

LOSS & DAMAGE AT COP28 AND THE WAY FORWARD FOR 2024



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SUMMARY

The UN Framework Convention on Climate Change (UNFCCC) 28th Conference of the Parties (COP28) and the fifth Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA5) in 2023 saw several significant decisions adopted. This included the conclusion of the Global Stocktake (GST), the agreement on the framework for the Global Goal on Adaptation (GGA), and the operationalization of the loss and damage (L&D) funding arrangements, including a fund, for addressing and responding to the economic and noneconomic impacts of climate change for particularly vulnerable developing countries. The GST findings

on L&D concluded that enhanced action and support to avert, minimize, and address L&D is urgently needed.¹

The UNFCCC's L&D agenda for 2024 is complex and includes issues related to: further operationalizing and developing the arrangements for the L&D Fund established at COP28; enhancing existing and initiating new L&D funding arrangements; technical support; reporting; and negotiating processes that are central to developing mechanisms within the UNFCCC. Box 1 includes a list of milestones and processes for L&D in 2024. For a list of dates and events on L&D in 2024, see Annex 1.

BOX 1: L&D milestones and processes in 2024

- first meetings of the Board of the L&D Fund established at COP28 (the Board)
- establishment and operationalization of the L&D Fund at the World Bank with specified provisions from the COP28 decision²
- the annual high-level dialogue on coordination and complementarity for the L&D funding arrangements
- third and final Glasgow Dialogue at the 60th Subsidiary Bodies (SB60) in June 2024
- discussions on the New Collective Quantified Goal (NCQG) for adoption at COP29, potentially including L&D
- continued work on operationalizing the Santiago Network
- preparation and submission of biennial transparency reports with L&D information by December 31, 2024, at the latest³
- continued work under the Warsaw International Mechanism Executive Committee (WIM ExCom).⁴

Before the L&D Fund can begin to disperse finance to developing country Parties that are particularly vulnerable to the adverse effects of climate change, a number of things need to happen:

- The arrangements for the L&D Fund—which will be drafted by the Standing Committee on Finance—need to be approved by the Board and adopted at COP29.
- The L&D Fund must be set up at the World Bank with provisions specified from the COP28 decision.⁵ (See Annex 2 for more information.)

- The Board must make several decisions.⁶ These include: the donor base of the L&D Fund; allocation system of the L&D Fund; and selecting an Executive Director and host country for the Board; among others.

This paper sets out the decisions and conclusions from COP28 on L&D, looks at the L&D agenda for 2024, and considers what continued progress needs to be made.

BOX 2: Questions for consideration

- What would success look like for L&D in 2024? In which areas is progress possible and/or needed?
- What should the relationship be between the L&D Fund and funding arrangements and the NCQG, if any?
- How can the third and final Glasgow Dialogue contribute to the operationalization of the L&D Fund and funding arrangements?
- How can coordination and synergies be enhanced between the Board, the Santiago Network secretariat, the WIM ExCom and the High-level Dialogue, etc.?

THE CONTEXT FOR L&D AT COP28

From the start of UNFCCC negotiations in 1992, developing countries have called for the provision of financial assistance and technical support to help address L&D.⁷ These calls led to the establishment of the Santiago Network at COP25 and the Glasgow Dialogue at COP26.⁸ The Santiago Network was created to catalyze technical assistance for developing countries that are particularly vulnerable to climate change to help avert, minimize, and address L&D.⁹ The Glasgow Dialogue is an open, inclusive, and non-prescriptive dialogue to discuss the arrangements for the funding of activities to avert, minimize, and address L&D, concluding at SB60 in June 2024.

At COP27 in 2022, Parties agreed to establish new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change in responding to L&D, including estab-

lishing the L&D Fund. This decision set up a Transitional Committee that met five times and held two workshops over 2023 to come forward with recommendations for adoption at COP28. At COP27, Parties also agreed on arrangements for the institutional set-up for the Santiago Network, deciding to establish a secretariat, Advisory Board, and a network of member organizations, bodies, networks, and experts.¹⁰

Additionally, 2023 saw several high-level events on L&D, including:

- the Spring and Annual meetings of the World Bank and International Monetary Fund
- convenings and ministerial meetings of the UN Secretary General and the UN General Assembly
- the Bridgetown Initiative
- the Summit for the New Global Financial Pact
- the African Climate Summit.

