



**Design of the second grant scheme of the BASE Initiative,
focused on losses and damages caused by climate change-
catalyzed fires in tropical forests of the Global South**

Input for the workshop with the working group

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Context

COP28 UAE began with the adoption of the Loss & Damage (L&D) Fund. In order for its implementation to be effective, funds need to be mobilized in a manner that respond to the economic and non-economic consequences of the actual impacts of climate change with justice and speed. This represents a unique opportunity to do something different, innovative and just. The challenge is also great, as it is not an easy task to clearly and quickly distinguish those disasters that can be attributed to climate change, to deploy resources swiftly to address emergency situations or even to measure losses and damages that are non-economic.

To contribute to this process, [BASE](#) has begun the design of a grantmaking scheme for L&D generated by fires triggered by climate change in tropical forests in the Global South. BASE's main goal is to generate evidence and tools, through the implementation of a diverse range of grantmaking schemes, on how the development of the climate rationale of projects can be simplified and serve as a proof-of-concept of alternative, community-led approaches to labelling this type of finance as 'climate finance'.

BASE will design its second grant scheme to **inform the practice of funding L&D generated by forest fires fueled by climate change in tropical forests in the Global South**. In order to do so, two main objectives will be pursued. The first objective will focus on identifying a "critical mass" of collaboration and active participation from a diverse set of stakeholders to design guidelines for funding L&D caused by fires in tropical forests in the global south. The second objective will focus on providing practical inputs to climate finance ecosystem (including multilateral, bilateral, private and philanthropy) and especially to the Board of the L&D Fund, about how funding L&D at the local level ensuring a climate rationale, is key to unlock resources with a just perspective.

Together with a **working group** and an **advisory group**, BASE will work during the first semester of 2024 on the development of guidelines on how to finance L&D with a focus on emergency, justice and climate rationality, to then implement this grant scheme. The lessons that come from the implementation of this track will generate evidence to provide concrete inputs to different funds (including multilateral, bilateral, private and philanthropy) and especially to the Governing Body of the L&D Fund, on how to develop a simpler and streamlined climate rationale to projects that need resources to address L&D, while at the same time developing local communities' capacities to access these resources.

The present document summarizes the state-of-the art in funding L&D, reviewing funds that currently addressing L&D or that could potentially leverage resources, to avoid duplications, promote synergies and identify potential funds that could deploy funds to operationalize BASE's L&D track. This document was developed by *Grupo de Financiamiento Climático LAC* ([GFLAC](#)).



Introduction

Anthropogenic climate change is generating adverse impacts and an increase in irreversible loss and damage to human systems and ecosystems. According to the [Intergovernmental Panel on Climate Change's Sixth Assessment Report \(IPCC\)](#), the impacts surpass previous estimates, manifested in increased frequency and intensity of extreme weather events, heatwaves, sea-level rise, intense precipitation, droughts, and wildfires.

These impacts disproportionately affect individuals and countries in situations of greater vulnerability, exacerbating social inequalities (Munshi, et al., 2019). For example, in the Least Developed Countries (LDCs), which contribute only 3.3% of global emissions and represent 18% of the world's population, over 67% of global deaths caused by climate-related disasters occur, highlighting significant climate injustice (IIED, 2021).

For example, in El Salvador, over 85% of agriculture depends on rainfall from May to October. Reductions in rainfall diminish yields and consequently profitability levels for producers. Between 2014 and 2015, losses in agriculture due to deficient rainfall amounted to over USD\$140 million (MARN 2017, 72). On the other hand, Bolivia is a country that has lost approximately 50% of its glacier surface and has experienced increased temperatures and stronger precipitation events during the rainy season. As a result, between 1982 and 2014, the livelihoods of the most vulnerable populations have been affected, with these climatic events directly impacting 4 million people and causing an economic impact of between 1 and 2% of GDP (National Government of Bolivia, 2016). In addition to these specific examples, it is considered that as impacts worsen, projected loss and damage needs could soar to \$580 billion annually by 2030 and \$1.7 trillion annually by 2050. These rising financial burdens strain vulnerable countries' finances, exacerbate high debt levels, and limit access to capital, hampering their development investments (Markandya & González-Eguino, 2019).

Faced with growing climate risks, it is crucial to address the immediate, efficient, and effective needs of vulnerable countries and communities. However, existing financial protection has not been sufficient, sustained, and coherent (OECD, 2021). Mobilizing resources for loss and damage requires active participation from various governmental, non-governmental actors, and vulnerable communities. In this context, the [Building Approaches to fund local Solutions with climate Evidence](#) (BASE hereafter) initiative, led by the AVINA Foundation, aims to transform the way climate financing is channeled towards local communities to improve access.

This study seeks to strengthen BASE's work through detailed analysis of financing for loss and damage, identifying synergies and sources to boost its specialized instrument in this area. Additionally, key actors in financing this topic will be explored to avoid duplications and enhance intervention effectiveness. Funds have been analyzed with systematized information in an Excel document with proper categorization, namely: 1) forestry, and loss and damage in dark green; 2) related to adaptation and climate risk in light green; 3) direct loss and damage in orange; 4) related to climate change in general in yellow; and 5) related to sustainability but with a clear relationship with climate change in red. See annex 1 to view the results of the categories by mechanism.

1. The importance of financing for Loss and Damage

Even though there is no specific or precise universally adopted definition of “loss and damage”, it is a concept discussed in UN climate negotiations, encompassing the impacts of climate change that exceed human adaptability (hard limits) and where adaptation options are available but remain inaccessible to communities due to resource constraints (soft limits)¹ (Bhandari et al, 2024). Also, the UNFCCC adopted decisions that acknowledge that “loss and damage associated with the adverse effects of climate change includes, and in some cases involves more than, that which can be reduced by adaptation”. That was formally recognized in 2013 through the Warsaw International Mechanism on Loss and Damage (WIM), that was established to address loss and damage associated with impacts of climate change, including *extreme events* and *slow-onset events* (SOEs), in developing countries that are particularly vulnerable to the adverse effects of climate change.

In 2015, developing nations pushed for Article 8 on loss and damage in the Paris Agreement, but finance related to it was overlooked. At COP26 in 2021, a proposal for a dedicated loss and damage finance facility was rejected, leading to the establishment of the Glasgow Dialogue and the [Santiago Network on Loss and Damage](#) (SNLD). Another effort from the Global South is evidenced by the [ACT25](#), which is a consortium of thought leaders committed to addressing, informing, and influencing UN climate negotiations. It convenes key stakeholders to determine how to design just and ambitious outcomes at these negotiations that will rebuild trust, foster solidarity, and drive greater climate action on the ground. During COP27, nations reached a landmark agreement to include loss and damage funding arrangements on the formal agenda for the first time. This led to a historic decision to establish a "loss and damage fund," which governments aimed to put into operation the following year. At the outset of COP28, following months of intense negotiations, countries initiated the implementation of the loss and damage fund and reached consensus on crucial aspects, such as appointing the World Bank as its host.

Understood the background of this category of climate financing in the international framework, the question arises of how it can be identified. According to the Paris Agreement, losses and damages must be **averted** (through greenhouse gas reduction), **minimized** (through prevention projects to protect communities), and **addressed**. This aligns with the framework for financing Disaster Risk Reduction (DRR) from the report ["Financial Arrangements for Addressing L&D A Disaster Risk Reduction Primer"](#) by ODI and the United Nations Office for Disaster Risk Reduction (UNDRR), which is based on these frameworks: a) loss and damage can be avoided or unavoided and may, in certain circumstances, be unavoidable² b) loss and damage can result from extreme weather events such as cyclones, floods, drought and heatwaves; and SOEs or processes, like sea-level rise, desertification,

¹ The second installment of the [IPCC's 6th Assessment Report](#) provides a clear approach to adaptation limits, defining it as "the point at which an actor's objectives (or system needs) cannot be secured from intolerable risks through adaptive actions." It categorizes these as: a) "hard adaptation limits" when no adaptive actions are possible to avoid intolerable risks, and b) "soft adaptation limits" when the options are currently unavailable to avoid intolerable risks through adaptive action (IPCC, 2022: 28).

