism shall aim to maximize the impact of the loss and damage fund established through decisions 2/CP.27 and 2/CMA.4, including through enhancing its resources, and ensure complementarity, cohesion and harmonization of the actions and policies by the different entities, the council shall meet at least once a year;

5. The loss and Damage Fund board (xx Fund) shall be the convener of the mechanism, and shall prepare the report of the meetings, such report shall include any agreed conclusions and recommendations;

6. The Mechanism (council) shall, starting from its second meeting, consider its previous recommendations with a view to enhance and expedite its implementation;

Membership

7. Representatives of the Executive committee of the Warsaw International Mechanism (WIM), the Santiago network for loss and damage, the Standing committee of finance(SCF) and the operating entities of the financial mechanism, shall be technical members of the

mechanisms (council), as representatives of the technical bodies under the Convention and the Paris Agreement;

8. Membership shall not exceed 24 representing relevant entities, including sources, funds, initiatives and processes under and outside the Convention and the Paris Agreement, those entities shall be eligible to Council membership.

9. Membership shall be based on the level of the entities direct financial contributions to assist developing countries in responding to climate induced loss and damage, minimum thresholds of such contribution shall be more than 30% of the entity portfolio and budget with a minimum of 500 million USD;

10. Following the criteria identified, membership shall include representatives of the relevant: financial institutions and funds, universal membership initiatives, regional initiatives at scale, UN organizations, philanthropies, Civil society organizations;

11. Additional attendees include one representative of each of the observer groups under the UNFCCC as observers;

12. Meeting shall be opened to other parties or groups accredited to the UNFCCC to attend as observers.

13. Meetings shall be attended by the most senior officials of the member entities.

Frequency of the meetings

14. The coordinating mechanism (council) shall meet at least once a year, based on invitation by the Board of the loss and damage Fund (xx Fund).

15. The UN secretary General, in consultation with the Board of the Loss and damage Fund (xx Fund), can call for a meeting of the Council.

16. The Executive Secretary of the UNFCCC can also call, in consultation with the Board of the Fund, for meetings of the coordinating mechanism (council);

Outcomes of the Funding Arrangements (Council) meetings

17. Deliberations shall be captured in a report to be prepared by the Convener (the Loss and damage Fund board), that would include any recommendations agreed, and discussions on the implantation of previous recommendations;

18. Meeting reports shall be considered by the COP and CMA, and the SCF shall be mandated to provide draft recommendations based on the reports and inputs by groups, parties and accredited observers to the Convention and the CMA;

Potential issues to be considered

19. Consideration of how institutional arrangements strengthened their undertaken in the context of financing loss and damage, including through:

20. Concrete policy actions to accommodate financing the different themes loss and damage, particularly issues of Slow-onset events and displacement

21. Provision/mobilization of new and additional and predictable financial resources for addressing loss and damage (recovery, rehabilitation and for build national systems and strengthening capacities).

22. Increase of the scale and access to financial resources allocated for loss and damage

23. Increase scale of grant based financing and concessional loans;

Proposal

Funding arrangements

1. The activities and support provided under the new funding arrangements should be consistent with the provisions and principles of the Convention and its Paris Agreement, including the principles of equity and common but differentiated responsibilities and respective capabilities.

2. The funding arrangements could contribute to advancing the goal of new, additional and predictable funding as well as coherent and well-coordinated loss and damage finance as part of the overall climate finance architecture to better reflect the principles and provisions of the Convention and the Paris Agreement. The various channels to finance measures to address loss and damage should have clear roles, avoid duplication of efforts, maximize and leverage comparative advantages, share best practices, and promote synergies across communities of practice related to loss and damage.

3. In order to correctly establish, enhance and promote synergies within loss and damage funding arrangements, we foresee a structure of different levels of coordination: the LDF leading the technical coordination space of the funding arrangements and a High level advisory and coordinating Dialogue as the policy and orientation coordination space of the funding arrangements, and the COP and CMA structures of guidance, support and accountability.

Coordinating the funding arrangements

4. Building on the institutional knowledge of loss and damage from the UNFCCC and the Paris Agreement, the Fund should be the the centrepiece of the broad loss and damage finance structure, coordinating a coherent global response to loss and damage by supporting developing countries in their respective responses and ensuring country-led initiatives to respond to loss and damage.

5. The Fund shall organise and lead a central platform for exchanging information, good practices, consultation between existing mechanisms and linkages to country programmes. It shall act as a leader in charge of ensuring coherence, cohesion, complementarity, and synergies on responsiveness and relevance of activities with the decisions of the UNFCCC Parties, on good practices and consultations between the different existing mechanisms based on the best available science.

6. The Board of the Fund shall provide reports to the COP and CMA, for their consideration, detailing possible means to enhance the harmonization of activities within the broader funding arrangements with the policies and programme priorities, which could be established by the COP and CMA.

7. Taking into account input from the Loss and Damage Fund and the recommendations of the COP and CMA, entities that constitute the funding arrangements will be invited to explore ways to promote better coordination within the funding arrangements to work better

together and interact more frequently. Coordination is encouraged to also occur at the operational, national, and programmatic levels.