COP28 OUTCOMES ON L&D

In a historic first, the decision to operationalize the L&D funding arrangements including the L&D Fund was adopted at the opening plenary of COP28. Several voluntary pledges to contribute to the L&D Fund were made, which totaled over U.S. \$661.39 million.¹¹

The COP28 decision operationalizes the L&D Fund, including by:

- inviting the World Bank to host the L&D Fund for an interim period of four years
- approving the governing instrument of the L&D Fund
- deciding to establish a new, dedicated, and independent secretariat to service the L&D Fund
- establishing the Board, which will govern and supervise the L&D Fund
- setting out eligibility and access criteria for the L&D Fund for developing countries.¹²

The L&D Fund will be governed and supervised by the Board, which will comprise 26 members and have an equitable and balanced representation of all Parties within a transparent system of governance.¹³ The L&D Fund was also tasked with convening, together with the UN Secretary General, the annual high-level dialogue for enhancing and improving coordination and complementarity for the funding arrangements.

At COP28, Parties also decided where to host the Santiago Network's secretariat: a joint consortium consisting of the UN Office for Disaster Risk Reduction (UNDRR) and the UN Office of Project Services (UNOPS). A memorandum of understanding on the rules, procedures, and roles of the host consortium was agreed, which includes an initial term of five years for the host with review every five years thereafter.¹⁴ Initial pledges to the operationalization of the Santiago Network totaled U.S. \$40.9 million.¹⁵

THE WAY FORWARD FOR 2024

FUNDING ARRANGEMENTS INCLUDING A FUND

While the COP28 L&D finance decision operationalized the L&D Fund and funding arrangements, several processes still need to be completed before L&D funding can be dispersed, including:

- The arrangements for the L&D Fund, which will be drafted by the Standing Committee on Finance in 2024, will be up for consideration and approval by the Board, and subsequently by COP29/CMA6 (November 2024).¹⁶ Parties will nominate members to the Board ahead of the first meetings of the Board, likely to begin in early 2024.¹⁷
- The L&D Fund is conditionally being set up at the World Bank for an interim period of four years. Before the L&D Fund can begin dispersing finance, the World Bank must fulfil several provisions set out in the COP28 decision (See Annex 2).

The COP28 decision created an annual high-level dialogue on coordination and coherence of the L&D funding arrangements which is planned to take place in 2024. It will be organized to facilitate the exchange of

knowledge and information and identify priority gaps. It will offer new opportunities for cooperation, coordination, and complementarity. Also, the focus will be on developing recommendations on how to scale up or enhance existing funding and to initiate new funding arrangements for responding to L&D.¹⁸ In its annual report to the COP and the CMA, the Board will disclose information on actions to implement the recommendations and new funding arrangements from the high-level dialogue.

Private sector finance for addressing and responding to L&D could also be a focus in 2024. Discussions on mobilizing finance from private sources could emerge from decisions on the NCQG slated for COP29. Parties will still need to decide how this could fit into the discussions on the L&D Fund and the funding arrangements.

The third and final Glasgow Dialogue is mandated to take place in June 2024 at SB60. Limited guidance on its focus has been given by Parties. Parties could benefit from greater clarity on the agenda from the chair of the Subsidiary Body for Implementation (SBI) and/or

the WIM ExCom, which are tasked with organizing the Glasgow Dialogue.

Finally, it is worth noting that the mandate from COP27—Parties agreed to “identify and expand sources of funding”—is arguably still relevant for Parties to discuss. This includes the donor base for the L&D Fund. The Board and Parties will need to come to decisions on who qualifies as the “donor base” for the L&D Fund.

THE SANTIAGO NETWORK

At COP28, the Santiago Network secretariat host was requested to undertake an analysis and recommendation of which location is best suited to be its headquarters.^{19,20} In March 2024, Advisory Board members were selected and a decision was taken for the secretariat host location to be Geneva, Switzerland.²¹ Parties decided that once the Santiago Network secretariat is operational, it shall elaborate modalities and procedures for the Santiago Network under the guidance and approval of the Advisory Board.²² The Advisory Board was tasked with developing draft rules of procedure with a view to recommending them through the SBs for adoption at COP29 and CMA6.

The financial and technical support linkages between the Santiago Network and the L&D Fund were established in the COP28 decision on the funding arrangements including the L&D Fund, and their secretariats were invited to coordinate.²³ The host secretariat was also tasked with exploring ways to collaborate with the Caribbean Development Bank, which had put in a competing bid to be host of the Santiago Network secretariat.

