# Financing Loss and Damage

Perspectives on Innovative Sources and the MDB Reform Agenda and Interlinkages with the Loss and Damage Fund and Funding Arrangements

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# 1.0. INTRODUCTION

- **Climate impacts are escalating, outpacing countries' ability to adapt.**
- **COP27 established the Loss and Damage Fund—an important but voluntary step.**
- **Developing countries face up to $937 billion in economic losses in 2025.**
- **The Fund must be complemented by innovative financing aligned with equity and justice.**

Loss and damage financing is a matter of fundamental importance to vulnerable nations in the face of the effects of climate change. Increased climate impacts continue to exceed the capacity of countries to adapt and safeguard lives, livelihoods, ecosystems and economies. However, efforts to address loss and damage incurred from climate-related events fall short while the urgency to tackle it soars.

The UNFCCC Glasgow dialogue process confirmed in its report that measures to address loss and damage are limited and underfunded[1]. The majority of interventions have focused on measures that precede loss and damage events, for example prioritising early warning systems, or urgent and responsive measures, such as the provision of humanitarian support during climate disasters. The urgency and need for accelerated action on loss and damage took centre stage at COP 27, where the international community decided to establish a loss and damage fund and funding arrangement.[2].

This agreement was a diplomatic and political win for vulnerable developing countries and civil society organisations who had called for increased action on loss and damage over decades. The decision launched an era of establishing financial options for addressing the myriad loss and damage needs of vulnerable nations Despite these clear wins, the agreement is not without fault. Its underwhelming limitation that it does not mandate developed countries to capitalise the fund and further leaves provision of finance for loss and damage as voluntary decision.

Nevertheless, the new funding arrangements including a fund for responding to loss and damage will play a critical role in supporting developing countries address ongoing and ex-post consequences of ruinous climate events, through provision and mobilisation of resources. This support will be vital for addressing climate-incurred economic and non-economic loss and damage. Developing countries financing needs to address economic losses are estimated at USD 395 billion in 2025, with a range of 128-937 billion[3] With a clear governance system including a board with legal personality, the Fund for addressing Loss and Damage serves as the coordination platform for loss and damage funding arrangements.

1 UNFCCC. 2024. Summary report on the 3rd Glasgow Dialogue. https://unfccc.int/sites/default/files/resource/Summary_GD3_03072024.pdf

2 UNFCCC. 2/CP 27 https://unfccc.int/sites/default/files/resource/cp2022_10a01_E.pdf

3 https://www.nature.com/articles/s43017-024-00565-7

While complementarity with processes and initiatives outside the Convention is encouraged to help bridge existing gaps in climate finance and access, the decision elevates the call to explore innovative sources of finance. This is in line with the previous decision that ramped up calls for continued exploration of innovate approaches and instruments for mobilising finance[1]. As such, the loss and damage financing discourse is not removed from the realities of global financial arrangements. Amidst growing concerns of a global financial architecture that is not responsive to needs of poorer nations, it is imperative to critically define which financial avenues can deliver scaled up finance to frontline communities and countries consistent while upholding principles of fairness, justice and equity.

In response to the needs outlined above, this brief explores various innovative financial instruments for addressing loss and damage financing needs as well as critical factors to consider in pursuing appropriate financing mechanisms. Some of the mechanisms discussed fall within the taxes/levies and pre-arranged finance sphere, while others fall within the global financial architecture reform discourse of MDBs in particular. The brief therefore aims to trigger thought, interest and further work on this matter.

1 UNFCCC COP 26 1/CP 26 https://unfccc.int/sites/default/files/resource/cop26_auv_2f_cover_decision.pdf

# 2.0. UNPACKING INNOVATIVE SOURCES OF FINANCE

- **Voluntary contributions to the Fund for responding to Loss and Damage are insufficient—additional, innovative sources are needed.**
- **Options include taxes, levies, and pre-arranged instruments like contingent disaster financing and insurance.**
- **quity and fairness are essential—mechanisms must avoid economic harm that exacerbates vulnerability of vulnerable groups.**
- **National contexts must guide design to ensure responsiveness and effectiveness.**
- **Key considerations include macroeconomic impacts, structural realities, and safeguards.**
- **Pre-arranged finance (e.g. Cat DDOs, insurance) offers rapid response but must be affordable and inclusive.**
- **Policy frameworks and technical assessments are needed to support effective deployment.**

Although existence of the new loss and damage funding arrangements is laudable, with the loss and damage financing question yet to be fully resolved, the expectation that all countries, and other actors, must voluntarily pay into the fund without a clear obligation for developed nations has sparked interest in alternative avenues for capitalising the Fund.