² Avoided loss and damages refers to impacts that have or could be averted or minimised through climate change mitigation, adaptation and/or DRR measures. Unavoided loss and damages are those impacts that could not or have not been avoided due to resource and capacity constraints but for which avoidance options do exist. Unavoidable loss and damages refers to those impacts that go beyond existing adaptation and mitigation measures – for example, the irreversible impacts of glacier melt and sea-level rise that are beginning to materialise as the limits of adaptation are reached.

and biodiversity loss; c) loss and damage can be economic or non-economic³ d) loss and damage can be direct (immediate) or indirect (knock-on effects) (Panwar et al., 2023).

The same report states that unavoided and unavoidable loss and damage can be addressed in different ways after rapid-onset/extreme events and during slow-onset events, depending on the intended outcome: **response**, including providing substitute resources to make up for lost well-being and to avoid negative coping strategies; **recovery**, including reconstruction where buildings have been affected, but also recovery measures designed to restore services and economic activities to a previous state or level recovery and restoration of critical services and the economy; or **building back better** meaning forward-looking and often structural changes to avoid impacts in the future. In addition to the three measures described here, there are compensation mechanisms, measures that are not about managing risk but which can have important psychological and wellbeing effects. Implementing these measures may require finance, but action is unlikely to be needed immediately or urgently when impacts are experienced. Rather, it needs to be carefully considered and negotiated (Klinsky, 2016. Mentioned in Panwar et al, 2023).

While countries are making efforts to address losses and damages, there are some notable gaps to highlight: a) unavoided risks are either unaddressed or being dealt with through risk retention and transfer mechanisms (they are not being fully compensated or tackled at the root); b) for the most part, unavoidable risks are not being addressed at all; c) SOEs and non-economic losses (often less traceable) are still not at the forefront and therefore lack strategies to tackle them; d) long-term responses require mobilizing much larger amounts than emergency responses; e) in fragile and conflict-affected settings, governments and local communities have very restricted access to finance for climate-related loss and damage, and high dependency on unpredictable humanitarian assistance.

Various estimates that the costs of losses and damages range between [\\$290 and \\$580 billion](#) per year by 2030. Loss and damage is mostly addressed through disaster response funds, humanitarian assistance, concessional bonds, and reconstruction loans from multilateral development banks (Bakhtaoui et al., 2022). Likewise, according to the Transitional Committee that was created at COP27 to make recommendations on the operationalization of the new funding arrangements of the fund for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage; to cover the needs related to loss and damage, one trillion dollars must be mobilized by 2030.

Considering the above, most of the financing aimed at addressing loss and damage tends toward extreme weather events, ex-post disaster responses, such as humanitarian aid and reconstruction loans (Oxfam, 2022). Otherwise, long-term well-being⁴ will continue to deteriorate and the avoidable may become unavoidable.

³ Economic losses and damages refer to the harm done to things like infrastructure, property, and supply chains, affecting both global and local levels, including individual farmers and communities. Non-economic losses and damages are often more profound, involving the immeasurable costs of losing loved ones, cultural identities, or the emotional distress of being displaced from ancestral lands (Bhandari et al, 2024).

⁴ See annex 2.

2. Financing mechanisms for Loss and Damage

For a better understanding of financing for losses and damages, this section will present the analysis of each mechanism, which was based on the systematization of information in the additional tool to this written document. It is worth noting that the findings presented do not mention all the funds analyzed, but rather the overall balance of each mechanism, highlighting the most outstanding examples.

2.1. Bilateral Financing Mechanisms

When conducting a detailed analysis of bilateral climate financing funds in the global south, a diverse and evolving landscape is revealed. To better understand the relationship of these financing loss and damage, either directly or indirectly, key aspects such as the operation of specific bilateral funds for this issue, the type of funds they allocate, the scale of the projects they finance, their contribution to the loss and damage category, and finally, the most relevant trends identified for the purpose of this document will be explored.

According to [Dubois](#), bilateral cooperation is when donor governments channel their development cooperation funds directly to recipients, whether these are the governments of recipient countries or other organizations. The bilateral climate financing funds analyzed correspond to various donor countries such as Scotland, Germany, the United Kingdom, Canada, Japan, the Netherlands, Finland, Sweden, and France. Each of these countries brings unique perspectives in terms of climate justice, sustainability, adaptation, and mitigation, reflecting a willingness to contribute to loss and damage, although it is still grouped in a broader and more comprehensive sense, and some of them do not even mention those two words specifically.

Bilateral cooperation that mobilizes financing for loss and damage has been built on the premise that complex, cumulative, and cascading risks affecting various sectors and regions must be addressed. Amidst this reality, it is precisely those regions and individuals with considerable development constraints and geographic conditions that make them particularly vulnerable to the adversities caused by climate change, suffering disproportionate impacts. Preceded by this context, new configurations of cooperation emerge that also address the growing need to focus on losses and damages, aligning with the purpose of this study that focuses on the Global South. One of the most significant milestones regarding the finance on losses and damages was presented at the COP26. There was a consensus among developing countries, where they proposed a solution to close the funding gap available to address their needs in the form of a [Loss and Damage Finance Facility \(LDFF\)](#), which will be able to "provide new financial support under Article 9 of the Paris Agreement, in addition to funding for adaptation and mitigation, for developing countries seeking to address losses and damages" (Sharma-Khushal et al., 2022; 4). In the same report, titled *The Loss and Damage Finance Facility: Why and How*, the authors argue that, as a mechanism for both coordination and financing, the LDFF should be the primary vehicle to coordinate, mobilize, and channel new, additional, adequate, and predictable financial resources to address losses and damages for developing countries and affected communities and individuals. The LDFF does not correspond to a possible specific "vehicle" of bilateral cooperation, but it does configure a key aspect in the guidelines that define the interaction between countries on the subject at hand.

After a thorough review of the initiatives that these funds include and prioritize in their criteria for allocating their financing to determine the **type of funds**, it's evident that they are strategically channeled towards addressing climate risks and fostering resilience across diverse sectors and regions.

Notably, these funds prioritize prevention and risk management through a multifaceted approach, for example, the [Climate Justice Fund](#) (CJF) aligns with the principles of addressing climate risks and fostering resilience across diverse sectors and regions, emphasizing prevention, risk management, and resilience-building measures. Initiatives range from developing advanced forecasting systems for managing transboundary water resources, integrating gender equality principles into climate projects, to financing innovative designs for ecosystem restoration.

Moreover, investments are directed towards bolstering the resilience of vulnerable communities and ecosystems, particularly focusing on climate-resilient infrastructure and sustainable agriculture. By emphasizing sustainability, inclusivity, and innovation, these funds play a pivotal role in mitigating long-term losses and damages associated with climate change while fostering sustainable development on a global scale. By prioritizing prevention, risk management, and resilience-building measures, these initiatives aim to mitigate the impacts of climate change and reduce the potential for loss and damage in affected regions. Therefore, while they may not directly eliminate all instances of loss and damage, they play a significant role in minimizing their occurrence and mitigating their impact.