Technical and procedural coordination

8. Requests the Board to recommend criteria to identify sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement that constitute the Funding Arrangements for the consideration of the COP and CMA by ensuring that they:

(a) are consistent with the provisions of the UNFCCC and the Paris Agreement;

(b) have a relevant mandate, window, programme and/or policy for assisting developing countries to respond to loss and damage from sudden and slow onset events, including economic and non-economic loss and damage;

(c) are informed, inter alia, by the work of the WIM and its Santiago network;

9. Further requests the Board to support these funding arrangements in developing and/or suggesting methodologies for reporting, to the Fund and the High Level Council, on the loss and damage finance they are providing.

10. The Board will promote an institutional linkage between the Fund and the Funding Arrangements with the Warsaw International Mechanism for Loss and Damage (WIM) and its Santiago network in their efforts to enhance action and support, including finance, technology and capacity building, to address loss and damage associated with the adverse effects of climate change and by regularly exchanging updates on their work and develop collaborative programmes.

High Level Dialogue / Political Coordination

11. The COP and CMA will establish a high-level advisory and coordination dialogue on the new funding arrangements. The Council shall be mandated to ensure policy and orientation related greater coordination and coherence amongst designated funding arrangements to support the scale of finance and to better respond at scale to the growing impacts of loss and damage of today and the future. This would be done through the facilitation of broad support and participation across sources, funds, initiatives and processes under and outside the Convention and the Paris Agreement and supporting the Fund and working with the different funding arrangements to achieve complementarity and coherence.

12. The Board will set a process to convene the high-level advisory and coordination dialogue once a year in order to:

(a) Establish criteria for identifying, engaging and convening in funding arrangements

(b) Review the Board's reports on steps taken by sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement in support of responding to loss and damage;

(c) Facilitate a structured and timely exchange of relevant knowledge and information;

(d) 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; and

(e) Promote exchange of experiences with from countries and communities perspectives on actions undertaker to address loss and damage

(f) Identify new opportunities for cooperation, coordination and complementarity.

13. The Fund's Secretariat will produce a report describing the outcomes of the Dialogues so that they might inform the Board and the COP/CMA. This report is to be referred to COP/CMA as an annex to the annual report of the Board of the Fund.

Matters related to coordination and complementarity

Proposal 1:

1. *Decides* to establish a high-level Coordination Council (the "Council") with the purpose of facilitating broad support and participation across sources, funds, initiatives, and processes under and outside the Convention and the Paris Agreement in assisting developing countries that are particularly vulnerable to the adverse effects of climate change in responding to loss and damage as described in but not limited to Annex 3;

2. *Requests* the Executive Committee of the Warsaw International Mechanism to issue invitations to the members of the Council no later than XX;

3. *Calls* on the Santiago network and its members to contribute to coherence by aligning the technical assistance it catalyzes to build capacity and support programmatic approaches of the funding arrangements and the Fund;

Proposal 2:

1. *Requests* the Board to develop a mechanism for the Fund to organise and lead a central platform for exchanging information, good practices, consultation between existing mechanisms and linkages to country programmes, and further decides that the Fund is to act as a leader in helping to ensure coherence, cohesion, complementarity, and synergies on responsiveness and relevance of activities with the decisions of [[the Conference of the Parties and] the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement], on good practices and consultations between the different existing mechanisms based on the best available science;

2. *Requests* that the Board report to [[the Conference of the Parties and] the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement], for [its][their] consideration, of possible means to enhance the harmonization of activities within the broader funding arrangements with policies and programme priorities, which could be established by [[the Conference of the Parties and] the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement];

3. *Invites* entities that constitute the funding arrangements to explore ways to promote better coordination at the operational, national and programmatic levels, within the funding arrangements to work better together and interact more frequently;

4. *Decides* to establish a high-level advisory and coordination dialogue on the new funding arrangements, with the aim of promoting greater coordination and coherence to support the scale of finance and to better respond at scale to the growing impacts of loss and damage of today and the future;

Proposal 1:

316 *Recalls* the understanding of the Conference of the Parties and Conference of the Parties
317 serving as the meeting of the Parties to the Paris Agreement that funding arrangements
318 responding to loss and damage, including the Fund, are based on cooperation and do not
319 involve liability or compensation.

320 *Proposal 3:*

321 No text.

TERMS OF REFERENCE /GOVERNING INSTRUMENT**Legal status***Proposal 1:*

The Fund, as a body under international law, shall possess international legal personality. The Fund shall enjoy such legal capacity as is necessary for the exercise of its functions, the fulfilment of its objective, and the protection of its interests, in particular, the capacity to enter into contracts, to acquire and dispose of movable and immovable property, and to institute legal proceedings in defence of its interests. The Fund shall enjoy such privileges and immunities as are necessary for the independent fulfilment of its purposes. The officials of the Fund Secretariat shall similarly enjoy such privileges and immunities as are necessary for the independent exercise of their official duties.

Proposal 2:

The Fund to enjoy such legal capacity as is necessary for the exercise of its functions, the fulfilment of its objective, and the protection of its interests, in particular, the capacity to enter into contracts, to acquire and dispose of movable and immovable property, and to institute legal proceedings in defence of its interests. The Fund shall enjoy such privileges and immunities as are necessary for the independent fulfilment of its purposes. The officials of the Fund Secretariat shall similarly enjoy such privileges and immunities as are necessary for the independent exercise of their official duties.

Location of the Secretariat/Fund*Proposal 1:*

The World Bank is to establish a dedicated and independent Secretariat for the Fund.

Proposal 2:

The Board is to establish a new, independent and dedicated Secretariat.