In addition to pursuing a mandatory contribution to the Fund by developed countries, closing the existing financial gap for addressing loss and damage necessitates mobilising new and adequate finance that is additional to that which shall be voluntarily provided to the Fund. The Fund's current structural orientation, particularly its role in advancing coherence and complementarity with other funding sources, presents an advantage in this effort. As such, an examination and elaboration of various innovative sources and types of finance that could contribute to the Fund is warranted.

It is generally appreciated that innovative sources of finance could provide urgently needed additional finance for loss and damage financing. However, there is doubt as to whether these approaches would be pursued in a fair, just and equitable manner[1]. A main concern is that such approaches might cause unintended macro and microeconomic consequences that could negatively affect vulnerable populations. It is therefore imperative to underscore the centrality of national circumstances when seeking to pursue innovative financing mechanisms for loss and damage.

1 As a fund mandated to enhance coordination and coherence, and advise the COP and CMA on mobilization strategies, the Fund could be globally mandated to receive LD purpose remittances from application of global tax levies. A different approach could entail the Fund supporting countries to implement policy reforms with appropriate ringfencing through national approaches that allow for the application of such levies to raise additional finances for addressing loss and damage.

## 2.1. Factors to Consider in Assessing the Suitability of Innovative Loss and Damage Financing

The goal of innovative loss and damage funding arrangements should be to bend the slope back up. That is, to change the development trajectory with systemic and transformative financing solutions. This requires significantly higher levels of long-term and low- or no-cost financing through international institutions, governments, and markets. Chaperoning this requires an initial comprehension of certain factors, meaningful to developing countries, that predicate innovative instruments.

Table 1 outlines these factors in detail.

***Table 1:*** *Factors Influencing Innovative Financing Instruments*

| ***Levy Package*** | ***Relevance to Addressing Loss and Damage*** | ***Structural Realities to Ascertain Functionality*** | ***Macroeconomic and Fiscal Considerations*** |
|---|---|---|---|
| Fossil fuel extraction, air travel, financial transactions, green house gas emissions, bunker fuels<br><br>Taxes and levies are discussed further in Table 2. | These levy packages target critical emission sectors such as the fossil fuel industry, air and water transport with the ambition to increase costs and/ or reduce overall demand for fossil fuels. Levies can generate finance, offering additional finance to support recovery, rehabilitation and reconstruction efforts in relation to climate change-induced disasters. | The global tax regime should be reorganised to raise additional finance from these sources. This demands a global approach to the application of a carbon levy in these sectors.<br><br>Such an approach must not be one-size-fit-all. Major emitters in particular developed countries with the greater historical and current emission burden yet higher GDP levels and diversified revenue streams must shoulder the larger burden. Vulnerable developing nations with higher climate risks and lower financial capabilities must assess the value of administering levies vis-à-vis economic performance. For 'moderately well' performing economies, their economic and fiscal structures could allow a taxation to target large emitters in hard-to-abate sectors as appropriate.<br><br>A global levy framework with clear loss and damage objectives, governance arrangement and application standards would be required to operationalise innovative sources in a manner that recognises national circumstances. The existence of the Loss and Damage Fund offers a possible institution that could facilitate redistribution of climate finance following consolidation of generated revenues. | National level tax regimes differ country to country. However, a carbon tax would increase production cost for producers of high carbon goods, reduce demand for high carbon goods, and result in triggering a search for alternative, lower carbon goods. Equally, if the cost of production is transferred to consumers, inflation would rise, particularly in countries that are fossil fuel reliant, where fossil fuel powers hard-to-abate sectors and alternatives are not affordable.<br><br>Additionally, real economy productivity has a crucial role to place in overall economic, social welfare and stability of a country. Taking into account the economic outlook of a country in the context of a changing climate is imperative to implication of levies on economic and fiscal stability. Safeguards that avoid unintended economic downturn that exacerbates climate vulnerability must be in-built in various macroeconomic and fiscal policies |

