

Call for loss and damage fund which is fit for purpose

9 Nov, Sharm el-Sheikh (TWN) — Developing countries made a strong call for a multilateral fund for loss and damage which is fit for purpose during the first informal consultations on matters related to funding arrangements for loss and damage on 8 Nov at the ongoing climate talks in Sharm el-Sheikh, Egypt.

Mr Gaston Browne, the **Prime Minister of Antigua and Barbuda** attended the informal consultations and said the issue should not be seen as controversial and there should not be lack of commitment by stakeholders. Referring to the existing situation as “inequitable,” Browne said that there is something “fundamentally vulgar” about developing countries with scarce resources having to address the issue while continuing to suffer loss and damage. He added that a fund now would negate the need for climate funding in the future and while it is not meant to be a panacea for all climate problems, a funding mechanism was critical for greater equity within the system. The Prime Minister said that the fund should be designated as an operating entity of the Financial Mechanism of the Convention, and should be operationalized in two years, adding that the key thing now is that it should not be a divisive issue in the negotiations.

Following the Prime Minister’s statement,

Antigua and Barbuda also spoke for the **Alliance of Small Island States (AOSIS)** and said that the focus must be on funding arrangements and the idea is not to just look at gaps but also solutions, adding that the work modalities should include submissions by Parties, contact groups and an ad hoc or an expert committee, among others. It highlighted that the funding arrangements should be within the UNFCCC and that Parties need to be very careful when they talk of “outside solutions”. It also called on Parties to discuss innovative sources of funding arrangements and for budgetary support from the UNFCCC to support the process.

Ecuador spoke for the **G77 and China** and said the issue of loss and damage finance was among the most important finance issues for the group and the first thing the group needs to see in the decision is a strong acknowledgement of the gap. “There is a lot of finance available for mitigation, much less for adaptation, but none for loss and damage,” it said, adding that whatever conversations around loss and damage finance focuses only on the private sector and are limited to insurance mechanisms.

Outlining further on the outcome it expects on the issue in Sharm el-Sheikh, Ecuador said the

outcome decision must recognize the need for urgent and immediate, new and additional, adequate and predictable resources for loss and damage, which is “both ex-post and responsive”. Finance for loss and damage has to be public and grant based, and for all developing countries, it stressed and explained that by funding arrangements, it meant an institution or an entity that would provide funding and that expected to have this as an outcome in Sharm el-Sheikh.

It said further that the fund should be designated as an operating entity of the Financial Mechanism of the Convention, and focused exclusively on addressing loss and damage adding that there is a need for a conversation around how to make it operational and that it did not see a complex conversation on funding sources. Ecuador said further that the fund would be based on the principles of equity and common but differentiated responsibilities (CBDR) (between developed and developing countries) due to the historical responsibility (of developed countries for their emissions). It also said the objective is to have an institution that begins working soon and where needs of developing countries are addressed in a timely manner.

South Africa for the **Africa Group** said form follows function and called on Parties to progress on the form to have a proper fund design. It said there were a number of options available under Article 11.1 of the Convention, which must be made available. (Article 11.1 of the Convention reads: “*A mechanism for the provision of financial resources on a grant or concessional basis, including for the transfer of technology, is hereby defined....*”)

South Africa said further that there are a set of rules vis-à-vis funding arrangements and no attempt must be made to reopen them, and added that certain issues had been delegated to operating entities which must be respected. It also said that the idea of funding arrangements is to respond very quickly and that all developing countries should be eligible to access resources from the fund. It said that the source of the money should be developed countries and Parties could also launch innovative sources of finance, since the scale of finance needed for loss and damage is huge and given the situation that developed countries not being able to keep up their

commitment of mobilizing USD 100 billion per year by 2020 goal.

It also called for a process to be set up, technical level expert discussions on sources, as well as a discussion with the humanitarian and disaster risk reduction community. It also called for work on slow onset events and non-economic losses. It also said it is open to discussing the ad hoc committee approach proposed by the AOSIS.

India said loss and damage was neglected for far too long and it was high time the issue was addressed, adding that the cost was being borne by people least responsible for loss and damage. It also said that it welcomes the inclusion of the new agenda item and the discussion restores a semblance of trust. It also said that while humanitarian aid and response remain necessary following a disaster, loss and damage is about resilient recovery, stressing that historical cumulative emissions should be the guiding principle in the design of the arrangements and not current emissions. India also said the funding arrangements be consensus based with easy and fast disbursement during or after climate change induced disasters. It should have a separate techno-economic body for approving attribution and funds; be grant based since loans of any kind would increase the misery and debt of affected communities and that there should be event specific funding depending on the loss of lives and property. It further added that the principle of CBDR should be the corner stone of any funding arrangement.

The **Dominican Republic** said its top priority for COP 27 is that Parties acknowledge there is a gap in funding arrangements and that there is a need for new, additional, adequate and predictable funding for addressing loss and damage. Calling it a “survival issue”, it echoed calls for a new multilateral fund for loss and damage and to have it operational by 2024. “We cannot leave Sharm el-Sheikh without this,” it emphasized.

Maldives expressed how it is at risk of extinction due to the impacts of climate change and that addressing loss and damage “is being able to live a healthy life”, stressing that the need for slow onset events to be also addressed. It explained that when a disaster such as a storm or flood strikes, many organisations offer immediate

needs to a country, but they then leave and what is needed is longer term resilience. Calling for a fit for purpose fund with new and additional and adequate and predictable resources, Maldives said the creation of a fund would be the first step to resolve the issue for Small Island Developing States.

(The issue of funding arrangements for loss and damage was adopted as part of COP 27 and the

4th meeting of the Parties to the Paris Agreement (CMA 4) after much wrangle ahead of the start of the COP. See related [TWN update](#). The agenda item's full title is "*Matters relating to funding arrangements responding to loss and damage associated with the adverse effects of climate change, including a focus on addressing loss and damage*". Further deliberations on the issue will continue in informal consultations on the matter.)