The selection of the host country of the Fund is to be an open and transparent process.

The selection of the host country is to be endorsed by the [[Conference of the Parties and the] Conference of the Parties serving as the meeting of the Parties to the Paris Agreement].

Whether to designate the fund as an operating entity of the Financial Mechanism and the governing body/ies*Proposal 1:*

The Fund is to be designated as an operating entity of the financial mechanism of the Convention and the Paris Agreement. The Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and the Fund are to enter into arrangements to be concluded at the 29th session of the Conference of the Parties and the 6th session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, consistent with Article 11 of the Convention.

Proposal 2:

No text.

360 **Composition of the Board**

361 *Proposal 1:*

362 Decides the Board of the Fund will have an equitable and geographically balanced
 363 representation of all Parties with a transparent, inclusive, and efficient system of governance
 364 (Article 11.2 of the Convention). The Board will comprise an equitable number of members
 365 from developing and developed country Parties; representation from developing country
 366 Parties shall include representatives of relevant United Nations regional groupings and
 367 representatives of small island developing States and the least developed countries. The
 368 Board shall comprise [XXXX] members as follows:

- 369 (a) X members from developed countries;
- 370 (b) X members from the Asia-Pacific States;
- 371 (c) X members from the African States;
- 372 (d) X members from the Latin American and the Caribbean States;
- 373 (e) X member from small island developing States;
- 374 (f) X member from least developed countries;
- 375 (g) X member from developing countries not included in the regional groups and
 376 constituencies above and one alternate member to rotate between developing countries
 377 included in the groups and constituencies listed above;

378 The Board shall further consider means to enhance engagement with observer organisations,
 379 including inviting non-voting active observers from the UNFCCC observer consistencies to
 380 engage in Board proceedings.

381 *Proposal 2:*

382 The Board is to have 29 members as follows:

- 383 **(a)** Two members from Africa;
- 384 **(b)** Two members from Asia and the Pacific;
- 385 **(c)** Two members from Latin America and the Caribbean;
- 386 **(d)** Two members from small island developing States;
- 387 **(e)** Two members from the least developed countries;
- 388 **(f)** One member from the Eastern Europe Group;
- 389 **(g)** Ten members from the Western Europe and Others Group;
- 390 **(h)** Four members from contributing [countries][Parties], initially based on pledges made by
391 March 2024, and thereafter starting in 2026 based on cumulative contributions;
- 392 **(i)** One member from civil society
- 393 **(j)** One member from the private sector;
- 394 **(k)** One member from the philanthropic sector; and
- 395 **(l)** One member representing Indigenous Peoples.

396 *Proposal 3:*

397 The Board is to have 22 voting members and 7 active observers as follows:

398 Voting members

- 399 **(a)** Two members from Africa;
- 400 **(b)** Two members from Asia and the Pacific;
- 401 **(c)** Two members from Latin America and the Caribbean;
- 402 **(d)** Two members from small island developing States;
- 403 **(e)** Two members from the least developed countries;
- 404 **(f)** One member from the Eastern Europe Group;
- 405 **(g)** Six members from the Western Europe and Others Group;
- 406 **(h)** Five members from contributing [countries][Parties], based on cumulative paid-in
407 contribution.

408 Active observers

- 409 (a) One member from civil society
- 410 (b) One member from the private sector;
- 411 (c) One member from the philanthropic sector;
- 412 (d) One member representing Indigenous and first nations Peoples;
- 413 (e) One member of local government associations;
- 414 (f) One member of youth organisations;
- 415 (g) One member from the women and gender constituency.

416 Election of Board Co-chairs

417 *Proposal 1:*

418 The Board is to elect two Co-chairs from within its membership from developed/developing
419 countries who will serve a term of one year.

420 *Proposal 2:*

421 The Board is to elect two Co-chairs from within its membership who are to serve a term of
422 one year through a vote by members of the Board whereby the two Board members with the
423 most votes would become the co-chairs

424 Eligibility

426 *Proposal 1:*

427 Developing countries that are particularly vulnerable to the adverse effects of climate change
428 are eligible to receive resources from the Fund.

429 *Proposal 2:*

430 Developing countries that, are Parties to the UNFCCC and Paris Agreement, that are
431 particularly vulnerable to the adverse effects of climate change are eligible to receive
432 resources from the Fund.

433 In accordance with the Convention, including Article 4.3, all developing countries that have
434 suffered climate-related loss and damage, without discrimination or any form of exclusion,
435 are eligible to receive financial resources from the Fund. The Board will also consider the
436 specific priorities and needs of developing countries in accordance with the provisions of
437 Article 4 of the Convention and Article 9.4 of the Paris Agreement.

438 *Proposal 3:*

439 The Fund is to serve developing countries that are particularly vulnerable to the adverse
440 effects of climate change, namely LDCs, SIDS, and other particularly vulnerable countries
441 based on specific eligibility criteria approved by the Board.