| *Levy Package* | *Relevance to Addressing Loss and Damage* | *Structural Realities to Ascertain Functionality* | *Macroeconomic and Fiscal Considerations* |
|---|---|---|---|
| Pre-arranged financing (PAF) such as credit line arrangements, contingent credit and grants, insurance, catastrophe bonds, and Catastrophe Deferred Drawdowns (Cat DDO's) | These levy packages? support prior preparedness planning and rapid response, and recovery/ reconstruction to a climate catastrophe by offering a safety net for countries and appropriate fiscal space pre and post the event. This provides assurance of payouts during and post an event. Examples include Cat DDO of the World Bank and insurance instruments. | National level circumstances and priorities need to be considered in the pursual of specific instruments. Factors such as political, economic, and disaster risk/ shocks context should be considered in a layered manner, in relation to different instruments. Instrument design would further determine effectiveness to addressing particular risks or shocks.<br><br>The possibility to reach vulnerable affected populations through for example targeted programming to avail relevant levels of social safety nets will be a necessary consideration.<br><br>Policy frameworks – climate and financial policies – are needed to support the design and operationalisation of PAF instruments to enhance maximum benefit. | Provision of resources to countries must consider a country's debt level with careful assessment of country's borrowing capacity to avoid debt distress. Concessional financing should apply. Further, the cost of structuring and managing agreements, including opportunity cost forgone in opting for a particular instrument, requires consideration. |

# 3.0. DEEP DIVE INTO SELECT[I] INSTRUMENTS: TAXES AND LEVIES, GRANT AND CREDIT LINES, AND INSURANCE

- **Taxes and levies (e.g. fossil fuel, air travel, financial transactions) can raise finance and reduce emissions.**
- **Fossil fuel levies must avoid economic shocks—fair redistribution of revenues and safeguards are key.**
- **Just transition finance must be considered where fossil fuel levies pose economic and social development risks to vulnerable nations.**
- **Pre-arranged finance (e.g. credit lines, grants, insurance) provides fiscal space during disasters.**
- **Debt risks must be managed; insurance should be affordable and accessible.**
- **Guarantees can mobilise private finance but are less effective for urgent needs.**
- **Instrument design must reflect national contexts and debt realities.**

## 3.1. Taxes and Levies

Taxes and levies have consistently featured as possible sources of additional finance in the discourse surrounding loss and damage finance. Both could ratchet up efforts to reducing emission reductions either through disincentivising direct or indirect carbon heavy markets. Options[1] that have already been raised in loss and damage conversations include fossil fuel extraction, air travel and bunker fuel levies, global carbon tax, financial transaction tax, multinational corporations and wealth taxes.

Delivering both emission reduction and scaled finance for loss and damage through these mechanisms would be a win-win outcome that would advances humanity's efforts in preserving the planet. However, these options also feature limitations. Assessing their suitability requires intentional consideration of key elements, presented in Table 2.

1 33 Matthew Lai et al., "Climate Justice for Small Island Developing States: Identifying Appropriate International Financing Mechanisms for Loss and Damage," Climate Policy (2022).
Lai et al., "Climate Justice for Small Island Developing States"; and Melanie Pill, "Towards a Funding Mechanism for Loss and Damage from Climate Change Impacts," Climate Risk Management 35 (2022).