In regards to the **scale of projects**, it's evident that these funds support projects across a spectrum of scales, ranging from minor investments to larger-scale initiatives. This diversity underscores the varied needs and capacities of recipient countries and communities. Additionally, bilateral funds demonstrate flexibility in financing mechanisms, employing a mix of grants, concessional loans, and market-rate loans to meet the specific requirements of different projects. Despite variations in scale, there is a notable emphasis on inclusivity and community engagement, with projects often targeting specific regions or communities within recipient countries. By engaging with local stakeholders in project design and implementation, bilateral funds ensure that interventions are better aligned with local priorities and contexts, ultimately leading to more impactful outcomes. This is the case of [Le Fonds Français pour l'Environnement Mondial](#), by prioritizing replicability and demonstrating value, as well as financial and environmental viability, the FFEM demonstrates a comprehensive approach to risk mitigation and losses. Additionally, its interest in theory of change, partnerships, consideration of inequalities and vulnerable populations, and financial sustainability reflects a commitment to equity and long-term resilience.

Overall, the scale of projects funded by bilateral finance mechanisms reflects a strategic and inclusive approach to addressing loss and damage from climate change, with a focus on leveraging financial resources to support initiatives that make a meaningful difference at both national and local levels. By leveraging a mix of financial instruments and prioritizing local stakeholder involvement, bilateral funds aim to maximize the effectiveness and sustainability of climate resilience initiatives. The [Global Resource Water \(GRoW\)](#) focus on developing a meteorological-hydrological forecasting system for transboundary water management in the Blue Nile River region highlights a strategic approach to addressing loss and damage from climate change, particularly through prevention and risk management strategies. This underscores the importance of tailored approaches in addressing loss and damage from climate change, with bilateral finance playing a crucial role in supporting impactful interventions at both national and local levels.

Regarding their **relation with the category of** loss and damage, the mechanisms and funds analyzed represent a wide range of initiatives aimed at addressing loss and damage associated with climate change in different regions of the world. The regions expected to receive significant support

are primarily Sub-Saharan Africa, including countries like Malawi, Rwanda, and Zambia. This is exemplified by the [Green Recovery Challenge Fund - UK Pact](#), which emphasizes its focus on three regions, one of them being Sub-Saharan Africa, and in general, the acronym "ODA (Official Development Assistance) eligible countries" is repeated in several funds when reading about the destination of the funds. Additionally, countries in Asia and the Pacific, as well as those in Latin America and the Caribbean, are also eligible for funding, suggesting a broad geographical reach for loss and damage initiatives. According to the categorization described at the beginning, 10 bilateral funds were analyzed, of which: 2 correspond to forestry, and loss and damage; 2 are for direct loss and damage; 2 are related to adaptation and climate resilience; 1 is for climate change (more general); and 3 are associated with sustainability but with a clear relation to climate change.

In comparison with multilateral funds, **bilateral funds present key trends**, such as: 1) greater flexibility and adaptability; 2) a more specific geographic focus; 3) criteria such as equity and climate justice are highly relevant to them; and 4) greater investment capacities. By connecting the previous findings, it is highlighted that several funds, by focusing on resilience and climate risk management, directly align with BASE's need to promote local climate solutions to address specific impacts on vulnerable communities. To conclude this section on bilateral funds, such mechanisms can continue to innovate and address gaps that require a differentiated and more decentralized approach, such as the private sector and community level.

2.2. Multilateral Financing Mechanisms

The study of multilateral financing mechanisms for developing countries focused on identifying the resources these funds provide to carry out actions related to loss and damage at various levels. An analysis of their scopes, areas of work of the funds, and identified trends to increase flows towards activities linked to loss and damage was conducted.

Multilateral financing institutions represent the main sources of resources for implementing actions related to climate change. According to the [latest joint report on climate finance from Multilateral Development Banks in 2022](#), they allocated 60.9 billion dollars to middle and low-income countries, with 63% for mitigation activities and 37% for adaptation (European Investment Bank, 2023).

In this context, it is crucial to examine the funds of Multilateral Development Banks as they finance various actions related to loss and damage at three levels of action (preparation, response, and reconstruction), especially in vulnerable regions. For example, the African Development Bank has the [Africa Climate Change Fund](#) and the [Climate Action Window](#). The Asian Development Bank has the [ASEAN Catalytic Green Finance Facility: Green Recovery Program](#), the [Asia-Pacific Climate Finance Fund](#), and the [Climate Change Fund](#).

Based on the provided information, [the Inter-American Development Bank \(IDB\)](#) and its private sector arm, IDB Invest, employ a diverse array of financial instruments to finance climate-related initiatives in Latin America and the Caribbean. Over the period from 2016 to 2021, they have allocated more than US\$26 billion in climate financing, with a significant portion, approximately US\$8.3 billion, directed towards climate adaptation and resilience projects. These funds are likely disbursed through a combination of grants and concessional loans to support initiatives aimed at reducing vulnerability and enhancing resilience to climate change impacts. Moreover, initiatives such as *Regenerate*, facilitated by IDB Lab, utilize innovative financial instruments including debt, equity investment, and grants to foster bioeconomy business opportunities in the Amazon region.

According to a recent [study by the IDB](#), investing in long-term adaptation plans can save lives, current and future material assets, and prevent or reduce damages and losses caused by climate change. It is estimated that every dollar invested in resilient infrastructure can generate up to four dollars in economic benefits. Therefore, it is crucial for countries to integrate climate risks into their development plans and prioritize multi-sectoral actions to enhance resilience. By estimating the economic returns of investing in resilient infrastructure, the IDB underscores the financial rationale for prioritizing climate resilience measures in development planning.

After analyzing multilateral funds dedicated to financing actions against the impacts of climate change, it is observed that financing for loss and damage is not yet mainstreamed to create comprehensive mechanisms that address these issues holistically. However, considering the broad definition of loss and damage, mechanisms that provide financial support for actions addressing the needs of the most vulnerable communities facing irreversible impacts can be identified.

Two general areas for financing loss and damage that multilateral mechanisms can offer are identified. The first involves **ex ante events** of loss and damage, where funds are allocated to strengthen resilience, manage climate risks, conserve, and reduce vulnerabilities, acknowledging the existence of adaptation limits as well as hard and soft limits, as explained at the beginning of the document. On the one hand, there are financial mechanisms aimed at addressing **ex-post** events, intending to meet the needs of affected populations through emergency response, short-term recovery and rehabilitation, and long-term recovery and reconstruction.⁵

An example of a fund that has increased the mobilization of resources to warn, minimize, and address loss and damage is the [Green Climate Fund](#). The support provided has been channeled through its existing windows for mitigation and adaptation, financing initiatives in countries such as Mali, Senegal, Vanuatu, Georgia, Burkina Faso, Tajikistan, Antigua and Barbuda, Sudan, Cuba, Liberia, Namibia, and Micronesia.

In the ex ante category, the [Adaptation Fund](#), through its direct access model, provides resources for adaptation projects that help the most vulnerable communities in developing countries face the challenges of the climate crisis. In 2022, it allocated 112.3 million dollars, around 12.2% of the resources allocated that year, to disaster risk reduction activities and early warning systems (Adaptation Fund, 2022). Other funds such as the Global Environment Facility, the Special [Climate Change Fund](#) (SCCF), and the [Least Developed Countries Fund](#) (LDCF) are dedicated to providing support to Least Developed Countries (LDCs) and Small Island Developing States (SIDS), providing financing for adaptation actions, disaster risk management, and resilience-building based on national priorities. In the forestry sector, the [Central African Forest Initiative](#) (CAFI), The [Readiness Fund](#), and the [Amazon Fund](#) stand out, financing actions to prepare and build resilience to the effects of climate change.