WIM EXCOM – L&D COORDINATION

Within the COP28 decision the WIM ExCom was encouraged to continue to strengthen dialogue, coordination, coherence, and synergies with relevant bodies and organizations under and outside the COP and the Paris Agreement.²⁴ Parties will need to consider how the coordination efforts of the WIM ExCom could be further strengthened.²⁵ Additionally, 2024 presents a chance to assess where the weaknesses in actions related to L&D coordination currently lie and to establish a clearer coordination mandate for institutions and committees working on L&D.

ENHANCED TRANSPARENCY FRAMEWORK

Parties are required to submit biennial transparency reports by the end of December 2024, with flexibility arrangements in place for the least developed countries (LDCs) and small island developing states (SIDS) facing financial and technical capacity constraints.²⁶ Parties may provide information related to enhancing understanding, action, and support relevant for L&D, on a cooperative and facilitative basis.²⁷ Parties could benefit from considering the linkages between the aspects of L&D in biennial transparency reports with: adaptation communications; National Adaptation Plans; Nationally Determined Contributions; and quadrennial national communications.²⁸

NEW COLLECTIVE QUANTIFIED GOAL

In accordance with Article 9.3 of the Paris Agreement and related decisions, Parties will need to set a NCQG on climate finance at COP29. There have been discussions about possible adaptation and L&D targets as part of the NCQG.²⁹

CONCLUSION

Since the establishment of the Santiago Network at COP25, the progress on L&D is an incredible achievement. However, there is still much to do before developing countries that are particularly vulnerable to the adverse effects of climate change can receive financial assistance and technical support for addressing and responding to L&D. The work laid out in 2024 and decisions at COP29 will be vital.

ANNEX 1: 2024 LOSS AND DAMAGE MILESTONES ³⁰

<i>Date/Location</i>	<i>Description</i>
<i>March 12–15 Bonn, Germany</i>	20th meeting of the Warsaw International Mechanism Executive Committee (WIM ExCom) will take place.
<i>March 18-20 Geneva, Switzerland</i>	First meeting of the Advisory Board of the Santiago Network will take place.
<i>April 17-19 Washington, DC, USA</i>	World Bank and International Monetary Fund spring meetings will take place. As the World Bank will host the loss and damage (L&D) Fund for an interim of four years, discussions on L&D finance are likely to take place.
<i>To be determined</i>	The first meeting of the Board of the L&D Fund (the Board) will take place. ³¹
<i>June 3–13 Bonn, Germany</i>	UN Framework Convention on Climate Change (UNFCCC) 60th Subsidiary Bodies meeting will include: <ul style="list-style-type: none"> • third and final Glasgow Dialogue • discussions on the New Collective Quantified Goal (NCQG) with potential links to L&D • review of the Santiago Network’s Advisory Board’s draft rules of procedure.
<i>To be determined</i>	The Board and the UN Secretary General will co-convene a high-level dialogue on coordination and coherence for L&D funding arrangements.
<i>To be determined</i>	21st meeting of the WIM ExCom will take place.
<i>September 18–24 New York, USA</i>	At New York Climate Week 2024, finance for averting, minimizing, and addressing L&D likely to be a key follow-up from 28th Conference of the Parties (COP28).
<i>October 25–27 Washington, DC, USA</i>	Annual meetings of the World Bank and International Monetary Fund will take place.
<i>November 11–24 Baku, Azerbaijan</i>	UNFCCC COP29 will include discussions on: <ul style="list-style-type: none"> • arrangements of the L&D Fund • continued discussions on the Santiago Network and WIM ExCom • NCQG decision with potential inclusion of L&D targets/goals.
<i>December 31</i>	Biennial transparency reports are due to the UNFCCC Secretariat.

ANNEX 2: PROVISIONS FOR THE LOSS AND DAMAGE FUND PER THE COP28 DECISION

Below is a condensed list of provisions regarding the loss and damage (L&D) Fund from the COP28 decision.³² As the L&D Fund is conditionally being set up at the World Bank for an interim period and the Board of the L&D Fund (the Board) begins to meet in 2024, these provisions are key to the discussions for 2024.