***Table 2:*** *Elaborating Tax and Levy Considerations*

| ***Tax or Levy Option*** | ***Principle and Description( Economic and Climate )*** | ***Positive Climate Outcomes*** | ***Application*** | ***Negative (Unintended) Consequences*** | ***Safeguards for Vulnerable Countries in the Developing World*** |
|---|---|---|---|---|---|
| Fossil fuel levy on extraction or (global and/or national) windfall profits | Equity: A fossil fuel levy must ascertain fairness and justice, avoiding undue and uneven consequences on vulnerable developing countries. | An extraction levy can result in emissions reduction by disincentivising fossil fuel extraction, while and proliferating and driving investments in decarbonisation approaches. A windfall levy would generate additional resources to address climate impacts (loss and damage). | An extraction levy should be applied to major polluters, and historical and present emitters, including private corporations in the fossil fuel industry.<br><br>Contestations[1] on who the levy should apply to remain vastly unsettled with varying opinions on the inclusion of national governments. Inclusion of developing country parties would require careful consideration of their national circumstances, role of fossil fuels in budgetary injection, availability of social safety nets, and finance available for a just transition. Consensus on private corporations exists. | Direct or indirect implications on developing countries due to an extraction levy are unavoidable. Increased cost of fossil fuels drive inflation and can cause negative economic downturn.<br><br>Windfall levies would not necessarily guarantee a transition to low greenhouse gas emissions societies if the fossil fuel industry remains highly profitable compared to alternative renewable energy sources. | A tax revenue redistribution mechanism should be fair, advancing climate and renewable energy goals and safeguarding the most vulnerable in society from economic shocks. It should also pay for climate impacts including the provision of support to social protection systems and incentivize both just transition and adaptation to climate impacts in hard-to-abate sectors building<br><br>There must be provision of climate finance to support just energy transitions and rapid investments in renewable energy options, and for the building of a new set of sustainable asset classes, to offer cheaper, greener affordable energy and to generate revenue for fossil-fuel rich countries who depart from carbon-intensive pathways.<br><br>Public finance should offer social security options for low income households susceptible to fossil fuel inflation. |

1 Pill, “Towards a Funding Mechanism for Loss and Damage from Climate Change Impacts,”

The successful application of a fossil fuel levy is dependent on various considerations. While taxation regimes in many countries are already largely established therefore making domestic application possible, the broader market system remains faulty, particularly in the context of climate change. Goods and services causing global warming are not captured in market price and profits, and the substantial profits reaped from the largest contributor to global warming – the burning of fossil fuels - are not redirected to cover the mounting impacts of climate change, particularly loss and damage[1]. Instead, the public continues to settle the climate bill through the burden of these negative externalities, and public policies favour the burning of fossil fuels through for example issuance of tax revenues to subsidise fossil fuel production and consumption.

Market-based tools that could internalise the cost of global warming remain underutilised and underdeveloped. Application of a global tax on carbon in the extraction industry have limited effect if countries still subsidise fossil fuels at scale, and the underutilisation of tools such as tax credits and subsidies for renewables persists. Policy measures that aim to repurpose harmful subsidies, taxation of windfall profits in the fossil fuel sector, and levies on hard-to -abate sectors should be implemented alongside just transition measures to avoid onerous impacts on vulnerable societies.

The process of adjudicating the carbon tax value at national and global levels must be grounded in national circumstances, and accounting for the social costs of GHGs, which are currently excluded in production and consumption of fossil fuels. Technical work and political deliberations are needed to determine who should be targeted, how to designing a redistribution mechanism that is fair, climate positive and country specific for proceeds distribution, and the transparency arrangements required to avert unintended market volatility that would disproportionately affect the poor.

Securing a global carbon tax without determining a loss and damage purpose would risk further alienating the already limited financing for loss and damage[ii]. Raising additional finance for loss and damage will require a globally agreed arrangement that leverages national-level efforts, while acknowledging the cross-border operational jurisdictions of fossil fuel companies. Overall, this approach must avoid desultory actions but leverage on the growing consensus that carbon and emission intensive sectors must not only decarbonise, but also contribute financially to address loss and damage. Important trade-offs are needed across fiscal, climate and development policies, and a strong commitment from governments to prioritise the climate system, nature, and the protection of vulnerable populations.

With various ongoing political and technical discussions[iii] aiming to operationalise a global levy/ tax regime with clear loss and damage objectives, there is a need to prioritise safeguards to avoid negative unintended economic implications, particularly for vulnerable countries. The interconnectedness of the global financial architecture – demand, supply – requires careful examination with the aim of reforming current discrepancies that limit and punish climate ambition. Placing people and planet before profits guided by principles of equity, polluter pay, and national circumstances is central to efforts to reform such discrepancies.

