

June 3, 2024

## Re: Programme Committee Meeting on June 4 2024

Agenda Item: Fund for Responding to loss and damage

### GLOBAL FOCUS AND DANISH 92 GROUP RESPONSE:

- We welcome Denmark's proactive engagement with the Loss and Damage agenda. With regard to the current Project Document (PD), we are especially pleased to read that: "Denmark and others will **seek alliances** with developing countries on subjects with common interest and advocate for a "one-board" approach." This will be crucial to avoid the risk of deadlocks while on a very pressed timeline to get the fund fully operational.
- While we offer some initial comments on this PD – we also look forward to providing more substantial comments on the future Organizational Strategy of the LDF. From a civil society perspective, we hope to be included as **early in the process** as possible.
- In addition to this brief response, we also refer to Global Focus and the Danish 92 Group's joint position: "[Our Emissions – Our Responsibility: How Denmark should ensure financing for loss and damage](#)" (Oct. 2023). The position especially elaborates on the need for additional finance for the LDF.
- The start of the LDF must set a precedent and new best practice standards in its operations by applying **lessons learned** from previous climate funds.

### FILLING THE FUND MUST BE A DANISH PRIORITY

- While we welcome initial pledges made during COP28 of USD 661 million, they are however *very far* from the actual needs of countries and communities. As mentioned in the PD "*estimates suggest annual loss and damage costs associated with climate change will range from USD 290 to USD 580 billion by 2030*". It should be added that this estimate does not take into account non-economic loss and damage.
- The PD also acknowledges that there is a 'likely' risk that: "*The Fund will not be able to mobilize resources at the scale needed leading to un-funded pipelines and delays in disbursements*". It concludes that the impact of this will be 'medium'. We believe that unless urgent action is taken – the impact will not be 'medium', but severe.
- **We suggest** adding that Denmark considers the long-term fundraising and resource mobilization strategy of new, additional, predictable and adequate financial resources to be of high priority. The process will take time and should start concurrently with fully operationalizing the fund, not after. The main responsibility of filling the fund is that of developed countries. Denmark should urgently and actively pursue avenues to ensure that innovative sources can also fill the fund.

### FINANCE FOR LOSS AND DAMAGE MUST BE NEW AND ADDITIONAL – THIS INCLUDES THE DANISH CONTRIBUTION TO THE FUND

- As specified in COP-decision ([1/CP.28](#)) (and on page one of the PD) the fund is specifically intended to secure "*new and additional resources*" for loss and damage.
- The PD correctly warns that "*there is a risk of simply repurposing of adaptation or development finance toward the Fund*".
- It garnered a lot of international attention when Denmark (in 2022) was the first country to offer financial support for loss and damage. This finance was new and additional - unfortunately the first pledge (in 2023) to the Fund was not new and additional.
- **We suggest** adding that Denmark will work to ensure that the promise of "new and additional resources" is adhered to.

- 1) Through ensuring it is clearly defined what “new and additional” refers to in relation to contributions to the fund (i.e. not ODA and not funds for adaptation and mitigation).
- 2) Denmark's own pledge to the LDF should be additional to ODA and climate finance. One page 1 of the PD it is noted, that the Danish pledge of 175 mio. DKK is 100% adaptation. Loss and damage finance should be additional to adaptation finance and should not be counted towards Denmark's promise of allocating 60% of climate finance towards adaptation.

## FINANCE MUST BE IN THE FORM OF GRANTS – NOT LOANS

- The project document acknowledges that *“The Vulnerable Group of Twenty (V20) economies are estimated to have lost 20% of their Gross Domestic Product (GDP) over the last 20 years and significantly increased their indebtedness due to the adverse impacts of climate change.”*
- Section 8.1 of the PD mentions the Fund provisions to *“be in the form of grants and highly concessional loans”* while also acknowledging the need for *debt sustainability*.
- **We suggest** adding that Denmark will work actively to ensure that resources to the fund are only in the form of grants – rather than loans.

## NO FURTHER DELAY: NEED FOR A SPEEDY OPERATIONALISATION

- The rationale for developed countries' request, to choose the World Bank as the host of the LDF - at least in the interim - was for a rapid operationalization. Unfortunately, there was an initial delay (of the first board meeting), which must not set a precedent or result in further delay. The mandated conditions for the World Bank FIF arrangement must be fulfilled and the agreed-on timelines respected. Vulnerable people and communities cannot continue to wait as they lose their lives, ecosystems, and heritage.
- **We suggest** adding that Denmark will work to ensure that the fund is fully operational in 2024 in order to make its first disbursements in Q4 2024/Q1 2025.

