

Re: Programme Committee Meeting on June 4 2024

Agenda Item: Fund for Responding to loss and damage

May 30, 2024

CISU's inputs to the Fund for responding to loss and damage

Timeline risk

Whereas CISU certainly commends Denmark's direct initial contribution of DKK 175 million to the established Fund for Loss & Damage and not least its influential seat in helping to shape the Fund through the established Board, **CISU also shares the stipulated concern that the Fund and the Board face a number of risks and challenges 'to deliver within an overambitious and tight timeline'.**

As an interim arrangement and given the historic pace and inherent structure of the World Bank in its FIF establishment, not to mention possible legal implications, concern is due also in terms of the structuring and full operationalisation of the Fund – seen as being of paramount importance for maintaining momentum created at COP28 and in the immediate aftermath of the Fund's establishment. Best-case scenarios in terms of operationalisation and money on the ground are not likely before end 2025 or 2026.

Inclusive mechanism to enhance accessibility

As a frontrunner in providing financial support and with its wish to maintain leadership on loss and damage and in global climate policy, **Denmark could continue to make a difference in supporting a distinct push for Fund operationalisation through the Board and particularly through the Fund's regionally structured Secretariat, and in doing so seek to leverage Denmark's standing as inclusive** when the Fund *'develops mechanisms to promote input and participation of stakeholders, including private sector actors, civil society organisations (CSOs) and groups that are most vulnerable to climate impacts, such as women, youth, Indigenous Peoples, in the design, development and implementation of activities financed by the Fund'* (also referred to as *'the political space for civil society being sufficient'*, Section 4 – ToC and key assumptions). **To this end Denmark's subscription to the eight Principles of Locally Led Adaptation presents a fitting framework.**

Grants rather than loans

Section 8.1 Financial Instruments mentions the Fund provisions to *be in the form of grants and highly concessional loans* although also mentioning *debt sustainability*. Whilst maintaining that the purpose of the Fund is vulnerability-based and with considerable focus on LDCs and SIDS it becomes even more **important that the countries receiving Fund allocations are not facing aggravating debt burdens** and that due consideration is given also to Fund accessibility and implementation requirements by national, sub-

national, NGOs and CSOs. **Denmark should actively push for grants and advocate against loans.**

Considering both the element of accessibility and prioritization of grants over loans, CISU suggest that section 2.5 on Danish priorities include strong wording on:

- Easy access to finance with less cumbersome, transparent and expedient approach to obtaining funding.
- A sound level of risk willingness to both enhance quick response to the emergency and innovative approaches.
- Prioritization and implementation of locally identified solutions.

This must be combined with avoiding duplicating the common barriers to access climate funding such as complicated and bureaucratic requirements; strategic priorities not reflecting the needs of affected communities combined with lack of access to the information regarding funding opportunities; use of difficult and overly technical language.

Invest in civil society capacity now to smooth operationalisation

Denmark could consider upholding its leading role in international climate diplomacy by specifically allocating new and additional funds for loss and damage through its strategic representations, as bilateral support and through NGO/CSO partnerships in some of the most climate affected countries **until such time as the Fund becomes fully operational and allocation of the first funding tranches commence.**

Specifically, the vast global civil society that collaborates on various climate actions in collaboration with Danish CSOs, e.g. through the Climate Change Adaptation Modality (CCAM) and the Civil Society Fund (both managed by CISU) have pointed to the relevance of **investing in technical capacity among civil society** actors to come abreast with the technical aspects of loss and damage. Civil society organisations are often better placed to involve local communities hit by climate disasters and are generally strong on involving local duty bearers. **Developing civil society responders on loss and damage in relation to climate disasters will ensure that once the Fund is operational, a broader segment of society will be ready to respond when climate disasters strike, and it will increase access to these funds.**

On behalf of CISU - Civil Society in Development
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