Briefing Note Ten[1] (January 2024)
A Third Pillar for Climate Finance:
Addressing climate-related loss and damage

Highlights

- **COP28 agrees to operationalize the Loss and Damage Fund**, with the World Bank as the interim Trustee, under key conditions insisted by developing countries:
  - An independent legal entity fully accountable to the UNFCCC;
  - An independent Board that appoints Executive Director, determines and applies its own eligibility criteria;
  - Direct access to resources of the Fund by all developing countries, including through small grants for communities;
  - Funds can be received from a wide variety of sources
  - A cost recovery methodology that is "reasonable and appropriate."
- **An independent Board with a majority developing country representation**, with two Co-Chairs from developed and developing countries. Decisions are by consensus or four-fifths majority.
- **Board will welcome stakeholders as active observers** and the Governing Instrument calls for an open and ongoing platform for stakeholder input and participation.
- **Board will determine the name of the Fund, its specific scope and modalities**, including country eligibility, the means for access and modalities for finance.
- **US$656 million pledged for the Fund at COP28,** with the United Arab Emirates, Germany, France and Italy pledging US$100 million or more. Among 16 countries that pledged initial support, Canada contributed Cdn$16 million (US$12 million) as a "seed contribution". Canada ranked 14th in its pledge, with only Slovenia and Finland has lower pledges. **Canadian CSOs call for a "drastic ratcheting up" of this contribution, independent of Canada current overall $5.3 billion pledge for climate finance.**
- The International Red Cross estimates that **people requiring humanitarian assistance due to extreme weather events** could double from 108 million to over 200 million annually.
- **Projecting economic costs of loss and damage** are difficult, but are estimated to rise exponentially from between US$290 to US$580 billion by 2030 to over US$1,000 billion by 2040.
- One estimate for **required financing for Loss and Damage** comes from developing country proponents of the Bridgetown Initiative, estimated to US$100 billion annually from all sources. **Loss and damage finance should be third and additional pillar in the post-2025 New Collective Quantified Goal (NCQG) on climate finance (NCQG).**
- The Vulnerable 20 (V20) group of developing countries propose a **DAC marker for loss and damage finance** but to date there are no discussions at the DAC for a marker.

[1] This Briefing Note was research and written by Brian Tomlinson, AidWatch Canada, in July 2022 and updated in January 2024. It has been prepared on behalf of the Canadian CSO Coalition on Climate Change and Development (C4D).

1. Introduction

After more than thirty years of advocacy by small island developing states (SIDS), the G77 group of developing countries plus China and civil society organizations (CSOs), on the first day of COP28 (November 2023 in Dubai, UAE), an historic Loss and Damage Fund was operationalized under the United Nations Framework Convention on Climate Change (UNFCCC). This welcomed outcome followed a difficult agreement in principle at COP27 (2022) to establish a fund dedicated to finance for loss and damage (L & D) resulting from climate change.

Following COP27, a Transition Committee was established to make recommendations to COP28 on how the Fund might work. After many months of deadlocked negotiations, the Committee reached a last-minute compromise just prior to COP28, with developing countries making significant concessions to reach this deal. This compromise was the basis for the agreed text in Dubai to operationalize the Fund.[1] While many issues remain to be resolved in 2024, it marks an historical breakthrough for countries highly vulnerable to irreversible climate change in the face of mounting climate-related loss and damages.

Civil society celebrated the 2022 agreement to create and then operationalize a fund in 2024. Prior to COP28, Canadian CSOs called on Canada to support operationalisation and provide early support for this fund, "by committing start-up public funds that are new and additional to the $5.3 billion pledge."[2] They called for a Fund that is informed by the principles of climate justice, that is accessible and needs-based, and that respects the UNFCCC notion of Common but Differentiated Responsibilities. Those most responsible for historic emissions are obligated to provide predictable grant-based funding through existing and innovative sources.

At COP28 Canada announced a "seed contribution" of Cdn$16 million "to the start-up cost of a global fund." During COP28, 16 providers pledged a total US$656 million for the Fund.[3] Canada's contribution ranked 14th among these 16, with only Finland and Slovenia coming with a smaller initial pledge. Climate Action Network Canada welcomed Canada's early pledge, but commented that it "must be drastically ratcheted up to match the needs that global south countries are facing."[4]

This Briefing Note sets out some background for the operationalization of the Loss and Damage Fund in 2024. It summarizes:

1. The main highlights of the Loss and Damage Agreement at COP28;
2. The scope of irreversible impacts of climate change;
3. The rationale of Loss and Damage as the third pillar for climate finance, and
4. Other recent initiatives in climate finance to loss and damage.