The L&D Fund:

- is purposed to assist developing countries that are particularly vulnerable to the adverse effects of climate change in responding to economic and non-economic L&D associated with the adverse effects of climate change, including extreme weather events and slow onset events
- aims to be a new channel for multilateral finance to assist those countries in responding to L&D
- mobilizes external finance to strengthen country efforts to respond to L&D while supporting both the achievement of international goals on sustainable development and the eradication of poverty
- develops new coordination and cooperation mechanisms to help enhance complementarity and coherence of existing L&D actions
- will pursue a country ownership approach to programs and projects and seek to promote and strengthen national response systems
- focuses on priority gaps within the current landscape of institutions, including global, regional, and national institutions, that are funding activities related to responding to L&D
- complements existing efforts regarding humanitarian efforts; intermediate or long-term recovery, reconstruction, or rehabilitation; and funding for actions that address slow onset events.
- will be serviced by a standalone secretariat however, in the interim will be serviced by the secretariats of the UN Framework Convention on Climate Change (UNFCCC), Green Climate Fund, and UN Development Programme

- under the guidance of the Conference of the Parties (COP) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA)
- established as a financial intermediary fund (FIF) under the World Bank for an interim period of four years
- governed and supervised by the Board, which is comprised of 26 members with alternates, to be nominated by Parties.

Additional provisions for the World Bank include:

- to operationalize the L&D Fund after eight months from COP28 as a FIF
- allow all developing countries to access the L&D Fund
- can accept sources of finance from a wide variety of sources
- allow for the use of implementing entities other than multilateral development banks, the International Monetary Fund, and United Nations agencies
- ensures that Parties to the COP and CMA that are not member countries of the World Bank are able to access the L&D Fund without requiring decisions or waivers.

If the World Bank is not able to meet the conditions described above within six months of COP28, the Board will launch a selection process for the host country of the L&D Fund; in which case, at COP29 Parties will approve the necessary amendments to the governing instruments of the L&D Fund.³³ Additionally, the Board with the approval of the COP and CMA can decide that if the World Bank is not able to meet these provisions it can take the necessary steps to operationalize the L&D Fund as an independent stand-alone institution.³⁴

C2ES Resources

Key Negotiations and Related Outcomes of the UN Climate Change Conference in Dubai

<https://www.c2es.org/document/key-negotiations-and-related-outcomes-of-the-un-climate-change-conference-in-dubai/>

2024: A Look Ahead (Discussion Paper)

<https://www.c2es.org/document/2024-a-look-ahead-discussion/>

Potential Coordination Role of the UNFCCC on Loss and Damage

<https://www.c2es.org/document/potential-coordination-role-of-the-unfccc-on-loss-and-damage/>

Considerations for the New Loss and Damage Fund (Technical Paper)

<https://www.c2es.org/document/considerations-for-the-new-loss-damage-fund-technical-paper/>

Options for a Politically-Salient Headline for the Global Goal on Adaptation

<https://www.c2es.org/document/options-for-a-politically-salient-headline-for-the-global-goal-on-adaptation/>

The Institutional Ecosystem for Loss and Damage

<https://www.c2es.org/document/the-institutional-ecosystem-for-loss-and-damage/>

ENDNOTES

1 UN Framework Convention on Climate Change [hereinafter UNFCCC], Matters relating to the global stocktake under the Paris Agreement, Decision -/CMA.5, ¶121 (December 13, 2023), https://unfccc.int/sites/default/files/resource/cma5_auv_4_gst.pdf, (Advance unedited version).

2 See Annex 2 for more details.

3 UNFCCC, Matters relating to the global stocktake under the Paris Agreement, ¶ 173.

4 As provided for in the five-year rolling work plan, including work to enhance coordination and development of technical guidelines to assist Parties with policymaking in the face of sudden and slow onset events, as well as an update on the 2013 technical paper on non-economic losses, etc.

5 UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4, Decision -/CP.28 -/CMA.5, ¶¶ 17-25, (December 13, 2023), https://unfccc.int/sites/default/files/resource/cma5_auv_10g_LnDfunding.pdf, (Advance unedited version).

6 UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4, ¶¶7, 11,16, 17,20 (b) (e), and 22.

7 Center for Climate and Energy Solutions [hereinafter C2ES], Understanding Finance for Loss and Damage under the UNFCCC – Technical Paper, (Arlington, VA: C2ES, June 2023), https://www.c2es.org/wp-content/uploads/2023/06/Understanding-finance-for-LD_FINAL.pdf.

8 UNFCCC, Report of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on its third session, held in Glasgow from 31 October to 13 November 2021, Decision 1/ CMA 3, ¶ 73, (March 8, 2022), https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf.

9 For more information on the Santiago Network, please see: “About the Santiago Network”, UNFCCC, , Accessed on February 1, 2024, <https://unfccc.int/santiago-network/about>.

10 UNFCCC, Santiago network for averting, minimizing and addressing loss and damage associated with the adverse effects of climate change under the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, Decision 11/ CP.27, ¶ 3, (March 17, 2023), https://unfccc.int/sites/default/files/resource/cop2022_10a01_E.pdf.