During the study, it was found that the coverage of loss and damage is addressed through mechanisms dedicated to disaster reduction and risk management, positioning within the category of response to inevitable impacts for loss and damage. Key factors include focusing on priority areas like

⁵ The stage "during" has not been considered for this reason: Many impacts of disasters, such as SOEs and small-scale events, as well as the knock on effects like disruptions in supply chains, decreased productivity, compromised health, and long-lasting disruptions in education, are often overlooked in estimates. These unaccounted impacts contribute significantly to the overall toll of disasters, but they are still not traceable enough to address this stage on its own.

climate change, disaster risk management, and sustainable infrastructure, as demonstrated by institutions like the Asian Development Bank (ADB) and the [UK Sustainable Infrastructure Program](#) (UK SIP). Additionally, funds prioritize projects with measurable environmental benefits and align with regional goals, supporting nature-based solutions and climate-resilient infrastructure in regions like ASEAN and the Caribbean. Lastly, rapid response mechanisms such as the [Central Emergency Response Fund](#) (CERF) ensure timely humanitarian aid and preparedness for climate-related disasters, enhancing overall resilience to unavoidable events.

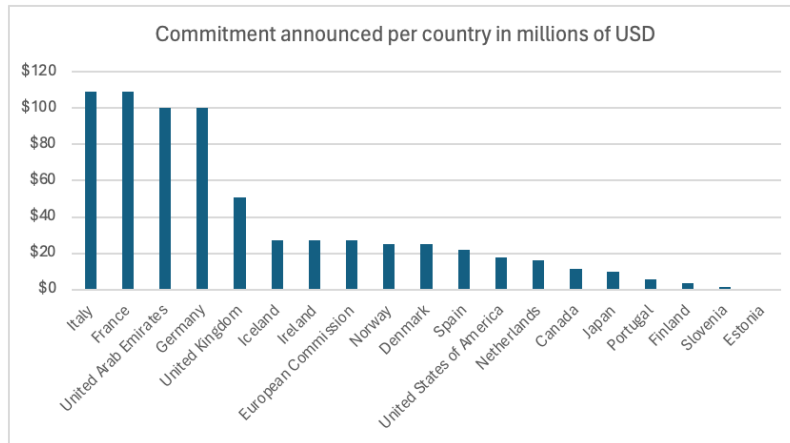
The study of the destination of climate funds indicates that multilateral organizations will increase financial flows to cover activities focused on disaster reduction, addressing SOEs, and early warning of climate-related risks. The most recent example coincides with an immediate response from the Development Bank of Latin America and the Caribbean (CAF), an organization that provided 250,000 dollars in February 2024 to the Republic of Chile as a donation for what has been categorized as a catastrophe caused by the most severe forest fires in the last decade. These fires have devastated the Valparaíso region, resulting in the deaths of dozens of citizens, as well as significant material, infrastructure, and biodiversity losses in the affected areas. The donation aims to support those affected by the fires and contribute to recovery and reconstruction processes. CAF also expressed its [intention to provide technical and financial support](#) to pursue a structural solution to these types of phenomena in the future, given their increasing frequency and intensity.

2.2.1. Loss and Damage Fund

A specific subsection has been dedicated to this fund because the information concerning it is broader, and it is one of the most recent achievements of multilateralism. The Loss and Damage Fund has been considered, which resulted from the first decision adopted within the 28th Conference of the Parties to the UNFCCC (COP28) in Dubai. This fund is the first specialized mechanism in financing actions related to losses and damages caused by climate change.

The adopted text designated the World Bank as the entity that assumes the role of overseeing the fund's overall coordination, ensuring the efficient allocation of resources and aiding nations in their endeavors to recover from the aftermath of natural disasters. The decisions of the fund will be guided by a board, which will serve as the decision-making body, as well as the establishment of governance and the oversight of its activities. This board will be composed of 26 members, aiming to represent the Parties: a) 12 from developed countries; b) 3 from Asian and Pacific States; c) 3 from African States; d) 3 from Latin American and Caribbean States; e) 2 from developing Island States; f) 2 least developed countries; g) 1 from a developing country not included in the aforementioned regional groups.

The main functions of the council will be: establishing the strategy, operational modalities, policies, and relevant financing tools for the work of the fund created to provide support to respond to economic and non-economic losses and damages. It is important to highlight that there is still no clarity on how financing will be accessed. Additionally, the Presidency of COP28 communicated the commitment that some countries made to the Loss and Damage Fund, as shown in the following graphic:



Source: Own elaboration based on UNFCCC, 2023.

As can be seen, Italy and France top the list with equal commitments of \$108.9 million each, followed by the United Arab Emirates and Germany with \$100 million each. The United Kingdom shows a commitment of \$50.6 million, while other countries contribute smaller amounts than those mentioned, but they are still substantial figures. In total, the sum of the commitments reaches \$688.04 million (see annex 4).

3. Philanthropic, insurance and public initiatives at the domestic level, associated with mobilizing financing for loss and damage

These topics have been chosen to highlight the diverse alternatives available for addressing losses and damages, each offering specific attributes and response mechanisms. Philanthropy, insurance mechanisms, and public domestic initiatives represent distinct avenues for mobilizing resources, each with its unique approach to address loss and damage. This analysis seeks to underscore the importance of considering these alternative mechanisms in the broader context of financing responses to the extreme climate events.

3.1. Philanthropy

The issue addressed in this section is the analysis of the role of philanthropy in mobilising climate and loss and damage finance, primarily philanthropy.

First, while philanthropic funding has focused largely on the health and education sector, it has now innovated in climate finance. In 2021, philanthropy for climate change mitigation amounted to between \$7.5 billion and \$12.5 billion (Climateworks, 2021). While there are many billionaires, which implies that this trend of making philanthropic pledges will continue, Bezos, Bloomberg, Gates and Powell-Jobs have all made pledges of around \$500 million. Similarly, foundations have worked collaboratively, as in the case of the 2020 Global Climate Action Summit, which aimed to collectively dedicate \$6 billion to climate solutions by 2025 (Climateworks, 2021). Similarly, in 2021, foundations implemented the [Global Methane Centre](#) with a combined \$330 million to support methane reduction. In 2021, the Ikea and Rockefeller foundations implemented a joint \$1 billion platform to address climate change and energy poverty (Ikea, 2021).

Regarding the role of philanthropy in mobilising finance for loss and damage, philanthropic organisations such as the Children's Investment Fund, the European Climate Foundation, the William and Flora Hewlett Foundation, the Open Society Foundations and the Global Green Grants Fund contributed \$3 million USD to the initial support for the goals of the Glasgow loss and damage Fund at COP26 (CIFF, 2021). Philanthropy's instruments for mobilising climate finance are not only given by grants, it also takes the form of grantmaking, grantee engagement, external outreach, and investment strategy.

In this regard, some cases were found, such as the [Global Greengrants Fund](#), which mobilizes resources for communities worldwide with the aim of protecting the planet, achieving socio-environmental justice rooted in cultural integrity and community-led. Regarding loss and damage the Global Greengrants Fund and its partner, the Agroecology Fund, awarded two grants to Society Roots and Equity focused on land loss and damage resulting from floods in Pakistan from June to October 2022, which affected crops, homes, and the lives of women. However, faced with challenges in accessing land and the increased cost of seeds, Society Roots and Equity adjusted its focus and partnered with a local organization to support more vulnerable communities with aid, assistance, and locally purchased food rations. This partnership enabled both organizations to increase their reach, particularly to the most vulnerable, and provided mutual support. (Global Greengrants, 2023).