2. The COP28 Agreement to establish a Loss and Damage Fund

Discussions in the Transition Committee over the structure and modalities for a Loss and Damage Fund were highly contested between developed and developing countries. Developing countries were united on the need for a new standalone fund operating under the UNFCCC that was fit for purpose, accessible to all who were impacted by climate related catastrophes, fully financed, and responsive to the different dimensions of L & D. Developed countries pushed to limit the mandate for such a Fund. The outcome was a surprising compromise at a final special meeting of the Transition Committee in early November and then agreement on the first day of COP28.

What has been agreed?

Locating the Fund in the World Bank with significant conditions The major compromise that enabled an agreement focused on locating the Fund in the World Bank, which was an option that Canada supported in the Transition Committee along with other developed countries. Developing countries (and CSOs) viewed the Bank as unsuitable as an entity controlled by the global north, compromised by long-time support for oil and gas, too rigid in how it can disburse funds, and charging very high administrative fees for managing such funds.[5]

The agreement is to house the Fund at the Bank for at least four years. The Bank will be the interim Trustee for the Fund, which will continue to be an independent and legal entity, with its own Board, fully accountable to the UNFCCC. Developing countries, however, remained deeply concerned about the capacity of the Bank to honour the governance and accountability rules of the UNFCCC in the context of a Bank that is donor-driven and accountable to shareholders. They insisted upon eleven conditions, which if they are not met, can trigger a new discussion on the home for the Fund.

The eleven conditions (§20) [6] inter alia relate to

i. Ensuring the full autonomy of the Board to select the Executive Director;

ii. Enabling the Fund to determine and apply its own eligibility criteria;

iii. Ensuring that the Fund's Governing Instrument supersedes any Bank policy where they differ;

iv. Allowing "all developing countries to directly access resources from the Fund, including through subnational, national and regional entities and through small grant funding for communities, consistent with the policies and procedures to be established by the Board of the Fund and applicable safeguards and fiduciary standards;" [emphasis added]

v. Allowing for the use of implementing entities other than multilateral development banks, the International Monetary Fund and United Nations agencies;

vi. Ensuring that the Fund can receive contributions from a wide variety of sources, in line with due diligence considerations; and

vii. Ensuring a cost recovery methodology that is "reasonable and appropriate".

The timelines for confirming the World Bank as Trustee are also set out in the Agreement:

- Within 6 months of COP28, the World Bank must formally confirm its willingness and ability to meet the conditions in the Agreement;
- Within 8 months of COP28, the World Bank must submit an internally approved proposal for the Fund's hosting arrangements. If the Board approves, the Bank will be invited to host the fund for a four-year period.
- Towards the end of the four-year period (2028) there will be an independent performance assessment of the hosting arrangement, based upon which the Board will determine the future of this arrangement.

An independent Board with majority developing country representation The nature and representation on the Board was also contested in the Transition Committee. The COP28 Agreement is positive in this regard, calling for a 26-person Board, with a majority of representatives from developing countries (14 members). (Annex I, §17) The Board will elect two Co-Chairs, one from developed and one from developing countries, to serve for a one-year term. Board decisions require either consensus or failing consensus, a four-fifths majority.

A first meeting of the Board should be organized before the end of January 2024. Although Canada was a member of the pre-COP28 Transition Committee, there is no information (early January 2024) on the selection of the developed country Board members.

The COP28 Agreement also states that "the Board will enhance the engagement of stakeholders by inviting active observers, including youth, women, Indigenous Peoples and environmental non-governmental organizations, to participate in its meetings and related proceedings." It calls for an open and on-going platform for stakeholder input and participation. (Annex I, §20, §28, and §29)

A broad purpose and scope for the Fund There have been very wide disagreements on the purpose and scope of the Fund (including its name). For developing countries and CSOs, the Fund should comprehensively address losses and damages through short-, medium- and long-term response measures, including recovery, rehabilitation and reconstruction, securing livelihoods, and dealing with non-economic losses (NEL) and human mobility. Developed countries, on the other hand, see a much more limited mandate for the Fund, which would fill 'priority gaps', not duplicate or replace what already exists, and would only be part of a mosaic of solutions, with a limited focus on highly vulnerable countries.