1 Externalities, Subsidies, and Taxpayer Cost of Fossil Fuels | Ryan Eagan

## 3.2. Prearranged Finance Instruments

A raft of financial instruments hold the potential to enhance country readiness and response capabilities during and post extreme climate events. These are prearranged financial instruments and they aim to minimise risk and offer easy, accessible aid for climate catastrophes. However, there is a threat of unintended consequences if not carefully designed and implements. Some of these financial instruments are explored in Table 3.

***Table 3:*** *Elaborating Considerations for Prearrangement Finance Instruments*

| ***Prearranged finance instrument option*** | ***Principle and description (economic and climat )*** | ***Positive climate outcomes*** | ***Application*** | ***Negative (unintended) consequences*** | ***Safeguards for vulnerable countries in the developing world*** |
|---|---|---|---|---|---|
| Contingent disaster credit/ grant lines | Enhancing flexibility of nations to response to climate disasters. | A direct budgetary injection such as from the Loss and Damage Fund to support response actions such as policy, and institutional coordination frameworks, and support response during/ post a loss and damage event. These instruments create the required fiscal space for countries to be able to to address loss and damage. This varies on the form of the instrument used | All developing countries require contingent climate disaster financing. Countries must develop disaster strategies to articulate various risk and shock profiles and assess which contingent disaster financing instrument (credit or grant line from domestic or external sources) would be most appropriate.<br><br>Both types apply best to medium-high frequency events of lower severity.<br><br>Application of credit lines should be preceded by a macroeconomic assessment to determine overall fiscal space. | Frequent borrowing risks caused by increased climate events drive the debt burden ballooning , especially in developing countries. | It is imperative to build a contingency line that does not add additional debt distress to a recipient country.<br><br>Mechanisms for debt assessment and management are required to inform countries' decisions on the most responsive financial arrangements to pursue. Important factors to consider include the frequency of extreme climate events, past experiences with costs of such events, projected costs, and economic and non-economic ramifications.<br><br>Currently, methodologies to estimate the true costs of economic and non economic loss and damage are glaringly inadequate and country capabilities to predict extreme events and incorporate them into development and economic planning remain low. Therefore, country methodologies that foster the integration of climate science and data into debt assessments and scenarios are essential to inform instrument access. |

| ***Prearranged finance instrument option*** | ***Principle and description (economic and climat )*** | ***Positive climate outcomes*** | ***Application*** | ***Negative (unintended) consequences*** | ***Safeguards for vulnerable countries in the developing world*** |
|---|---|---|---|---|---|
| Insurance | Risk retention and transfer | Insurance instruments offer social and individual protection from climate risks and hazards | Can be applied using a parametric or indemnity-based arrangement, based on a trigger approach type | Premiums can be expensive for vulnerable communities and may marginalise the vulnerable population.<br><br>Not applicable for all losses and risk types insurability is possible with increased climate frequency | We need a viable insurance market that does not marginalise vulnerable populations, and is based on, types of risks, access and premium costs.<br><br>Responsive insurance products must hinge on comprehensive risk management with the aim of supporting the vulnerable.<br><br>A priority for vulnerable nations is to acquire affordable insurance. Public finance from international sources can reduce the cost and integrates insurance into assets development.<br><br>Risk pooling and risk layering approaches can foster informed insurance decisions that constitute overall comprehensive risk management strategies of vulnerable countries. These approaches can offer cost-efficiency, reduced premium costs, access to global reinsurance markets and expanded comprehensive coverage. |
| Guarantees | Avail additional capital by mitigating financial risk posed by climate impacts, thereby leveraging private finance | Long-term reconstruction and resilience efforts | Useful in structuring long-term, scalable support for reconstruction and resilience | Limited in responding to immediate and urgent needs hence not best placed for urgent loss and damage needs | Risk mitigation is an avenue for private finance mobilisation in resilience support . However, a cautious approach to averting and addressing contingent liability and private capital in the context of debt burdens is required. |

Political and technical discussions aiming at exploring a blended finance package with instruments such as concessional and grant-based financing beyond the use of market loans are needed to enhance the level of responsiveness to countries' needs.