The above case illustrates how philanthropic organizations have managed to reach the experiences of people facing loss and damage caused by the climate crisis, involving a vote of confidence in local leadership and the flexibility of resource use. It was also a successful case because the organization has a long-term and close relationship with the local communities.

Another case is the [Climate Justice Resilience Fund \(CJRF\)](#), which provides grants to support women, youth, and indigenous peoples to create and share their own climate resilience solutions. Since 2016, CJRF has raised \$25 million to serve more than 40 major grant partnerships worldwide. CJRF has also organized various initiatives to promote learning and collaboration among climate justice funders and launched a unique refinancing partnership with the Scottish government on climate-induced loss and damage in 2021. It is currently called the Communities First Pilot Fund, an initiative that supports a growing portfolio of loss and damage grants with a focus on equity and inclusion.

This CJRF initiative has proven and demonstrated how community-driven actions to address training and development work; these CJRF lessons have already been shared and exchanged with government funders and the UNFCCC loss and damage Transition Committee. (CJRF, 2023). CJRF grants are characterized by placing local actors at the center, delegating power to them, a variety of technical interventions, and offering a route for training and development funding to quickly reach communities affected by the climate crisis. CJRF has awarded grants in the Pacific Islands, Africa, Asia, and globally through the Loss and Damage Youth Coalition (LDYC).

As a final case, the [Soros Economic Development Fund \(SEDF\)](#), managed by Open Society Foundations, which is the world's largest private funder of independent groups working for justice, democratic governance, and human rights. They leverage their global convening power to catalyze efforts to reduce loss and damage caused by climate change and to partner with like-minded institutions to create innovative financial mechanisms.

SEDF makes impact investments in Latin America and the Caribbean, Asia, Africa, and Europe, focusing on just energy transformation, forest economies, climate insurance and resilience, off-grid energy, and precision and climate-smart agriculture strategies. A noteworthy case is the [InsuResilience Investment Fund](#), which aims to protect over 100 million highly vulnerable people from the impacts of the climate crisis by investing in companies that offer commercial insurance against extreme weather events and natural disasters.

The InsuResilience Investment Fund also invests in technology companies that enable insurance companies to offer suitable and affordable insurance products to small farmers. It is the only private fund, rather than government-backed, that is part of a broader climate risk insurance initiative supported by the United Nations and G7 industrial nations. In addition, it seeks to directly increase the resilience of small farmers facing extreme climate risks; indeed, farmers in Kenya have learned to use satellite-derived climate information to make planting and harvesting decisions.

The [Food Bank Project in Fiji](#) aims to enhance food security, promote sustainable agriculture practices, and prepare communities for disasters. These initiatives are designed to provide communities with the resources and knowledge necessary to mitigate the effects of climate change and disasters, including loss and damage to crops and livelihoods. The fund's relationship with loss and damage lies in its proactive approach to disaster preparedness and risk reduction. By investing in projects like the Food Bank initiative and Knowledge Hubs, the fund aims to minimize the adverse effects of disasters on communities, thereby reducing the need for post-disaster recovery and rehabilitation efforts.

Another approach and opportunity that philanthropy has seized is its active participation in dialogues and the creation of spaces for knowledge exchange; at COP28 alone, the Business and Philanthropy Climate Forum was held as a platform for various private sector actors to come together

and work towards a future where, together with companies, they promote meaningful actions for climate change and nature, and one of the themes addressed in this forum was loss and damage in the Global South (COP28, 2023).

In this scenario, philanthropic organizations have actively contributed to loss and damage management at the local level, facilitated information exchange, and participated in or organized spaces for dialogue and exchange on loss and damage. That is, they act not only as funders but also as facilitators of debate, and by working through networks, they can encourage other individuals or organizations within their network to get involved in loss and damage work.

However, philanthropy has disadvantages, one of which is that it is not easy to trust these organizations given that they have very little supervision and do not have fixed rules or parameters for financing or defunding at their discretion. Likewise, their lack of transparency and accountability has been criticized (The Chronicle of Philanthropy, 2023). Although philanthropy may not be able to address the financial deficit in terms of loss and damage it can play a catalytic role and mobilize greater capital from the public and private sectors.

3.2 Insurance

Insurance has played an important role avoiding, minimising or addressing loss and damage caused by climate crisis impacts. In addition, climate risk insurance is a measure of protection against financial losses caused by climate disasters (Actallience 2020).

It is important to note that climate risk insurance is designed to cover high-cost, infrequently occurring extreme events such as floods, earthquakes, and hurricanes. Consequently, climate risk insurance does not cover slow-onset climate impacts such as sea level rise, desertification, loss of habitats and biodiversity, among others (Linnerooth-Bayer, JoAnne, et al., 2019).

A trend is observed whereby governments in different regions choose to associate with insurers to share risks, specifically when it comes to post-disaster contingencies following climate disasters, because relevant financial support is ensured. In other words, regional macro-insurance works as regional sovereign insurance. They commonly operate in developing countries and aim to ensure necessary and timely liquidity after a catastrophe, such as the [Caribbean Catastrophe Risk Insurance Facility \(CCRIF\)](#) and those created for the [Pacific Islands](#) and [Africa](#) (Linnerooth-Bayer, JoAnne, et al., 2019).

These associations are owned by the member countries, and it is also noted that the trend for these regional macro insurers is towards parametric insurance coverage with short-term post-disaster liquidity using the association to their advantage. In addition, regional macroinsurance also provides advisory services, access to international markets and integration with social protection systems.

Parametric insurance coverage is determined based on the intensity of the disaster, such as the wind speed from a hurricane or the magnitude of an earthquake, but can also be calculated by a predefined model, i.e. there are already predefined indices and methodologies to establish the amount of compensation (Nordic Council of Ministers, 2023). Parametric macro insurance coverage can be provided through an insurance contract or by a catastrophe bond.

Thus, the CCRIF was created in 2007 with the aim of creating a regional catastrophe fund so that Caribbean governments could limit the financial impact of hurricanes and earthquakes, mainly in terms of rapid financial liquidity. There are currently 19 Caribbean member governments, 4 Central American member governments. In addition, in 2023, it made three payments totaling \$4.9 million to

the governments of Antigua and Barbuda, the British Virgin Islands and St. Kitts and Nevis following Tropical Storm Philippe in October and Tropical Cyclone Tammy in November.

In this context, regional parametric insurance can be attractive for addressing loss and damage. First, because of the capacity-building assessment and risk development, in particular they can prevent and minimise the development of climate crisis-related events, which in turn adds to the repository of methods and data (Loss And Damage Collaboration, 2022). Secondly, there is the speed with which resources are mobilised, which in turn is associated with the third, which is the independence of government or donors' response, given that the only constraint is meeting the physical and measurable indices defined in the policy, which are created by the regional macro-insurers themselves together with insurance providers, national and regional risk management institutions through the compilation of detailed databases on national exposure to catastrophe risk in the member states. It also contributes to the solvency of the policyholder and facilitates lending and investment, especially in the case of regional parametric insurance.

Regarding the disadvantages, it is identified that meeting certain indices can create a false sense of security for the policyholder because if they are not met accurately, even if significant damage occurs, no indemnification will be made. Another disadvantage is that insurance is not a response for the most vulnerable populations since as the frequency and intensity increase, premiums will become more expensive and, consequently, unaffordable; there is even the possibility that certain areas will remain uninsured.