The COP28 Agreement remains vague but has a potentially wide scope: "The purpose of the Fund is 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." (Annex I, §2)

The Agreement goes on to state that the Fund "will provide finance for addressing a variety of challenges associated with the adverse effects of climate change, 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." But at the same time, it will "focus on priority gaps within the current landscape of institutions, including global, regional and national institutions, that are funding activities related to responding to loss and damage." (Annex I, §6 and §7)

The Board will ultimately interpret and determine the scope of the Fund, including its name (the US has resisted Loss and Damage), country eligibility for finance, and the means of access and modalities for this finance.

Initial financial pledges are encouraging, but much more is required At COP 28, sixteen (16) providers pledged US$656 million to establish and initiate the Fund. Of this amount, $115.3 million will go to setting up the Fund, with the balance directed to Loss and Damage action. The hope is that the first allocations can be made late in 2024. Significantly, the United Arab Emirates, not an UNFCCC Part I provider (i.e. not a developed country donor), alongside Germany, each pledged $100 million to initiate the Fund at the World Bank. France and Italy subsequently also pledged €100 million or US$109 million. (See Annex One for details on country pledges.) Other countries, such as Canada, made much smaller initial contributions, including the United States at $17.5 million. (**Annex A**)

According to the government announcement, Canada's US$12 million is a "seed contribution" to set up the Fund, which CSOs expect will be greatly augmented as the Fund becomes fully operational later in 2024. A signal to this end in the 2024 Federal Budget would ensure Canada's credibility in being a positive force to achieving a robust, fully effective Fund with levels of flexible (non-debt) finance that are needs-based.

There is no official target for the initial capitalization of the Fund. The needs will be great. Serious irreversible climate change impacts are happening now. The International Panel on Climate Change (IPCC) in its Sixth Assessment Report (February 2022) estimates that up to 3.6 billion people live in areas that are deemed "highly vulnerable" to climate change impacts.[7]

Projecting economic costs of loss and damage are difficult, but are estimated to rise exponentially from between US$290 to US$580 billion by 2030 to over US$1,000 billion by 2040.[8] The International Red Cross estimates that people requiring humanitarian assistance due to extreme weather events could double from 108 million to over 200 million annually.[9]

Developing country representatives have called for $100 billion by 2030, which is separate from commitments towards mitigation and adaptation.[10] A Fund that responds to catastrophic loss and damage in vulnerable countries and communities must also be large grant-based.

Developed countries have stressed that funding sources should come from a wide variety such as public, private, and philanthropic and alternative sources of finance, including taxes based on the polluter pays principle. Developing countries emphasize the importance of a comprehensive approach based on Common but Differentiated Responsibilities. Innovative sources of finance should not have detrimental impacts on developing countries. CSOs have pointed to the importance of the principles of fairness, predictability, redistribution, public-based and polluter pays principle – which supplement core public grant-based contributions.

Financing for Loss and Damage as a third pillar of climate finance will be high on the agenda of COP29 in November 2024, where the focus will be on determining the post-2025 donor climate finance target (replacing the current US$100 billion in annual finance for mitigation and adaptation), referred to as the New Collective Quantified Goal (NCQG).

Importantly, developed country parties to the Paris Agreement (PA) explicitly said that PA's Article 8 acknowledgement of loss and damages due to climate change did not provide the basis for any liability (reparations) or related compensation. These concerns for liability on the part of rich countries have been a major issue, and likely will continue to be so in the operationalize of the Fund going forward. Currently, the Fund must rely on voluntary contributions, which are highly unpredictable, and difficult to sustain at levels that meet the systemic challenges in climate change (see the replenishment of the Green Climate Fund).

The COP28 Agreement for the Fund calls for the Board to "prepare a long-term fundraising and resource mobilization strategy and plan for the Fund to guide its mobilization of new, additional, predictable and adequate financial resources from all sources of funding." (Annex I, §56) [emphasis added] The Fund will have regular replenishment every four years.