## CIVIL SOCIETY MUST BE HEARD

- The PD mentions that the successful operationalization of the fund is conditional on *“Political space for civil society being sufficient to allow the voices of representatives of vulnerable local communities to be heard at national or regional levels in relevant forums and platforms”*. The PD does not mention how Denmark will work to ensure this.
- While we recognize that this PD is not an organizational strategy, we still hope to see the final PD mention how Denmark will work to ensure civil society engagement in the LDF.
- **We suggest** adding that Denmark will work to put in place policies, procedures, and governance structures that guarantee representation and active, *meaningful* and equitable participation for frontline communities, children, youth, women, Indigenous Peoples, people with disabilities and environmental and human rights defenders and their representative organisations. And in addition - through a regular dialogue with Danish civil society organizations.

## RIGHTS AT THE CENTER

- According to *Fælles om Verden* the promotion of human rights is central to all Danish development efforts. Therefore, we are concerned that rights are not mentioned *once* in the PD.
- **Safeguards:** The Board needs to develop a dedicated set of social, environmental, and human rights safeguards to ensure that the Fund's activities focus on doing good through

the advancement of human rights and doing no harm by causing or contributing to human rights violations. These must be in accordance with international human rights standards rather than relevant national legislation. This can also be done through consortiums where bigger actors can ensure safeguards, while local actors implement.

- **Accountability and grievance mechanisms:** Establishing effective, accessible and independent accountability and grievance mechanisms is also crucial to ensure compliance as well as redress for individuals and communities who otherwise risk suffering human rights harms from the Fund's activities.
- **Gender equity:** Finally, we would also like to highlight our concern with the low number of Board members identifying as women (incl. two male co-chairs), despite a Governing Instrument mandate for gender balance. Similar to the Green Climate Fund, the LDF must also establish a gender policy.
- **Child-responsive:** The LDF must incorporate child rights as a guiding principle, meaningfully engaging children in the process, taking account of children's particular needs and unique vulnerabilities and ensuring access to funding for children and their families.
- **We suggest** adding that Denmark will take a human rights-based approach to its work in the LDF.

## THE FUND MUST SET A NEW BEST PRACTICE IN REGARD TO ACCESSIBILITY

- In establishing the LDF, the Board needs to ensure that resources reach those who have been made vulnerable and are in need. Mechanisms for distributing the funding should be designed to prioritize accessibility, effectiveness and non-discrimination, so that assistance is swiftly available to communities on the frontlines of the climate crisis and reaches those most in need.
- Many governments fail to recognise Indigenous Peoples among their population as well as their rights under the UN Declaration of the Rights of Indigenous Peoples (UNDRIP). Indigenous Peoples' reliance on the natural world makes them often more vulnerable to loss and damage as result of climate change than other segments of society. The LDF must ensure that Indigenous Peoples are given a voice in governing the LDF and have access to funding despite non-recognition by national governments.
- The modalities to ensure access to small grants to communities, Indigenous Peoples, and vulnerable groups (as mentioned in the LDFs Governing Instrument §49(d)) should be **swiftly** developed, ensuring that groups can directly receive funding via a small grants window. Indigenous Peoples, women's rights organizations and other local civil society organizations must be empowered by providing flexible, multi-year, unrestricted funding. The policies and guidelines should consider children's needs, specific vulnerabilities and priorities in terms of loss and damage.
- **We suggest** adding that Denmark will pro-actively work to ensure community access/a small grant window allowing for simplified and enhanced direct access for subnational and local actors, in particular affected communities, Indigenous Peoples, and civil society organizations working directly with them for both fast-response and slow-onset activities. And to ensure that all other types of activities funded by the LDF, such as through implementing agencies, have stringent modalities in place to ensure community engagement and leadership during all project/programme phases of assessing needs, designing the project/program, implementation, and monitoring and evaluation. Furthermore, the fund should set an ambitious allocation target for LDCs and SIDS.

## CENTRAL ROLE OF THE FUND

- We suggest: stressing the **central role of the L&D Fund** within the wider system of organizations, mechanisms and institutions providing funding and action to address Loss and Damage.