Additionally, risk off-take mechanisms such as insurance should protect vulnerable nations from shouldering undue and expensive premiums. Such a diversification could include cross institutional financial innovation.

Country level decision making should be based on a technical assessment of appropriate PAF instruments that respond to a country's debt and fiscal reality, concrete risk reduction and risk response.

Overall, innovative sources of finance must be explored and applied as appropriate within the realms of country contexts and circumstances in line with decision 1/CMA 6[1].

1 Decision 1 CMA 6. Paragraph 15. https://unfccc.int/sites/default/files/resource/cma2024_L22_adv.pdf

# 4.0. LOSS AND DAMAGE FINANCE AND MDB REFORM AGENDA

- **UNFCCC decisions urge MDBs to scale up climate finance and improve access.**
- **Reform initiatives (Bridgetown, Nairobi, Accra-Marrakech, Paris Pact) call for debt relief, SDRs, and fairer taxation.**
- **Progress includes MDB reforms focused on effectiveness and concessional finance.**
- **CRDPCs offer liquidity relief post-disaster but face barriers like credit rating risks.**
- **Climate risk is under-addressed—MDBs must integrate complex risk assessments.**
- **Supervisory safeguards must ensure equity and avoid exclusionary effects.**

## 4.1. 4.1 MDB -Related Decisions at the UNFCCC

Over the past few years, the climate process has triggered pertinent discussions on climate finance. Subsequently, there has been movement towards reforming the global financial architecture to unlock additional finance, low or no cost financing, and to enhance access. There have been various decisions at the multilateral level urging MDBs to do more in regards to addressing the climate crisis. Calls to enhance finance mobilisation, scale up investments to climate action and to accelerate alignment of finance activities with the goals of the Paris Agreement encompassed the COP 26 political decision. [1] These calls signal the early steps toward broader structural and systemic reform of the global financial architecture, a connection that COP27 brought to the forefront by highlighting the crucial link between climate finance and climate action.

There have been direct calls to the shareholders of MDBs and international financial institutions to reform MDBs' practices and priorities. COP 27 urged MDBs to define a new vision fit to address the climate emergency and to institute an operational model, channels, and instruments. Moreover, an invitation to ramp up climate ambition and deliver greater results by leveraging their diverse policy levers and financial instruments was offered[2].

Although COP 29 had a contestable New Collective Quantified Goal on finance (NCQG) outcome[iv], it set a raft of measures relating to MDBs and climate finance. This was a necessary move that included MDB finance in the structure of the new finance goal. The new finance mobilisation goal targets, aiming to mobilise at least USD 300 billion per year by 2035 for developing country Parties,[3] will be attained through deployment of a wide variety of public and private sources. It also includes a voluntary intention of Parties to count all climate-related outflows and climate finance mobilisations from MDBs. This is unconventional, as Parties would have full discretion to consider MDB finance part of their climate finance contribution. Nevertheless, the inclusion of MDBs in the new finance goal sets expectations for MDBs' to deliver quality finance to developing countries, establish avenues to enhance climate finance mobilisation, and the need for climate finance accounting methodologies.

1 UNFCCC COP 26

2 UNFCCC COP 27

3 UNFCCC COP 29 NCQG outcome.

## 4.2. Overview of Current MDB Reform Initiatives and Linkage to Loss and Damage

Various international financial architecture reform initiatives are driving the MDB reform agenda, building critical momentum towards delivery of a new, fair and just international financial architecture. Key reform initiatives are assessed below against their purpose, progress made, and limitations.

### 4.2.1 Bridgetown Initiative (1.0 , 2.0, & 3.0)

Unveiled and championed by Barbados' Prime Minister Mia Mottley in 2022, the Bridgetown Initiative aims to reform the global financial architecture to shore up the delivery of climate resilience financing to vulnerable nations[1]. The initiative advocates for increased provision of climate finance to climate affected nations and proposes expanded climate finance responsibilities for MDBs. This includes the use of instruments such as debt pause clauses to increase liquidity, reallocation of Special Drawing Rights (SDRs), and creation of an emergency liquidity facility at the World Bank[2]. The initiative has called for MDB governance and structural reform, with the goal of increasing representation of climate vulnerable nations.