11 “Pledges to the Loss and Damage Fund”, UNFCCC, Accessed on February 1, 2024, <https://unfccc.int/process-and-meetings/bodies/funds-and-financial-entities/loss-and-damage-fund-joint-interim-secretariat/pledges-to-the-loss-and-damage-fund>.

12 UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4, ¶¶2, 3, 4, 17, and 20.

13 UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4, Decision -/CP.28 -/CMA.5, Annex 1 ¶ ¶16-17.

14 UNFCCC, Santiago network for averting, minimizing and addressing loss and damage under the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, Decision -/CP.28, ¶ 11, (December 13, 2023), https://unfccc.int/sites/default/files/resource/cop28_auv_7_sn.pdf.

15 UNFCCC, Santiago network for averting, minimizing and addressing loss and damage under the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, ¶32.

16 UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4, ¶7.

17 “Members nominated to the Loss and Damage fund Board”, UNFCCC, Accessed on January 31, 2024, <https://unfccc.int/process-and-meetings/bodies/funds-and-financial-entities/loss-and-damage-fund-joint-interim-secretariat/members-nominated-to-the-loss-and-damage-fund-board>.

18 The dialogue will be guided by the Conference of the Parties [hereinafter COP] and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement [hereinafter CMA]. UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4, ¶11.

19 Previous draft decisions on the Santiago Network included information that once the outstanding nominations have been received by the secretariat, the nominees will be deemed elected at COP28 and CMA.5 in accordance with established practice. For more information see: UNFCCC, Draft text on SBSTA 59 agenda item 4(b) Matters relating to the Santiago network under the WIM, Draft decision -/CP.28 and -/CMA.5, ¶ 26, (March 12, 2023), https://unfccc.int/sites/default/files/resource/Santiago_network_0.pdf.

20 UNFCCC, Santiago Network Secretariat: Head Office Location Assessment (January 2024), (Bonn, Germany, UN Office of Disaster Risk Reduction and UN Office of Project Services, January 2024), https://unfccc.int/sites/default/files/resource/Santiago_Network_Secretariat-Head_Office_Location_Assessment.pdf.

21 “Advisory Board of the Santiago Network”, UNFCCC, Accessed on March 28, 2024, <https://unfccc.int/topics/adaptation-and-resilience/resources/santiago-network/advisory-board-of-the-santiago-network#Membership>; “Reduction of global loss and damage is a step closer with selection of Geneva as the Santiago network host city”, UN Office of Disaster Risk Reduction, March 20, 2024, <https://www.undrr.org/news/reduction-global-loss-and-damage-step-closer-selection-geneva-santiago-network-host-city>.

22 UNFCCC, Santiago network for averting, minimizing and addressing loss and damage under the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, ¶¶ 10, 14, 17 and 24.

23 UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4, Annex 1 ¶35(n).

24 UNFCCC, Report of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, Decision -/CP.28, ¶6, (December 13, 2023), https://unfccc.int/sites/default/files/resource/cop28_auv_7_report.pdf.

25 C2ES, Potential Coordination Role of the UNFCCC on Loss and Damage-Technical Paper for Consultation, (Arlington, VA, C2ES, November 2023), <https://www.c2es.org/wp-content/uploads/2023/11/20231121-C2ES-UNFCCC-LD-Coordination-Role-Technical-Paper-for-Consultation.pdf>.

Additionally, the discussions on the governance of the Warsaw International Mechanism did not produce an outcome and will continue at CMA6 (November 2024).

26 UNFCCC, Modalities, procedures, and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement, Decision 18/CMA.1, ¶¶3 and 4, (March 19, 2019), https://unfccc.int/sites/default/files/resource/cma2018_3_add2_new_advance.pdf.

27 UNFCCC, Matters relating to the global stocktake under the Paris Agreement, ¶ 132.

28 UNFCCC, Matters relating to the global stocktake under the Paris Agreement, ¶ 134.

29 UNFCCC, 2023 high-level ministerial dialogue on the new collective quantified goal on climate finance, Summary note by the President, ¶16, December 9, 2023, https://unfccc.int/sites/default/files/resource/cma2023_inf01.pdf.

30 This calendar is subject to change based on available information. Last updated on February 6, 2024.

31 The number of the Board of the Loss and Damage Fund meetings per year has not been specified.

32 UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4.

33 UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4, ¶ 21.

34 UNFCCC, Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4, ¶¶ 22-23.



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