In conclusion, this section has shown that there are private initiatives evolving to address loss and damage; both philanthropy and insurance are part of the prevailing solutions to mobilize resources, and neither should be underestimated as innovative solutions for loss and damage financing, emphasizing that they must be part of a comprehensive and holistic package because philanthropy and insurance are tools to address loss and damage but not the only source of financing.

3.3 Public Initiatives at the domestic level

When addressing public initiatives, it was analyzed that in most cases, it is national governments that allocate their own budgetary allocations to finance the creation of resilience or national climate change funds. On the other hand, before the risk, national governments implement calamity funds, as well as budgetary contingency. And after the risk, national governments rely on budget reallocation, fiscal policies, or increases in taxes and internal credits (Actalliance, 2020).

National climate change funds serve as support mechanisms for countries to fulfill their climate change commitments and policies. The characteristics of these national funds are that the countries themselves direct them, program their strategies, set their objectives, oversee the approval and implementation of climate change projects, and measure their performance. Additionally, these funds have the advantage that countries combine different resources at the national level, and their management is at the country level. In this sense, objectives and implementation are governed from the national to the international level and not vice versa (UNDP, 2011).

National climate change funds are considered and developed based on the national context, as well as on their priorities. One of the first countries to implement a national fund was Indonesia with the Indonesia Climate Change Trust Fund, mainly focused on energy, energy efficiency, sustainable forest management, and adaptation capacity, with initial funding from government budgets and grants (UNDP, 2011). In this scenario, we also find the Amazon Fund, managed by the

Brazilian National Bank for Economic and Social Development, created in 2008 with the aim of attracting donations for non-refundable investments in prevention, monitoring, and combating deforestation projects, as well as conservation and sustainable use of forests in the Amazon biome (BNDES, 2023), with the largest donors being the governments of Norway and Germany (G20, 2024).

It should be noted that the Amazon Fund supports sustainable forest management projects, management of public forests and protected areas, recovery of forest areas, among others, therefore BASE could seek a possible partnership to support these projects. Since its creation, 102 projects have been supported with an investment of R\$ 1.75 billion, and approximately 241,000 people have benefited from sustainable productive activities, 101 indigenous lands in the Amazon and 196 conservation units (BNDES, 2023).

During the early stages of these national climate change funds, UNDP acted as the initial administrator, and currently, many national governments fulfill this function through national institutions. However, a disadvantage of national institutions having this task is that information on the capitalization of these funds is often not systematically available. There is still a need for evidence that in practice these funds strengthen domestic ownership and national coordination (ODI & HBS, 2022). Nevertheless, national climate change funds can constitute a financing window for loss and damage. Regarding disaster funds, they are special disaster funds that provide immediate relief and recovery resources in the event of a disaster in the country. Examples of this fund include the Mexico's Natural Disaster Fund, and Colombia's National Disaster Risk Management Fund.

Budgetary contingency refers to reserves that some countries make in case of a disaster occurs, as although some governments implement calamity funds, it is important that to cover the immediate cost of a natural disaster, it is efficient to anticipate self-insurance (Freeman, Paul, et al., 2003). Regarding budget reallocation, it is based on post-disaster tax increases with the aim of mobilizing additional resources in recovery and reconstruction. This budget reallocation requires prior legal reforms before its implementation, which can delay its execution; however, this instrument is envisaged when funds for calamities and budgetary contingencies are insufficient (Actalliance, 2020).

Another interesting finding was described in [a study](#) based on 43 interviews with key actors working on loss and damage explores the components that a financing mechanism requires to prevent, minimize, and address them, how funds are mobilized more effectively, and how they should be managed or distributed (see annex 3). Pill (2022; 6) explains that eight respondents suggested a sovereign fund ⁶ as a solution and mentioned funds from Norway, Kuwait, Kiribati, Abu Dhabi, and Singapore. Although the report is not conclusive about their relation to addressing loss and damage, nor the use that would be given to such funds. As is well known, developing countries do not usually have surplus revenue (if any) at their disposal to develop a diversified investment portfolio large enough to cover all loss and damage impacts.

In conclusion, national governments have useful tools that can support them in optimizing their access and management of resources, and in this way, national governments can raise their own sources, combine them, and implement actions that allow them to fully address their realities in terms of financing for loss and damages.

⁶ In essence, a sovereign fund invests surplus revenue into financial assets such as government bonds or equities (Fotak et al., 2017).

4. Recommendations for BASE

Based on the analysis conducted, there were identified a number of recommendations to improve the financing process for loss and damage. The recommendations go in two areas: a) good practices that can guide the work of BASE and b) opportunities for BASE: funds and partnerships.

4.1. Good practices that can guide the work of BASE

- The overall balance of each type of mechanism can be leveraged by BASE as follows: 1) Bilaterals: They represent evidence that resources are being mobilized with subnational, local, and community-focused approaches, which can inspire other mechanisms to follow the same path; 2) Multilaterals: These show a clear inclination towards addressing SOEs (although there is still work to be done, as they remain unattended from a risk management perspective) and curative finances, which are mostly long-term oriented; 3) Philanthropy: It offers blended financing schemes, more flexibility of access, and a "catalytic" role that could be a game-changer for small-scale projects requiring technical support; 4) Insurance: They represent an important tool for achieving the systemic change that BASE aims for, as they enable immediate management and responses to prevent the effects of a particular event from prolonging or causing more harm than necessary (see annex 2); 5) Public: Despite budgetary and fiscal constraints, some of them are devising alternatives that do not involve further debt, so it is advisable for BASE to stay informed and up-to-date on the disruptions that climate action is experiencing in the public sphere.
- To recognize and take into account that there are classifications and typologies both within and outside of the UNFCCC, and each of them is useful for defining what type of financing is required, and thus making better-focused efforts. For avoided loss and damage, risk management finance is recommended; for avoidable loss and damage, risk finance is appropriate; and for unavoidable loss and damage, curative finances are applicable.
- The various classifications and typologies are also useful when defining the criteria under which resources are allocated, as this precedes good traceability and, therefore, accountability that contributes to evidence of what is being addressed and what is not. This is particularly helpful when considering that SOEs, knock-on effects and non-economic losses have been somewhat "neglected" because financing is prioritizing emergencies and immediate interventions.
- BASE must stay updated regarding financing schemes whose criteria integrate aspects considered to lead to the most just and equitable climate action, especially because in loss and damage, disproportionate impacts tend to worsen even further. For example, gender-responsive approaches, prioritizing assistance to women and children, specific actions to support small-scale producers, among others.
- It is recommended that in calls for proposals, lists of requirements, and categories of funds, "loss and damage" should be explicitly included. This will help make this type of financing more visible in the coming years.
- It's essential to bear in mind that, there exist compensation mechanisms and measures that aren't about risk management but can significantly impact psychological well-being as part of a "building back better" space. While implementing these measures may necessitate financial resources, immediate or urgent action might not be necessary when experiencing impacts. Instead, careful consideration and negotiation are required.
- Governments may not require reconstruction funding immediately after an extreme weather event, but they do need immediate liquidity for emergency response and early recovery

operations to prevent indirect impacts and further welfare losses. By advocating for more timely and flexible allocation of funds, BASE can contribute to systemic changes that enhance the effectiveness of climate financing and response mechanisms.