This initiative also recognises that addressing loss and damage is a matter of urgency that cannot be deprioritised from efforts to invest in Global Public Goods. It lays emphasis on the need for affordable financing to allow greater fiscal space for vulnerable nations to invest in climate adaptation while exploring new sources of financing. Sources include international taxation regimes on the super-rich, taxing fossil fuel company windfall profits, exploring levies for hard-to-abate sectors, and capitalising the Loss and Damage Fund. Establishing a viable insurance market is also widely recognised as a key precondition for investment into assets, by individuals, governments, and the private sector alike. [3].

This Bridgetown Initiative has garnered recognition in recent years, and has had notable global influence and ownership. It has catalysed increased discussion on increasing concessional and affordable financing for vulnerable nations, reforming the SDRs and exploring new climate financing mechanisms within various political and financial institution processes such as the G20, World Bank and the IMF[4].

However, overall political appreciation of the initiative has not yet driven real action. Wealthier nations, holding diverging views on some of the proposals such as reforms of the SDRs and debt, have shown inadequate commitment to posited proposals, delaying implementation and progress[5].

1 (Global Citizen, 2023).

2 (CGD, 2023); (World Economic Forum [WEF], 2023

3 Bridgetown Initiative. Bridgetown Initiative 3.0 – Bridgetown Initiative

4 (World Economic Forum [WEF], 2023).

5 (Reuters, 2024).

### 4.2.2 Nairobi Declaration

The Nairobi Declaration was endorsed by African leaders during the first Africa Climate Summit hosted in Nairobi in 2023. The declaration calls for a raft of reforms to the global financial architecture, including deployment of SDRs for climate action, and better leverage of MDBs balance sheets to scale up concessional finance. It also includes pursuing debt sustainability by improving debt management through new debt relief instruments, enhancing international cooperation at the United Nations to address tax evasion, exploring additional measures to crowd in and de-risk private finance, and redesigning MDB governance for appropriate representation[1]. The declaration has enhanced Africa's position in global financial architecture and climate finance reform discourses as it presents specific Africa-centric targets[v] for the multilateral community.

### 4.2.3 Accra-Marrakech Agenda

The Accra-Marrakech agenda of the V20 Group, representing 68 of the world's climate-threatened economies, was adopted on 16 October 2023. The agenda pursues a world economy fit for climate, and responsive to the needs of the most vulnerable groups. This agenda incorporates vital issues pertaining to the re-writing of the global financial architecture, making debt work for climate, revolutionising risk management for a climate insecure world, and promoting a new global deal on carbon financing[2] . Vulnerable countries have called for the integration of climate resilience into debt restructuring, for example through climate-debt clauses, and this has contributed to discussions among various MDBs including the World Bank. The agenda has a strong emphasis on addressing loss and damage through financial arrangements such as pre-arranged and trigger-based funds and the strengthening of climate risk monitoring in International Financial Institutions and credit rating practices

### 4.2.4 Paris Finance Summit (Summit for a New Global Financing Pact) - Paris Pact for People and the Planet

Under the leadership of France, the Paris Finance Summit convened in June 2023. It rallied global leaders to lay the groundwork for a new financial system that is more equitable, solidarity-based, and fit for purpose in the fight against poverty, climate change and the protection of diversity. The summit culminated in the Pact – Paris Pact for People and the Planet,[3] and defined principles to predicate reforms of the global financial architecture, and development partnerships between the Global North and South. The Pact paves the way for efforts to address debt, improve access to financing for sustainable development, reduce emissions, and protect the environment and vulnerable populations from ecological crises.