3. The scope for coverage in Loss and Damage

While direct attribution to climate change remains challenging, resulting catastrophic events – hurricanes, floods, heat waves and massive wildfires – and slow onset impacts from rising sea levels, droughts or ocean acidification – will be well beyond the ability of communities and countries in the Global South to manage and cope.

It is essential that the Fund be structured to address the full scope of Loss and Damage. The Paris Agreement, the International Panel on Climate Change, and recent negotiations understand loss and damage in two broad dimensions – **sudden onset events** such as catastrophic weather and other climate induced events, and **slow onset processes** such as rising sea levels, ocean acidification, or increasing conditions of drought. Loss and Damage is also not limited to immediate and urgent economic costs for recovery, but also includes such areas as consequences for human health and well being, inter-related biodiversity loss, displacement of Indigenous and other vulnerable populations, cultural losses, and effects on ecosystem services, among others.[11]

4. The Rationale for loss and damage as the third pillar of climate finance, separate from adaptation finance

While ‘loss and damage’ has been recognized in the Paris Agreement [Article 8], it has not been defined by the international community beyond an aspect of “adaptation.” CSOs have been advocating that Loss and Damage be recognized as an essential “third pillar” of climate finance for the New Collective Quantified Goal, consistent with, but additional to, developed country obligations to finance mitigation and adaptation.

To date, developed country providers have responded to climate-related disasters through humanitarian assistance, disaster risk reduction measures, and finance for insurance schemes for vulnerable countries and communities through adaptation finance. However, it is essential to make a distinction between the rationale and ethical motivations that underlie donor efforts to provide humanitarian assistance and the rationale for their obligations to finance loss and damage.

Developed country providers can be generous in their voluntary and charitable humanitarian assistance in response to climatic events or droughts. Yet even growing humanitarian assistance has been unable to meet existing financial requirements for humanitarian emergencies. The United Nations and partners estimate that 300 million people will require humanitarian assistance in 2024.[12] Driven by the wars in the Ukraine and Gaza, food insecurity and catastrophic climate events, UNOCHA estimates that US$46.4 billion will be needed to meet these needs.[13] Yet donors’ humanitarian assistance has been falling short of meeting need: Despite record humanitarian assistance of US$38.1 billion in 2022, the funding shortfall for UN humanitarian appeals also grew to a record $22.1 billion.[14]

As noted above, the scope for L & D – with slow onset impacts, biodiversity loss, or socio-cultural impacts – is much greater than humanitarian emergencies. And the foundational rationale is different for the financing of loss and damage that arise from unavoidable climate change. The rich developed countries have been most responsible for causing climate change, contributing historically 92% of excess emissions of GHGs and 37% of current emissions (with 20% of the world population).[15] Countries in the global south that are least responsible for climate change will bear major impacts with resulting losses and damages, often far exceeding their capacities to recover. While the approach may not be one of reparations, as Oxfam quotes a lead negotiator for the Alliance of Small Island States at COP26, climate-vulnerable countries should not be held “hostage to random acts of charity” with financing available at the whims of wealthy providers.[16]

Despite these significant differences in underlying rationales, there are still some important areas of overlap. The experience of humanitarian assistance can provide some critical insights for an effective loss and damage fund:[17]

- Humanitarian assistance is unevenly allocated to emergencies. L & D finance must be predictable and adequate and a fund designed with clear criteria to allow the prioritization of scarce resources. A L & D fund should consider ramping up particular mechanisms in the humanitarian sector to enable rapid response (pooled funds, cash and anticipatory action).

- L & D financing in high fragile and conflict affected states should design appropriate approaches that are tolerant of risk, open to a variety of actors beyond government bodies, and aware of implications for increasing conflict. It should take into account the OECD DAC Recommendation on the Triple Nexus (Humanitarian, Development, Peace Nexus).
- The fund should be designed to be fully accessible and supportive of priorities and conditions of local organizations (civil society and local government) to ensure a basis in real local need and reach to highly vulnerable communities.
- Flexible funding is essential, focusing on particular outcomes, not tied to particular types of programming. It should avoid creating narrow funding windows for different types of loss and damage in order to respond to broad and inter-connected needs at the community level.