- To generate a comprehensive mechanisms for financing loss and damage, it is necessary to address the three levels of action: preparedness, response, and reconstruction.
- It is crucial for BASE to identify priorities for addressing both economic and non-economic loss and damage, as the allocation, management, and tracking of funds may vary depending on the category.
- Establishing a climate financing observatory for the loss and damage category would contribute to strengthening the capacity of local communities to timely channel funds for this purpose. Additionally, it represents an efficient way to monitor trends in loss and damage financing, such as the mainstreaming of differentiated approaches like climate justice, intersectionality, gender responsiveness, among others.
- Setting up strategic geographical nodes to help identify the needs and capacities of specific communities and sectors, to understand firsthand whether they qualify for certain funds.
- Conducting "living labs" in strategic geographical nodes as a method to reach levels smaller than national or sub-national. This open innovation methodology is characterized by its focus on the active participation of end-users or beneficiaries of the solutions being developed, facilitating the understanding of communities' ex-ante or ex-post needs, SMEs, or other stakeholder groups that help BASE better channel resources for loss and damage. Furthermore, open innovation can provide a more comprehensive view of the needs of the Global South because it is based on exercises involving the quadruple helix: government, private sector, academia, and civil society.
- Co-creating with academic partners an information repository to identify keywords related to the loss and damage category, as there are financing flows that do not yet use that specific term. This ensures that opportunities are not missed due to a lack of conceptual precision in the climate financing world.
- Developing a rapid response route through a "Risk Atlas" for agile resource mobilization in emergencies caused by forest fires, inspired by recent crises such as those in Colombia and Chile.

4.2. Opportunities for BASE: funds and parthernships

After reviewing the funds grouped by mechanisms, it has been concluded that there are relevant opportunities for BASE, both in potential funds that it can access according to the scale and type of access, as well as partnerships with which it can potentially catapult its operations and fund mobilization.

4.2.1. Potential funds

Under the criteria of funds categorized within forestry and loss and damage, direct loss and damage, and those related to adaptation and climate risk, the following funds were analyzed. This criteria was based on the tool where the information was systematized.

- *Kiwa Initiative*: The scale of funding opportunities provided by the Kiwa Initiative, ranging from local projects with grants between €25,000 to €400,000 to regional projects with grants between 1.5 to 5 million euros, offers a comprehensive approach to addressing loss and damage. This range accommodates projects of varying scopes, from localized interventions targeting specific challenges faced by communities to broader regional initiatives addressing systemic issues across multiple countries or territories. Such flexibility in scale ensures that

financing is available for a diverse range of initiatives aimed at mitigating the impacts of climate change and reducing vulnerability to loss and damage in Pacific Island ecosystems and communities.

- *Fire Management and Restoration Fund*: By leveraging Fomafur's resources and expertise, BASE could enhance its efforts to provide financial support for communities affected by loss and damage from climate events such as wildfires. Collaborating with Fomafur would not only strengthen BASE's operational capabilities but also facilitate the implementation of effective strategies to address loss and damage caused by climate change, ultimately benefiting the communities most impacted by these challenges.
- *Climate justice Fund*: This fund stands out for its focus on granting subsidies to support climate resilience projects in vulnerable areas. Given the BASE's interest in financing projects addressing losses and damages in local communities, the Scottish Climate Justice Fund could be a significant source of funding for specific projects aligning with these objectives, which also feature an innovative component by incorporating aspects of equity and inclusion. Launched by the Government in 2012, the Climate Justice Fund aims to address the impacts of climate change in the poorest, most vulnerable countries.
- *Rapid Response Facility (RRF)*: Offering grants of up to US\$ 40,000 within just 8 working days, the RRF is recognized as the world's fastest conservation funding mechanism. Its ability to rapidly respond to emergencies, coupled with stringent eligibility criteria ensuring the severity and time-sensitive nature of the crisis, makes it an invaluable resource for protecting biodiversity worldwide. The fund is open to reputable organizations with the appropriate capacity to deliver against the project objectives, further ensuring effective and impactful conservation efforts.

4.2.2. Potential partnerships

The recommended partnerships were conceived to enable BASE to update its track and pave the way for operationalizing its activities.

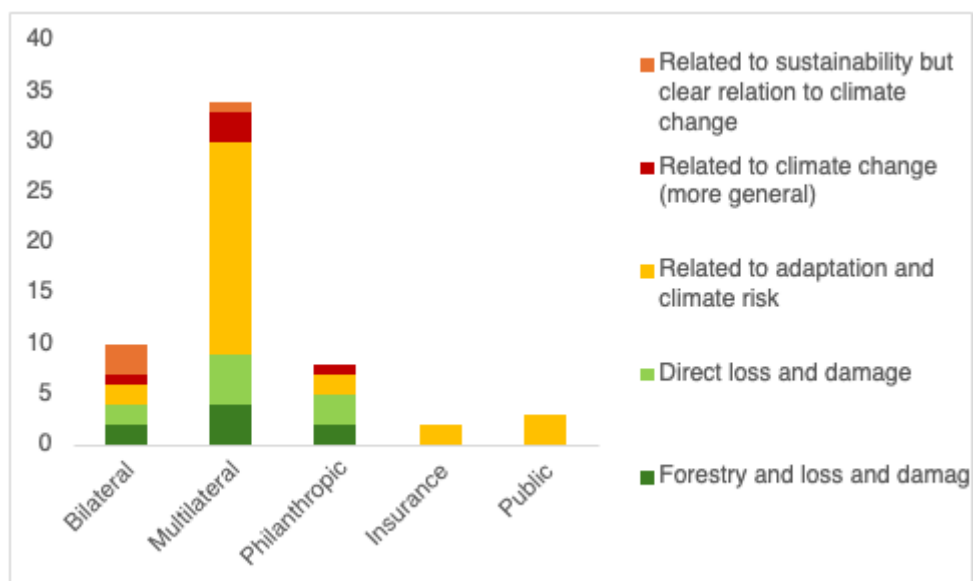
- The *Climate Justice Resilience Fund (CJRF)* is developing an active community of philanthropic funders that includes many different sectors of philanthropy, they are interested in gaining new insights from existing work, identifying opportunities for joint learning and, over time, co-creating grantmaking strategies, so it could be beneficial for BASE to reach out to this community and begin to address funding for loss and damage as part of climate justice, as that is the ultimate aim of this community and CJRF.
- *Food Bank Project (Fiji)*: The inclusion of fundraising for post-disaster recovery and the establishment of agricultural Knowledge Hubs to disseminate risk-sensitive farming information demonstrate a comprehensive strategy for building resilience at the grassroots level. The chance to directly observe alternative methods of financing loss and damage in countries without surpluses or the capacity to increase their debt presents a valuable learning opportunity. Partnering with this initiative provides BASE with a chance to enhance its skills in mobilizing resources from funds that utilize a blended approach, incorporating multiple forms of financing, and implementing strategies on the ground.
- *ACT25*: Allied for Climate Transformation by 2025 is not a specific fund or mechanism, but rather a consortium of think tanks and experts elevating the needs and priorities of vulnerable developing countries to deliver ambitious, balanced, just, and equitable outcomes at the UN climate negotiations and other multilateral fora to chart a path toward greater global solidarity. Within ACT25, the advancement towards a fair and equitable climate ambition is promoted, as well as amplifying the voices of climate-vulnerable countries. It's a great

opportunity to broaden BASE's exposure by positioning itself as a mechanism that makes tangible what this consortium enables. This is consistent with BASE's goal of tackling the challenge of equitable financing access in a pragmatic and systemically focused way, bringing together local organizations, funders, knowledge institutions, and intermediary organizations to develop solutions through a comprehensive approach integrating research, action, and advocacy.