442 Scope/Structure/Access Mechanisms

443 *Proposal 1:*

444 The Fund is to comprise three sub-funds with the following operational and access
445 modalities:

446 The Slow Onset Events (SOE) Sub-Fund is to fund activities to respond to slow onset
447 events. Developing countries particularly vulnerable to the adverse effects of climate change
448 are to work with the Secretariat to develop and submit to the Board Loss and Damage (L&D)
449 SOE Response Plans (“SOE Plans”), including a timeline for adaptation steps the country is
450 expected to take and loss and damage actions, including in response to economic and non-
451 economic loss and damage. They are to disclose their SOE Plans publicly. They are to decide
452 on the implementing entities, which may include international entities, government entities
453 or systems, or local entities, as appropriate. The Secretariat is to screen SOE Plans for
454 appropriate safeguards, standards and fiduciary considerations during their development,
455 including screening implementing entities for functional equivalency. The Secretariat is to
456 select components of SOE Plans for the Fund to finance, based on Board policies. The Board
457 is to consider and approve, as appropriate, SOE Plans as well as associated components that
458 have high and substantial risk of adverse environmental and social impacts;

459 The Recovery and Reconstruction Sub-Fund is to provide funding for eligible countries that
460 need additional, or more concessional, funding for recovery and reconstruction, including in
461 response to economic and non-economic loss and damage. Eligible countries are to work
462 with Multilateral Development Banks to improve the terms or increase the quantity of their
463 grant or concessional financing. Multilateral Development Banks are to submit their
464 approved project documents to the Secretariat with documentation on [full cost of recovery
465 and reconstruction][cost of addressing adaptation and resilience as part of the recovery and
466 reconstruction][what additional activities are necessary but above the country’s funding
467 envelope] and what additional grant element would reduce the project’s overall rates in line
468 with the Fund’s policy on the provision of grant and concessional resources. The Board is to
469 consider and approve, as appropriate, financing packages that allow a reduction in terms of
470 recovery and reconstruction funding, or an increase in grant or other concessional resources.

471 The Small Markets Sub-Fund is to finance activities to respond to the adverse effects of
472 climate change for countries that are particularly vulnerable to the adverse effects of climate
473 change with populations of five million or fewer. Eligible countries are to work with the
474 Secretariat to develop and submit to the Board Loss and Damage (L&D) Response Plans
475 (“Response Plans”), including a timeline for adaptation steps the country is expected to take
476 and loss and damage actions, including in response to economic and non-economic loss and
477 damage. They are to disclose their Response Plans publicly. They are to decide on the
478 implementing entities, which may include international entities, government entities or
479 systems, or local entities, as appropriate. The Secretariat is to screen Response Plans for
480 appropriate safeguards, standards and fiduciary considerations during their development,
481 including screening implementing entities for functional equivalency. The Secretariat is to
482 provide technical assistance and readiness support to eligible countries, as needed, and offer
483 services to fulfil roles in which the implementing entity does not have functional equivalency.
484 The Secretariat is to select components of Response Plans for the Fund to finance, based on
485 Board policies. The Board is to consider and approve, as appropriate, Response Plans as well
486 as associated components, which have high and substantial risk of adverse environmental
487 and social impacts;]

488 The Board may consider the need for additional sub-funds. The Board may add, modify, and
489 remove sub-funds, sub-structures, or facilities, as appropriate.

490 *Proposal 2:*

491 The Fund is to comprise of three windows:

(1) A rapid disbursement window for immediate responses to extreme events, including early recovery;

(2) An intermediate window for supporting rehabilitation and reconstruction (including building back better) from a specific extreme event;

(3) A chronic needs window for programmatic grants for rehabilitation and other relevant activities to address the effects from slow onset events and ongoing impacts.

The Fund is to provide grant-based direct access support to countries after a climate-related disaster. Designated national ministries are to apply for direct budget support to the Fund.

The Fund is to also provide programme-based support. To access such support, countries are to develop national-level programmes to address impacts from slow onset events, and to the extent that countries include discrete reconstruction and rehabilitation activities in their national programmes, to also address impacts from climate-related extreme events. Countries are to make requests for support for elements of their national loss and damage programmes.

Proposal 3:

The Fund and its Sub-Funds have the following operational modalities:

A. The Fund

The Fund is to support developing countries that are particularly vulnerable to the adverse effects of climate change, namely LDCs, SIDS, and other particularly vulnerable countries based on specific eligibility criteria, to harness a programmatic approach in responding to loss and damage, by facilitating and financing the development of country-owned national Response Plans that address both slow and rapid onset events and respond to economic and non-economic loss and damage associated with the adverse effects of climate change; and by providing technical assistance to strengthen preparedness complementary and in partnership with the Santiago network.

Response Plans should build on existing plans, as appropriate, such as Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) and Disaster Risk Management plans.

Developing countries particularly vulnerable to the adverse effects of climate change with Response Plans are to seek finance to implement their Response Plans through the sub-funds and other funding arrangements.

B. LDCs and SIDS Sub-Fund

The LDCs and SIDS Sub-Fund is to finance activities for developing countries particularly vulnerable to the adverse effects of climate change that are listed as LDC and/or SIDS by the United Nations at their time of their submission of the plans referred to in paragraph X. Support is to be provided to assist national governments in responding to both slow and rapid onset events based on the programmatic priorities identified in their Response Plans.

C. Recovery and Reconstruction Sub-Fund

The Recovery and Reconstruction Sub-Fund is to closely cooperate with the Multilateral Development Banks and their members from developing countries that are particularly vulnerable to the adverse effects of climate change, namely LDCs, SIDS, and other particularly vulnerable countries based on specific eligibility criteria, to provide additional and, as appropriate, more concessional funding for recovery and reconstruction in response

534 to economic and non-economic loss and damage post climate-related disasters. Support is to
 535 be provided to national governments based on the programmatic priorities related to recovery
 536 and reconstruction identified in their Response Plans.