As those responsible for growing GHG emissions have failed to take transformative action on mitigation over these past decades, loss and damage is now the hard-edge limitation of the failure to adequately finance adaptation, particularly in vulnerable countries. An urgent major ramping of efforts in mitigation and adaptation are certainly required to avert and minimize further climate impacts. Recent IPCC reports confirm that all regions of the world are already experiencing inevitable and unavoidable extreme weather and other climate impacts, with much more to come, which cannot now be alleviated through adaptation.

'Cannibalizing' highly inadequate adaptation finance for L & D activities is counterproductive. Already adaptation finance is widely inadequate to address plans for adaptation in the poorest countries, requiring an estimated US$140 to US$300 billion by 2030 and $280–500 billion by 2050.[18] Current estimates for adaptation finance based on OECD DAC climate finance database was US$12.1 billion in 2021.[19] Ramping up adaptation is essential to reduce the impacts of climate change and the need for loss and damage finance in the future.

Alongside the pillars of mitigation and adaptation, the **third pillar** for international climate finance is substantial support for loss and damage, readily available and appropriate to the needs of poor and vulnerable countries and communities, irrespective of their geographic location in the global south.

Significantly, Canada has begun to report its contributions to Loss and Damage separate from projects related to adaptation or mitigation.[20]

5. Other recent initiatives in climate finance to addressing loss and damage

Developed countries, including Canada, have situated a proposal for a Loss and Damage Fund in the context of a "mosaic" of specific solutions, some of which they are currently initiating. But at this point, there is little acknowledgement of the types of solutions within current climate finance that might be attributed to addressing loss and damage.

Unlike adaptation and mitigation, the OECD DAC does not have a loss and damage policy marker for aid activities within its Rio Marker system, which could be useful in identifying aid flows for this purpose; there are only markers for adaptation and mitigation. Such a marker has been suggested by the V20 group of developing countries (see Annex B) "to better track development finance contributions focused on addressing growing climate impacts and shocks among most vulnerable economies."[21]

Current climate finance statistics therefore demonstrate a huge gap in capacities to monitor loss and damage financing. A major priority must be a clear definition of the scope of loss and damage and the systematic monitoring of all provider resources allocated to these purposes.

The Green Climate Fund and loss and damage financing

One source of climate finance for loss and damage has been allocations from the Green Climate Fund (GCF). The latter was directed by COP25 in Madrid to address loss and damage, to the extent consistent with the GCF's mandate. At the time, parties expressed concern about implications for maximizing adaptation financing and the GCF's suitability for immediate disaster relief.[22] A review of all approved GCF projects revealed that 27 of 165 projects (16%) explicitly mentioned loss and damage, with an additional 13 mentioning it as part of the project's background and the baseline. They had a total commitment of US$902.5 million and were all grant-based financing. These projects mainly addressed <u>future</u> climate impacts related to loss and damage, rather than existing impacts, with two exceptions.[23]

The Santiago Network

At COP25 in Madrid, (2019), the development of **the Santiago Network** focusing on technical assistance in support of Loss and Damage preparedness was agreed. Its vision is "to catalyze technical assistance from relevant organizations, bodies, networks and experts, for the implementation of approaches for averting, minimize and addressing L&D at the local, national and regional level, in developing countries that are particularly vulnerable to the adverse effects of climate change."[24]

At COP26 in Glasgow there was agreement on the Network's specific functions. But how much finance will be available to operationalize its work and its organizational structure were left undecided.[25] At COP27, the Network was finally established, with an agreement to create an advisory board, including representatives from a cross-section of geographical regions, as well as organisations representing women, Indigenous people and youth.[26] It also agreed on plans for a new Santiago Secretariat; at COP28 there was an agreement that the UN Office of Disaster Risk Reduction and the Office for Project Services will host the Network.

Pledges made to the Santiago network include the European Union and its member States Denmark, Germany, Ireland and Luxembourg, and by Switzerland and the United Kingdom of Great Britain and Northern Ireland, amounting to approximately $40.7 million.[27] At COP27, Canada announced a Cdn$1.25 million (US$1 million) contribution towards the establishment of the Santiago Network.

