



Submission to COP 28 and CMA 5

Views on the topics for the 2nd Glasgow Dialogue and the workshops referred to in paragraph 7(a) of Decision -/CP.27 -/CMA.4

24 January 2023

OCP¹ and ecbi welcome the opportunity to submit their views on topics for the 2nd Glasgow Dialogue and the workshops referred to in para.7(a) of [Decision-/CP.27 -/CMA.4], in line with para.7(c) of that decision.

The COP and CMA agreed [in para. 9] that the second Glasgow Dialogue should focus on the operationalisation of the funding arrangements and the fund established in paras. 2 and 3 of the Decision, and that it will inform the work of the Transitional Committee established under para. 4. The Committee has been mandated with making recommendations on elements for the operationalisation of the funding arrangements and the fund, including “Defining the elements of the new funding arrangements [...]” and “Identifying and expanding sources of funding”[paras. 5 (b) and (c)].

The Decision further provides that the Committee’s work will be informed by the current landscape of funding and gaps within that landscape, and potential sources of funding, recognising the need for support from a wide variety of sources, including innovative sources [para.6].

We consider that innovative sources of funding and what we refer to as ‘loss and damage response tools’ should be key topics of the 2nd Glasgow Dialogue and mandated workshops. We set out why below.

Innovative Sources of Funding

The decision to establish a Loss and Damage Response Fund (LDRF) in Sharm el Sheikh has been hailed as ‘historic’ in the multilateral climate regime. It is a recognition that loss and damage is not a future threat but a reality faced by many countries today, particularly developing ones. This is acknowledged in the COP 27 and CMA 4 cover decisions, which “note with grave concern the growing gravity, scope and frequency in all regions of loss and damage [...] and underline the importance of an adequate and effective response” to it (para.44) and “the significant financial costs associated with loss and damage for developing countries” (para. 45).

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The Decision also recognises the “urgent and immediate need for new, additional, predictable and adequate financial resources” to assist particularly vulnerable developing countries (para.1, Decision-/CP.27 -/CMA.4). The agreement to establish new funding arrangements and a fund is, in this context, most welcome.

Concerns have, however, been raised over the LDRF's financial viability, and the danger that it could end up as “just a ‘placebo fund’”. In particular, given the precarious state of most government budgets, there is a serious risk that, under traditional national budgetary contributions, the LDRF will remain empty or seriously underfunded, or will divert a large proportion of funding originally meant to go to the Green Climate Fund.

To ensure that the LDRF is financially fit for purpose, we believe that it is imperative to consider seriously what is commonly referred to as innovative funding sources, i.e., contributions from sub-national stakeholders (corporations, individuals, philanthropy) is critical.

Over the last two decades, quite a few innovative sources have been proposed both in the multilateral process – for example the proposed *International Air Passenger Adaptation Levy* (IAPAL), submitted by the LDC Group to the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) on 12 December 2008 in Poznan during COP 14² – and outside, such as the current proposal for a Share of Proceeds as a Core Carbon Principle for the Voluntary Carbon Market.³ What is, in our view, urgently needed is a (re-) evaluation of their viability in the context of the new arrangements for loss and damage response finance.

Innovative Loss and Damage Response Tools

The Decision (para. 6) commits the Transitional Committee to be informed, inter alia, “by the current landscape of institutions ... that are funding activities related to addressing loss and damage” and by the gaps within that current landscape. Similar terminology is used in paras 7(d) and 13 of the Decision. Para.11 refers to “funding to respond to needs related to addressing loss and damage ...”.

This assumes a common understanding of the nature of “activities related to addressing loss and damage” (or “needs”), which have also been referred to as “L&D response tools”⁴. However, it is not clear that, at present, there is such an understanding among the stakeholders of the multilateral negotiations on loss and damage. The Decision helpfully spells out some of the ‘challenges’ or events which such tools would be used to respond to, namely “climate-related emergencies, sea level rise, displacement, relocation, migration, insufficient climate information and data, or the need for climate-resilient reconstruction and recovery”[para. 6.b]. However, this does not shed any light on what sort of specific activities the new Fund should be funding. A rudimentary understanding of this seems to be a fundamental precondition to operationalising the LDRF.

One type of response tool that has been identified for some time is insurance, but there are types of challenges, not least so-called non-economic losses and those related to slow-onset

² <https://ecbi.org/news/ecbi-policy-brief-ldc-iapal-proposal>

³ <https://ecbi.org/news/sopa-added-proposed-ic-vcn-core-carbon-principles>

⁴ <http://blog.oxfordclimatepolicy.org/the-new-loss-and-damage-pilot-funding-arrangements/>

events, such as internally displaced people that require what has been referred to as a ‘just impact transition’⁵ that may require response tools other than insurance schemes.

Submission

The second Glasgow Dialogue and the mandated workshops should be used to invite relevant stakeholders to identify and showcase paradigmatic examples of both innovative funding sources for the LDRF, and of innovative response tools to be funded by the LDRF.

⁵ Benito Müller with Saleemul Huq and Mizan Khan (2022): [Just Transition: Response Measures and Loss & Damage!](#)