537 **D. Pre-Arranged Finance Sub-Fund**

538 The Pre-Arranged Finance Sub-Fund is to closely cooperate with the organizations in the
 539 funding arrangements, such as the Global Shield against Climate Risk, and regional risk pools
 540 and developing countries that are particularly vulnerable to the adverse effects of climate
 541 change, namely LDCs, SIDS, and other particularly vulnerable countries based on specific
 542 eligibility criteria, to provide additional funding for pre-arranged financing for loss and
 543 damage. Support is to be provided to national governments based on the programmatic
 544 priorities related to pre-arranged finance identified in their Response Plans.

545 **E. Small Grants Response Sub-Fund**

546 The Small Grants Response Sub-Fund is to provide financial and technical support to local
 547 civil society and community-based organizations in developing countries that are particularly
 548 vulnerable to the adverse effects of climate change, namely LDCs, SIDS, and other
 549 particularly vulnerable countries based on specific eligibility criteria, to develop and
 550 implement local actions to respond to loss and damage in alignment with Response Plans.

551 **F. Human Mobility Sub-Fund**

552 The Human Mobility Sub-Fund is to closely cooperate with other funding arrangements to
 553 finance activities related to human mobility, including planned relocation, migration and
 554 forced displacements, caused by climate change in developing countries particularly
 555 vulnerable to the adverse effects of climate change, namely LDCs, SIDS, and other
 556 particularly vulnerable countries based on specific eligibility criteria. This includes providing
 557 and topping-up financial support for activities related to displacements in the context of
 558 climate change in line with national Response Plans.

559 *Proposal 4:*

560 No specific text on sub-funds, but the matters rated to programmatic and thematic issues are
 561 to be captured in the Functions of the Board.

562 The Fund shall provide urgent and immediate new, additional, predictable, adequate, and
 563 significant financial resources to assist developing countries that are particularly vulnerable
 564 to the adverse effects of climate change in responding to economic and non-economic loss
 565 and damage associated with the adverse effects of climate change, including extreme weather
 566 events and slow onset events, especially in the context of ongoing and ex-post (including
 567 rehabilitation, recovery, and reconstruction) action.

568 The scope and the programmatic areas of the Fund shall be based on the mandate established
 569 by the Sharm El-Sheik decision (i.e. Decision 2/CP.27 and Decision 2/CMA.4) and comply
 570 with existing principles and provisions under the Convention and its Paris Agreement.

571 The financial resources provided by the Fund shall support programmes that address
 572 economic and/or non-economic loss and damage on any affected aspect of human and natural
 573 systems. These affected aspects include the broadest conceptualization of income, physical
 574 assets, individuals, society and/or the environment within developing countries.

575 Such loss and damage in relation to affected aspects can be addressed in the context of ex-
 576 post and ongoing action which includes, among other things:

577 (a) recovery, reconstruction, restoration, rehabilitation, or ensuring safe and dignified
578 mobility, particularly in cases of temporary loss;

579 (b) replacement, instituting alternatives, recognition, or ensuring safe and dignified
580 mobility, particularly in cases of permanent loss.

581 **FINANCIAL INPUTS**

582 *Proposal 1:*

583 The Fund may receive financial inputs from Parties in a position to provide them.

584 *Proposal 2:*

585 The Fund is to receive financial contributions from developed countries. The Fund is to also
586 receive voluntary financial contributions from other Parties to the Convention and to the Paris
587 Agreement.

588 **Allocation**

589 *Proposal 1:*

590 The Fund is to allocate resources in response to climate-related emergency declarations and
591 needs assessments through national, sub-national, or regional programmes for developing
592 countries. The Fund's resource allocation system is also to pay attention to, among other
593 things, loss and damage associated with slow onset events, responding to non-economic loss
594 and damage, support for anticipatory action, pre-arranged finance approaches, and other
595 matters as the Board may decide.

596 *Proposal 2:*

597 The Board is to develop a system for allocations based on vulnerability, which may
598 incorporate factors such as capacity to absorb and respond to the adverse effects of climate
599 change and best available science on exposure and sensitivity to the adverse effects of climate
600 change.

601 Contributions may be provided to the Fund for the Board to allocate among the sub-funds, or
602 they may be directed to any of the sub-funds. The Board may set limits on contributions to
603 individual sub-funds based on factors such as demand.

604 The Board is to allocate contributions to the Fund to individual sub-funds in a balanced way
605 that takes into account factors that include vulnerability and demand and to other modalities
606 as referenced in paragraph 43.

607 *Proposal 3:*

608 For the Fund and each sub-fund, the Board is to allocate the available resources among the
609 respective eligible countries, in accordance with an allocation system that should be approved
610 within a year after the first Board meeting.

611 The allocation system is to be based on vulnerability indicators that include, inter alia:

612 (a) The priorities and needs of eligible countries developing countries;

- 613 (b) The priorities and needs of vulnerable populations and the ecosystems on which they
614 depend;
- 615 (c) Considerations of proportionality of the impact of particular climate events to country
616 capacities;
- 617 (d) GDP per capita (e.g. using IFI data);
- 618 (e) Debt exposure (e.g. using IMF data);
- 619 (f) Human Development Index ranking (e.g. using UNDP data);
- 620 (g) Environmental Vulnerability ranking (e.g. using UNEP data);
- 621 (h) Exposure to climate hazards (e.g. using IPCC data);
- 622 (i) The best available and accessible global and/or regional-level data and information on
623 climate vulnerability, which includes data and information from entities like the
624 Intergovernmental Panel on Climate Change, and relevant United Nations agencies and
625 bodies.