Insurance-based approaches to loss and damage finance

Insurance solutions for loss and damage has been a primary focus for providers' current loss and damage financing options. While insurance may play a role in particular circumstances, such market-based schemes are at best a partial answer, and often appear to be an approach through which providers avoid putting significant public (official) expenditures for loss and damage.[28]

In 2022 at COP27, the G& countries under the leadership of Germany, along with the Vulnerable-20 (V-20) countries launched a major joint initiative, dubbed the "**Global Shield.**"[29]. The Shield is intended to gather activities in the field of climate risk finance and preparedness together under one roof. Pre-arranged finance, linked to contingency plans of a developing country, provides quick access to finance when climate related damages occur. Germany is the largest contributor with US$172 million to launch the initiative. Additional pledges totaling US$42 million came from Denmark, France, and Ireland. Canada has provided Cdn$7 million to the initiative from its $5.3 billion pledge. Others such as the United States have indicated their support. A **Global Shield Solutions Platform** was subsequently launched in Bonn in June 2023. It is managed by the Frankfurt School of Finance & Management with initial finance from Germany, France and Denmark.[30]

Several concerns have been raised relating to providers' current strong emphasis on insurance-based approaches: [31]

a) Inadequate to meet real needs in climate catastrophes. For Dominica's recovery from Maria in 2019, a category five hurricane, the Caribbean Catastrophe Risk Insurance Facility provided only $19.3 million covering a mere 1.5% of costs. Analysts suggest that the scale of climate catastrophes (US$290 to US$580 billion) and their increasing incidence resulting from irreversible climate change are beyond the bounds of what is insurable through shared risk mechanisms of insurance.[32] Domestically in Canada insurance is insufficient. For example, the Government of Canada set aside $1 billion under its Disaster Financial Assistance Arrangement in its 2022 Fall Economic Statement to address loss and damage for just one event, Hurricane Fiona in Atlantic Canada.

b) Inappropriate mechanism in reaching the most vulnerable. Those most affected by both rapid onset and slow onset loss and damage are often in the informal sector, which is largely unreachable through insurance schemes.

c) Cannot address slow onset losses and damages Increasingly, responding to slow onset loss and damage will be required. Insurance may also have difficulty responding to small scale and cumulative degradation of assets due to climate change.

d) Does not align with the Paris principle of common but differentiated responsibilities Insurance is supported by premiums paid by those most affected by climate events. At a minimum, these premiums must be funded by developed providers, and should also be new and additional to existing adaptation finance. In the words of Avinash Persaud, the special envoy on climate finance for Barbados, "using insurance is a method in which the victim pays, just in installments from the beginning."[33]

Annex A
COP28 Pledges for the Loss and Damage Fund

Millions of national currency / US dollars

Country	Pledge currency	US$
Canada	CA$16	$11.8
Denmark	DKK 175	$25.6
European Union	€ 25	$27.1
Finland	€ 3	$3.3
France	€ 100	$108.9
Germany	$100	$100.0
Ireland	€ 25	$27.1
Italy	€ 100	$108.9
Japan	$10	$10.0
Netherlands	€ 15	$16.3
Norway	NOK 270	$25.4
Slovenia	€ 1.50	$1.6
Spain	€ 20	$21.8
United Arab Emirates	$100	$100.0
United Kingdom	£40	$50.6
United States	$17.50	$17.5
TOTAL		**$655.9**

Sources: Compiled by the National Resources Defence Council, based on pledges announced at COP28 (links to official announcements in table, where available), as of 2 December 2023 https://www.nrdc.org/bio/joe-thwaites/cop-28-climate-fund-pledge-tracker

Annex B
Members of the Vulnerable 20 (V20)

The 58 members of the V20 are Afghanistan, Bangladesh, Barbados, Benin, Bhutan, Burkina Faso, Cambodia, Chad, Colombia, Comoros, Costa Rica, Côte d'Ivoire, the Democratic Republic of the Congo, the Dominican Republic, Eswatini, Ethiopia, Fiji, The Gambia, Ghana, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, Kenya, Kiribati, Kyrgyzstan, Lebanon, Liberia, Madagascar, Malawi, Maldives, the Marshall Islands, Mongolia, Morocco, Nepal, Nicaragua, Niger, Palau, Palestine, Papua New Guinea, the Philippines, Rwanda, Saint Lucia, Samoa, Senegal, South Sudan, Sri Lanka, the Sudan, Tanzania, Timor-Leste, Tunisia, Tuvalu, Uganda, Vanuatu, Viet Nam, and Yemen.