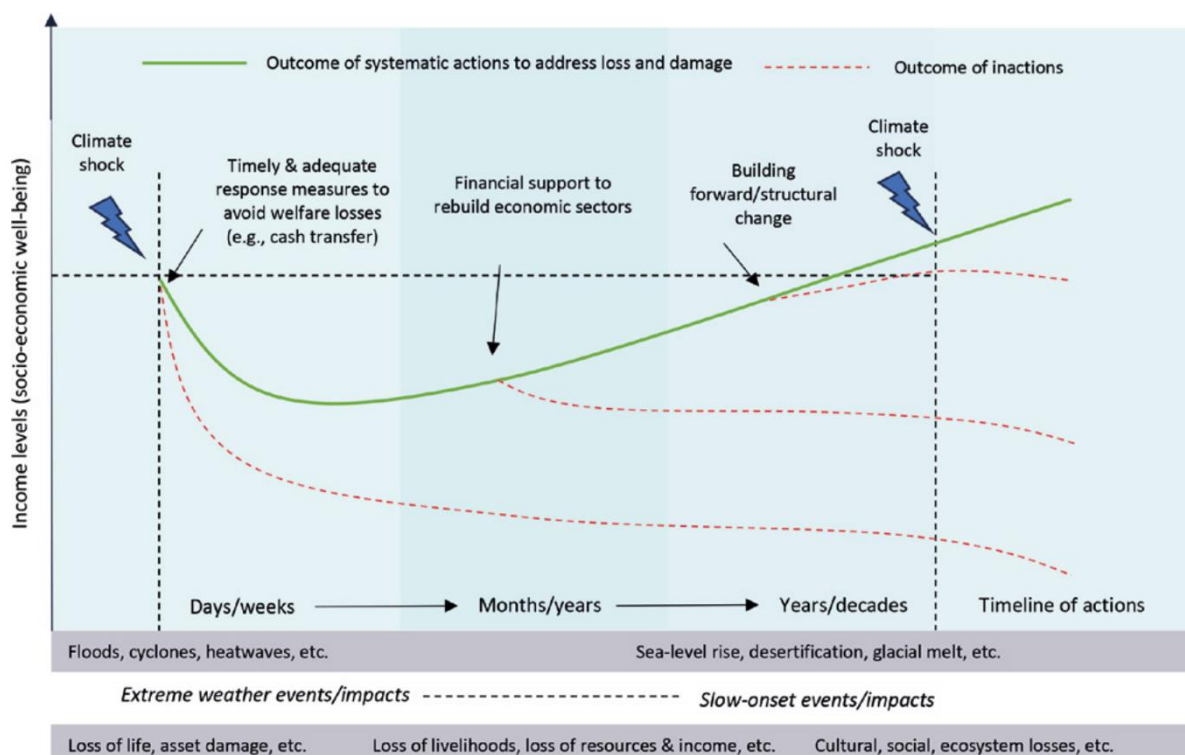
- *The Santiago Network*. The Santiago Network represents a funding arrangement that is on the radar of several sources of financing, as it acknowledges the challenges facing developing countries. By seeking to catalyze technical assistance, it calls upon various stakeholders who can help address and maximize synergies to achieve the goal and ensure the proper allocation of the funds it mobilizes. Therefore, it presents a great opportunity for BASE to be an ally that channels financing for this purpose.
- *Global Greengrants Fund* and the *Climate Justice Resilience Fund*: mobilize resources towards locally-driven actions in this regard, which is a great opportunity area for BASE, as they have experience, success stories, and allies that could contribute to loss and damage in forestry matters. They also trust in community leadership and have flexibility in the use of resources.
- The *Soros Economic Development Fund* (SEDF) managed by Open Society Foundations makes impact investments in various developing countries, with one of its focuses being forest economy. Additionally, they have great convening power to catalyze efforts towards reducing loss and damage caused by climate change.
- Regarding regional risk insurances, such as the CCRIF, which plays a very important role in helping countries manage and mitigate losses derived from disasters, we recommend that BASE partners with one of them to share risks, post-disaster contingencies since they not only provide rapid financing for disaster responses but also offer advisory services, social protection at the national level, and access to international markets. Likewise, these insurances could be explored to address slow-onset climate risks and non-economic capacity and development situations.
- Within national governance, it is recommended to implement partnerships with national funds focused on adaptation, natural disasters, disaster risk or calamities, depending on the country, for example, with the Amazon Fund for the support of sustainable forest management projects, management of public forests and protected areas, recovery of forest areas, among others.

Annex Section

Annex 1. Results of the categorization by financing mechanism

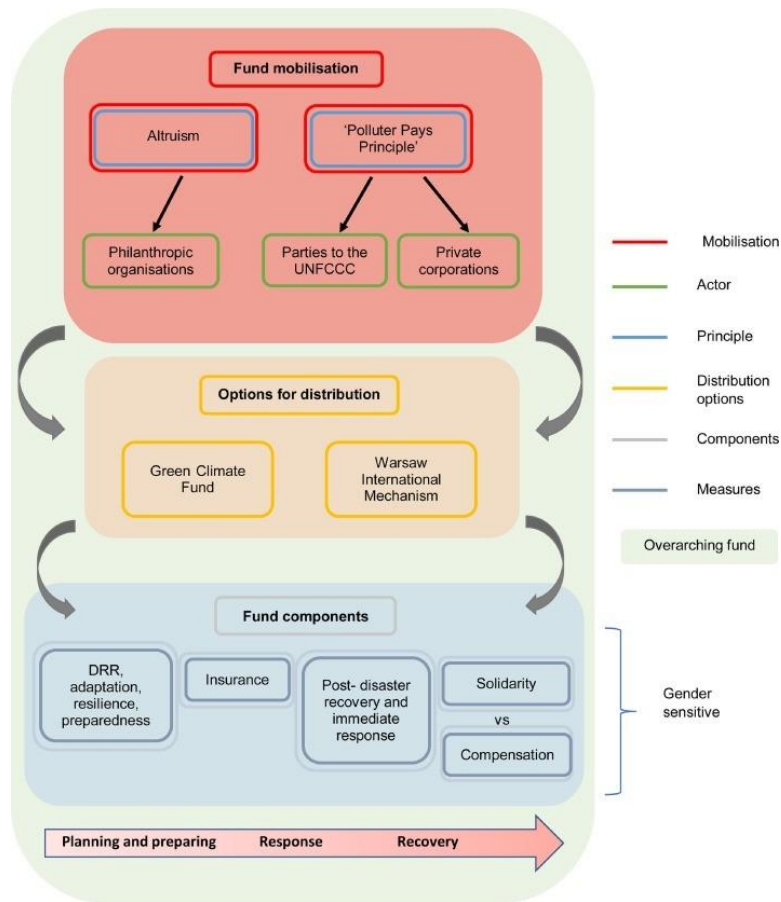


Annex 2. Hypothetical example of avoiding well-being losses through action on addressing loss and damage



Source: ODI report.

Annex 3. Key Structural Elements of a Proposed Financing Mechanism for Loss and Damage Based on Respondents' Feedback



Source: Pill (2022; 7).

Annex 4. Countries that announced their contributions to the Loss and Damage Fund

Country	Commitment announced per country in millions of USD
Italy	\$108.9
France	\$108.9
United Arab Emirates	\$100.0
Germany	\$100.0
United Kingdom	\$50.6
Iceland	\$27.3
Ireland	\$27.3
European Commission	\$27.1
Norway	\$25.0
Denmark	\$25.0
Spain	\$21.7
United States of America	\$17.5
Netherlands	\$16.3
Canada	\$11.6
Japan	\$10.0
Portugal	\$5.5
Finland	\$3.3
Slovenia	\$1.6
Estonia	\$0.5
	\$688.04

Source: Self-prepared based on UNFCCC, 2023.

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