626 Within the allocation system, the Board may apply these indicators to the Ffund and each of
627 its sub-funds in a differentiated manner according to their respective functions.

628 The allocation system is to be dynamic. The Board is to review the allocation system every
629 [5] years, in order to respond to the evolving challenge of climate change.

630 *Proposal 4:*

631 Contributors may only pledge and/or make payments directly to the LDF General Trust Fund.

632 **Scale**

633 *Proposal 1:*

634 No text

635 *Proposal 2:*

636 The Fund should be able to programme at least USD 100 billion a year by 2030. It would
637 have to potentially scale up because this amount is not meant as a ceiling but rather as a
638 minimum commitment. The Fund should be prepared to adapt to new climate change realities
639 with the rising trajectory of losses and damages. The Board will initiate replenishment
640 processes to phase in the volume of resources in accordance with the assessment of the loss
641 and damage needs of the developing countries.

642 **Annex: Options for funding arrangements**

643 *Option 1:*

644 Funding arrangements include sources, funds, processes and initiatives aimed at responding
645 to loss and damage. Given the urgent and immediate need, the Transitional Committee on
646 the operationalization of the new funding arrangements for responding to loss and damage
647 and the fund developed recommendations to meaningfully improve the ability of countries to
648 respond to loss and damage by addressing gaps related to speed, eligibility, adequacy and

649 access. These recommendations are aimed at strengthening sources, funds, processes and
 650 initiatives to deliver impact on the ground more quickly and to complement the work of the
 651 Fund in responding to loss and damage.

652 **Pre-Arranged Finance**

653 Pre-arranged finance disburses quickly and reliably just after, or even before, disasters
 654 happen and can thus lower their overall impact on vulnerable populations. Different
 655 instruments of pre-arranged finance can be combined for an effective risk-layering approach.
 656 Pre-arranged finance helps increase the predictability and availability of finance when
 657 needed, so that it can be directed toward what affected individuals and communities need
 658 when they need it most.

659 Recommendations to strengthen pre-arranged finance include:

660 Providing financial and technical support through multilateral and bilateral assistance
 661 channels, including Global Shield, for regional risk pools to develop parametric insurance
 662 products with triggers based on forecasts or early warnings;

663 (a) Strengthening national and sub-national fiscal resilience strategies vis-à-vis climate
 664 shocks, as well as contingency plans and support structures, including social protection
 665 systems, through domestic efforts and capacity building by multilateral and bilateral
 666 technical assistance providers, including Global Shield;

667 (b) Enhance the Santiago network's ability to build and strengthen national [and local]
 668 systems to respond to loss and damage, such as shock responsive social protection systems
 669 and to consider loss and damage in national [and local] planning and policy frameworks,
 670 including assessing loss and damage risks and appropriate responses;

671 (c) Enabling greater access to risk transfer products by co-funding product development
 672 and/or subsidizing risk premiums, in line with SMART premium and capital support
 673 principles;

674 (d) Systematically including [climate-related] disaster clauses in loan agreements and
 675 using shock-resilient loans in lending operations at [the multilateral] development banks;

676 (e) Exploring through Global Shield the development and public financing of a global
 677 development reinsurance structure for all development insurers and regional risk pools as a
 678 joint anchor in view of increasing climate impacts.

679 **Humanitarian Assistance**

680 Humanitarian assistance organizations operate through a well-developed architecture, with
 681 multiple global funds and coordination mechanisms to provide life-saving aid before, during
 682 and after a crisis. Through the Climate and Environment Charter for Humanitarian
 683 Organizations and other actions, the humanitarian sector responds to increasing risks
 684 resulting from climate change. Recommendations to strengthen the response of the
 685 humanitarian sector include:

686 (a) Exploring the establishment of a climate financing mechanism within the Central
 687 Emergency Response Fund through the UN Office for the Coordination of
 688 Humanitarian Affairs (OCHA);

689 (b) Explore the convening, by UN OCHA and the International Federation of Red Cross
 690 and Red Crescent Societies (IFRC), of a group of humanitarian leaders to quickly
 691 identify actionable recommendations for how humanitarian structures can be better

692 tailored and resourced to meet rising and compounding impacts of climate change and
693 respond to climate-related loss and damage;

694 (c) Scaling up, through humanitarian actors and donors, anticipatory approaches to
695 humanitarian action; and,

696 (d) Scaling up the effectiveness and timeliness of humanitarian funding, including through
697 flexible funding that enables quick scaling up of response to urgent needs and ensures
698 operational continuity.