See http://v-20.org/

[1] See the text at https://unfccc.int/sites/default/files/resource/cma5_auv_10g_LnDfunding.pdf.

[2] C4D, "Galvanizing Canadian Leadership for Climate Action," Policy Brief in advance of COP28, November 2023, accessed at https://climatechangeanddev.ca/wp-content/uploads/2023/11/C4D-Policy-Brief-English.pdf. See also CAN Canada, "COP27 establishes historic fund for loss and damage, led by the collective action of Global South leaders and allies and civil society," Press Release, November 20, 2022, accessed at https://www.greenpeace.org/canada/en/press-release/55388/cop27-establishes-historic-fund-for-loss-and-damage-led-by-the-collective-action-of-global-south-leaders-and-allies-and-civil-society/.

[3] Interestingly, while the Government has set out a wide-ranging discussion of climate related loss and damage for Canada, its international framework for allocating its $5.3 billion commitment for 2021/22 to 2025/26 made no mention of the issue of loss and damage.[3]

[4] CAN Canada, "Civil society groups welcome Canada's initial pledge to the new loss and damage fund, call for contribution to be scaled up," December 1, 2023 accessed at https://climateactionnetwork.ca/civil-society-groups-welcome-canadas-initial-pledge-to-the-new-loss-and-damage-fund-call-for-contribution-to-be-scaled-up/

[5] Breton Woods Project, "Selection of World Bank to host new Loss and Damage Fund draws ire of developing countries and civil society advocates, December 13, 2023, accessible at https://www.brettonwoodsproject.org/2023/12/selection-of-world-bank-to-host-new-loss-and-damage-fund-draws-ire-of-developing-countries-and-civil-society-advocates/.

[6] References to the COP28 Agreement on the Governing Instrument for the Loss and Damage Fund in this section refer to https://unfccc.int/sites/default/files/resource/cma5_auv_10g_LnDfunding.pdf.

[7] IPCC, *Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Chang*e, February 2022, accessible at https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_FinalDraft_FullReport.pdf

[8] Nusrat Naushin, Fahad Hossain, Saleemul Huq and Mizan R. Khan, Glasgow Dialogue needs to deliver on Loss and Damage Finance Facility, Policy Brief, June 2022, International Center for Climate Change and Development (Bangladesh), accessed at https://www.icccad.net/wp-content/uploads/2022/06/LND-policy-Brief-june22pdf_compressed-1.pdf Another estimate of US$200 to 300 billion by 2030 can be found in Richards, J. and L. Schalatek, (2017) Richards, J.-A., and Schalatek, L. "Financing Loss and Damage : A Look at Governance and Implementation Options." A discussion paper, Heinrich Böll Stiftung, (2017) access at https://www.boell.de/en/2017/05/10/financing-loss-and-damage-look-governance-and-implementation-options.

[9] Quoted in Anticipatory Action Task Force (AATF) (FAO, START Network, OCHA, WPF, IFRC), *Enabling Anticipatory Action at Scale to Address the Challenge of the Climate Crisis, Policy Brief for G7 Countries*, March 2022, accessible at https://www.anticipation-hub.org/Documents/Policy_Papers/AATF_Policy_Brief_G7__11_March_2022.pdf.

[10] Harvey F., "Countries are drowning: Climate expert calls for urgent rethink on scale of aid for developing world," Guardian, June 18, 2023, accessed at https://www.theguardian.com/environment/2023/jun/18/countries-are-drowning-climate-expert-calls-for-urgent-rethink-on-scale-of-aid-for-developing-world

[11] See Table 1 in Kempa, L., Zamarioli, L., Pauw, W.P. & Çevik, C. "Financing measures to avert, minimise and address loss and damage: options for the Green Climate Fund." 2021, Frankfurt School-UNEP Centre research paper accessed at https://www.fs-unep-centre.org/wp-content/uploads/2021/01/Financing-measures-to-avert-minimise-and-address-LD.pdf

[12] Relief Web, "The largest humanitarian needs in 2024," January 2, 2024, accessed at https://reliefweb.int/report/democratic-republic-congo/largest-humanitarian-needs-2024.

[13] UNOCHA, "Global Humanitarian Overview, 2024," accessed at https://www.unocha.org/publications/report/world/global-humanitarian-overview-2024-enarfres.