699 **Recovery and Reconstruction**

700 Countries are confronting increasing costs of responding to more frequent and intense climate
701 impacts, at the same time many are struggling with debt sustainability. These compounding
702 challenges can force countries to make difficult decisions about whether to invest in recovery
703 and resilience or other development needs. Moreover, adequate investment in the recovery
704 and reconstruction phase is critical to reducing the potential impacts of future disasters.
705 Recommendations include:

706 (a) Increasing countries' fiscal space through timely and sufficiently deep debt treatments
707 through the Common Framework for Debt Treatment Beyond the Debt Service
708 Suspension Initiative ("Common Framework") for those eligible, or other multilateral,
709 broad-based debt treatment processes;

710 (b) Striving for more robust policy actions, in Multilateral Development Bank policy-
711 based or results-based operations and through the IMF's Resilience and Sustainability
712 Trust, so that these infusions of support can be better targeted at concrete steps to
713 increase resilience and preparedness and to foster structural transformation via
714 meaningful policy reforms;

715 (c) Development by Multilateral Development Banks of a method to integrate
716 vulnerability into allocation decisions to allow for some allocation decisions to be
717 based on vulnerability, not just income;

718 (d) Allowing a broader range of Multilateral Development Bank projects to be subject to
719 the Contingent Emergency Response Component so that a larger amount of funding
720 is available to be disbursed as budget support in the aftermath of a crisis based on
721 principles of build back better and policy actions;

722 (e) Seeking opportunities by Multilateral Development Banks to pair parametric
723 insurance with their loans so that parametric insurance can make payments on the
724 loans in the aftermath of a crisis freeing up fiscal space to recover and reconstruct.

725 **Human mobility**

726 Climate impacts act as direct driver of displacement and migration and as indirect drivers
727 through deteriorating climate-sensitive livelihoods. At the same time, migration can help
728 reduce loss and damage by reducing exposure and socioeconomic vulnerability. Funding
729 arrangements for loss and damage should consider the breadth of activities relevant to human
730 mobility from preventing displacement, inclusion of displaced people and migrants, support
731 for receiving communities and planned relocation. Recommendations include:

732 (a) Increasing support by contributors for climate-related projects under the Migration
733 Multi-Partner Trust Fund, and inviting other [funding mechanisms][sources, funds,
734 processes and initiatives] to link to the Migration Multi-Partner Trust Fund to scale
735 up successful projects;

(b) Promoting the inclusion of refugees and migrants in multilateral climate finance institution funded activities, consistent with existing investment, results framework and funding windows and structures;

(c) Integrating human mobility into national planning processes, including, inter alia, the process to formulate and implement national adaptation plans, through domestic efforts and capacity building by multilateral and bilateral technical assistance providers.

Option 2:

Based on deliberations in the Transitional Committee, and activities and products that informed its work in accordance with 2/CMA4 para 4-15 the following recommendations have been developed:

Fiscal Space

Promote countries' long-term financial sustainability through timely and sufficiently deep debt treatments through the Common Framework for Debt Treatment Beyond the Debt Service Suspension Initiative ("Common Framework") for those eligible, or other multilateral, broad-based debt treatment processes;

Invite Multilateral Development Banks and the IMF to strive for more robust policy actions, in Multilateral Development Bank policy-based or results-based operations and through the IMF's Resilience and Sustainability Trust, so that these infusions of support can be better targeted at concrete steps to increase resilience and preparedness and to foster structural transformation via meaningful policy reforms;

Ask Multilateral Development Banks to develop a method to integrate vulnerability into allocation decisions to allow for some allocation decisions to be based on vulnerability, not just income, building on the Paris Pact for Planet and People;

Urge Multilateral Development Banks to allow projects to be subject to the Contingent Emergency Response Component so that a larger amount of funding is available to be disbursed as budget support in the aftermath of a crisis based on principles of build back better and policy actions;

Invite Multilateral Development Banks to pair parametric insurance with their loans so that parametric insurance can make payments on the loans in the aftermath of a crisis freeing up fiscal space to recover and reconstruct.

Transformative Recovery

Call on the WIM ExCom to launch an expert group with the aim of collecting best practices in the field of transformative recovery. This should include a mapping exercise of all stakeholders active in this realm;

Urge Parties, financial institutions and other supporting entities to explore arrangements that would allow for large-scale, low-cost concessional financing for transformative recovery in climate vulnerable countries that are currently outside the scope of IMF and MDB eligibility criteria (e.g., SIDS);

Call on UNDP and UNOCHA to systematically increase cooperation with the goal of linking relief, rehabilitation, and development;

777 Strengthen the work done by the Global Facility for Disaster Reduction and Recovery
 778 (GFDRR) on increasing resilient recovery capacities and invite the Santiago network to
 779 facilitate in “Linking relief, rehabilitation and development” approach.

780 **Non-Economic Losses**

781 Call on the UNESCO World Heritage Fund to (1) enhance its scope of activities from only
 782 tangible objectives such as monument, buildings and sites to protection of local knowledge
 783 and language as well as traditional practices and (2) extend their geographic scope in the
 784 international assistance scheme to grant financial assistance to Parties preserving tangible
 785 and non-tangible cultural properties threatened by loss and damage caused by climate change;

786 Call on the GEF to present at the third Glasgow Dialogue at SB60 in Bonn how they plan to
 787 strengthen its work on ecosystem restoration in the context of extreme weather events, slow
 788 onset events and non-economic losses caused by the adverse impacts effects of climate
 789 change and potentially discuss this issue during GEF Council Meetings;

790 Urge UN Development Group (UNDG), the World Bank (WB) and the European Union (EU)
 791 to include non-economic losses in the post-disaster needs assessment (PDNA) tool;

792 Urge countries to include NELs in their NAPs and NDCs and request donors, relevant funds
 793 and organizations to take them into account in their response plans.