[14] Development Initiatives, Global Humanitarian Assistance Report, 2023, June 2023, page 13, available at: https://devinit.org/resources/global-humanitarian-assistance-report-2023

[15] Quoted in Oxfam International, UN Humanitarian Appeals Linked to Extreme Weather, 2000 – 2021, Technical Note, June 2022, page 20, accessed at https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621382/tb-fair-finance-loss-and-damage-technical-note-070622-en.pdf.

[16] *Ibid*.

[17] See the interesting paper from which this summary of insights is derived: Knox Clarke, P. and Debbie Hillier, "Addressing loss and damage: Insights from the humanitarian sector," Flood Resilience Alliance, Working Paper, May 2023, accessed at https://floodresilience.net/resources/item/addressing-loss-and-damage-insights-from-the-humanitarian-sector/

[18] See UNEP, *Adaptation Gap Report*, Executive Summary, November 2021, page vi, accessed at (https://wedocs.unep.org/xmlui/bitstream/handle/20.500.11822/37312/AGR21_ESEN.pdf

[19] This estimate is based on OECD climate finance database, including imputed multilateral contributions attributed to donors, with significant purpose climate finance adjusted to 30% of total project disbursements. Oxfam's estimate for 2020 is US$9.5 to US$11.5 billion. See *Climate Finance Shadow Report, 2023*, June 2023, page 9, accessed at https://www.oxfam.org/en/research/climate-finance-shadow-report-2023.

[20] See for example, https://www.canada.ca/en/environment-climate-change/news/2023/12/at-cop28-canada-announces-funding-and-advocates-for-better-access-to-resources-for-vulnerable-countries.html.

[21] See V20 Ministerial Communique, "From Accra to Marrakesh: Advancing Fit-for-Purpose Climate Financial Architecture and Development Positive Climate Action," April 16, 2023, page 4, accessed at https://www.v-20.org/v20-ministerial-communiqu%C3%89.

[22] Kempa, L., Zamarioli, L., Pauw, W.P. & Çevik, C. *Financing measures to avert, minimise and address loss and damage: options for the Green Climate Fund*. Frankfurt School-UNEP Centre research paper., 2021, accessed at https://www.fs-unep-centre.org/wp-content/uploads/2021/01/Financing-measures-to-avert-minimise-and-address-LD.pdf

[23] *Ibid.,* pages 19-22.

[24] See "About the Santiago Network" accessed at https://unfccc.int/santiago-network/about.

[25] CAN International, Christian Aid; Heinrich Böll Stiftung (Washington, DC); Practical Action & Stamp Out Poverty, *Loss and Damage Finance Facility: How and Why*, Discussion Paper, May 2022, accessed at https://us.boell.org/en/2022/05/31/loss-and-damage-finance-facility-why-and-how.

[26] See https://unfccc.int/sites/default/files/resource/cp2022_L05_adv.pdf

[27] UNDRR, "COP28 ends with progress on loss and damage, Santiago Network and transition away from fossil fuels," December 13, 2023, accessed at https://www.undrr.org/news/cop28-ends-progress-loss-and-damage-santiago-network-and-transition-away-fossil-fuels.

[28] Oxfam International, *op.cit.*, 22-23. See also ActionAid, "The wrong model for resilience: How G7-backed drought insurance failed Malawi, and what we must learn from it," May 2017, accessed at https://www.preventionweb.net/files/53400_actionaidthewrongmodelforresilience.pdf

[29] See https://www.bmz.de/en/news/press-releases/v20-g7-launch-global-shield-against-cllimate-risks-at-cop27-128244

[30] See https://global-shield-solutions.org/news#launch-of-the-global-shield-solutions-platform.

[31] CAN International, *op. cit.,* pages 15-16.

[32] Teresa Anderson, "The Global Shield distracts us from the real 'loss and damage' finance," Context, Thomson Reuters Foundation, November 14, 2022, accessed at https://www.context.news/climate-risks/opinion/the-global-shield-distracts-us-from-real-loss-and-damage-finance.

[33] Abnett, K. and Simon Jessop, "G7 launches climate 'Shield' fund, some countries wary," Reuters, November 14, 2022, accessed at https://www.reuters.com/business/cop/g7-launches-climate-shield-fund-some-countries-wary-2022-11-14/