794 **Human Mobility**

795 Invite support by contributors for climate-related projects under the Migration Multi-Partner
 796 Trust Fund, and inviting other sources, funds, processes and initiatives to link to the
 797 Migration Multi-Partner Trust Fund to scale up successful projects;

798 Invite multilateral climate finance institutions to promote the inclusion of refugees and
 799 migrants in their funded activities, consistent with existing investment, results framework
 800 and funding windows and structures;

801 Call on countries to integrate human mobility into national planning processes, including,
 802 inter alia, the process to formulate and implement national adaptation plans, through domestic
 803 efforts and capacity building by multilateral and bilateral technical assistance providers;

804 Call upon actors to include all displaced persons and other communities affected by
 805 displacement in the planning and implementation of measures to avert, minimize and address
 806 loss and damage.

807 **Slow Onset Events**

808 Invite donors, financial institutions and other supporting entities to consider SOEs in their
 809 strategic planning and integration of programmatic loss and damage approaches at regional,
 810 national, and local level;

811 Call on scientific stakeholders and initiatives to include the collection of data on SOE impacts
 812 and projections, especially for Sea Level Rise, changes in precipitation patterns,
 813 desertification and glacial retreat;

814 Underlines the importance to build upon local and indigenous knowledge to assess impacts
 815 and finding solutions for SOEs impacts from adverse effects of climate change;

816 Call on UNDRR, disaster risk management initiatives such as GRiF, national and local
 817 stakeholders as well as the private sector to include impacts from SOEs into their risk

818 analyses and preventative measures. Call on WIM ExCom to support this via its technical
819 work;

820 Call on the relevant governing bodies to give guidance to the GCF, GEF, LDCF, SCCF and
821 AF and encourage MDBs to strengthen their work related to preparing for and responding to
822 slow onset events, including sea level rise, glacial retreat, and land degradation and
823 strengthen their work on ecosystem restoration.

824 **Pre-arranged finance and programmatic country-based approaches**

825 Urge governments and development partners to significantly and systematically scale up
826 grant-based financial support to address affordability barriers to risk transfer instruments in
827 vulnerable countries through long-term, reliable premium financing, to systematically shift
828 climate-disaster finance towards ex ante approaches to allow for a swift disbursement of
829 funds to the most vulnerable people and countries when disasters occur, and to support
830 countries in improving and implementing according CDRFI (climate and disaster risk
831 financing and insurance) strategies;

832 Call on governments and partners to jointly develop a global development reinsurance
833 structure ('Captive') for development insurers to better manage their capital in view of
834 increasing climate impacts and call on financing countries to support such a Captive with
835 concessional finance;

836 Call on and work within multilateral and bilateral development banks, as well as encourage
837 private creditors to systematise and mainstream climate-resilient debt clauses, shock-resilient
838 loans and contingent finance instruments in lending operations to strengthen debt relief in the
839 face of climate risk;

840 Strongly recommend governments and their development partners as well as the private
841 sector to invest in data and models to identify, assess and report on climate-related risks and
842 their financial implications for governments and vulnerable populations, including by
843 leveraging private sector risk analytics as demonstrated by the Global Shield against Climate
844 Risks;

845 Call on Parties, multilateral and bilateral development banks, the private sector, and
846 implementing organizations to support the development of inclusive, gender-responsive
847 domestic risk markets, which make financial protection accessible and affordable to
848 particularly vulnerable people and marginalized groups. This includes providing technical
849 assistance for improved regulation, investing in new technologies, products and distribution
850 channels, and premium and capital support;

851 Call on governments and their development partners to participate in, support, build on and
852 maximise the experience accrued by the Global Shield against Climate Risks, so that it can
853 sustain its function as a platform within the emerging finance architecture to advance the
854 agenda of pre-arranged finance.

855 **Planning, institutional capacity and preparedness**

856 Underline the importance of effective regional, national, and local multi-hazard early
857 warning mechanism and in this regard welcome and support the Early Warnings for All
858 Initiative, including by recognizing that initiatives such as CREWS and SOFF are part of the
859 funding arrangements responding to loss and damage and recognizing the need to ensure
860 funding from various sources;

861 Call on the Santiago network to build (institutional) capacities and knowledge for early
862 warning and early action and making both finance and technology effective to avert,
863 minimize and address loss and damage;

864 Ask the Global Shield against Climate Risks to systematically enhance the link between
865 existing Early Warning Systems and Pre-arranged financing instruments.

866 **Humanitarian assistance**

867 Welcome the exploration of the establishment of a climate financing mechanism within the
868 Central Emergency Response Fund through the UN Office for the Coordination of
869 Humanitarian Affairs (OCHA);

870 Urge UN OCHA and the International Federation of Red Cross and Red Crescent Societies
871 (IFRC), to convene a process to engage relevant stakeholders to identify actionable
872 recommendations for how humanitarian, development and climate interventions can be better
873 aligned and resourced to meet rising and compounding impacts of climate change and
874 respond to climate-related loss and damage;

875 Urge humanitarian actors and contributors to scale up, anticipatory approaches to
876 humanitarian action through mechanisms such as CERF, DREF, START country-based
877 pooled funds, and humanitarian appeals;

878 Urge Parties to scale up the effectiveness and timeliness of humanitarian funding, including
879 through flexible funding that enables quick scaling up of response to urgent needs and ensures
880 operational continuity.

881 *Proposal 3:*

882 No text in the annex

883