**The Paris Pact's 4 main principles:**

- No country should have to choose between its development and protection of the planet.
- Every country is free to adapt a transition strategy of their own to achieve the objectives of the Paris Agreement.
- A massive scaling up of public finance is needed both to alleviate poverty and protect the planet.
- Private finance needs to be redirected and raised in massive amounts to support these objectives

1 Africa Union, 2023. Nairobi Declaration https://au.int/sites/default/files/decisions/43124-Nairobi_Declaration_06092023.pdf

2 Vulnerable Twenty Group. Accra- Marrakech Agenda. Accra-Marrakech-Agenda_Adopted_15October2023-compressed.pdf

3 Paris Pact for People and the Planet (4P). 2023. Paris Pact for People and the Planet (4P) - Ministry for Europe and Foreign Affairs

The Pact launches an inclusive forum for countries to put forward initiatives relating to scaling up finance for climate and development. For instance, Barbados, France and Kenya launched the Global Solidarity Levies Task Force[1] in November 2023 to advance options for international levies to raise finance for climate response, nature and development. Further, the platform also focuses on creating joint approaches to development, climate and nature and informing discussions in other multilateral fora.

#### 4.2.5 Petersberg Climate Dialogue

The annual Petersberg Climate Dialogue, an initiative launched by Germany, convenes ministers and heads-of-state to shore up climate ambition including increasing financial commitments for climate action. The dialogue covers multiple climate topics, and various messages are released with the aim of building greater climate cooperation. Calls to advance the reforms of the global financial architecture and to transform climate finance have featured in the dialogues. The former has included the need to build fairer systems while the latter highlights the need for increased focus on mobilising finance, in particular private finance, through enabling policies and instruments that do not increase debt burden nor increase the cost of capital[2].

## 4.3. Progress in Reforming the Global Financial Architecture

Reform agendas have drawn significant attention to issues essential for the survival, growth and development of vulnerable and developing countries. Increased discussions on debt distress and sustainability, SDRs and new and innovative climate financing mechanisms are taking place in various multilateral fora such as the G20, and International Financial Institutions including the IMF and the World Bank. Since reform agendas are complementary, it would be counterproductive to attribute progress in the broader financial architecture to any single agenda. These efforts are interconnected and build on one another in various ways. However, it is possible to acknowledge that progress on specific issues has been advanced through the collective efforts of broader reform agendas.

#### 4.3.1 Overview of MDB Reform Proposals

There have long been calls for MDB reforms to better facilitate them to invest in tackling poverty through long term development, addressing the climate crisis, and advancing attainment of the sustainable development goals (SDGs). The focus on long term fitness for MDBs has highlighted the urgent need to move away from approaches that only look to increase MDB's financial capacity, to those that embody broader effectiveness. Financial efficiency reforms have demanded increased leveraging of MDBs' balance sheet and increased MDBs' lending capacity through financial innovation. While these reforms have intended to raise capital, the approach will only potentially deliver a 30% increase on their 2019 pre-COVID commitment levels by 2030, equivalent to USD 40 billion per year[3]. USD 260 billion per year is required to meet the SDGs[4], underlining the inadequacy of the current reforms. Conversely, expansion of headroom lending, optimisation of balance sheets and financial innovation have increased non-concessional financing, raising the stakes for developing countries that are the risk of debt distress.

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1 Global Solidarity Levies Task Force. 2023. Global Solidarity Levies Task Force | For People and the Planet

2 Co Chairs summary. Petersberg dialogue 2025. https://www.auswaertiges-amt.de/en/newsroom/news/2711154-2711154

3 OECD (2024), Multilateral Development Finance 2024, OECD Publishing, Paris, https://doi.org/10.1787/8f1e2b9b-en.

4 G20 Independent Experts Group. Strengthsening Multilateral Development Banks. The Tripple Agenda.2023.

While there have been consistent calls for a MDB revolution, they have varied greatly. Some have focused on increased funding to MDBs, and others on greater alignment of MDBs with climate and SDGs. There has also been a focus on increased effectiveness, including effective governance, greater coordination within the MDB system, reduced cost of capital, and increased risk absorption through redrawing government and private sector engagement. For instance, the OECD argues that increasing multilateral mandates and challenges demands a balanced reform approach that complements efficiency with effectiveness. They also posit that the aim is make better use of existing resources by ensuring transparency and adopting a system-wide approach that emphasises coordination, coherence and reform aspects of the financial system[1].

UNFCCC Parties have made calls to enhance MDBs' practices and priorities[2] while the triple agenda of the G20[3] places attention on recrafting MDBs Vision statements, recommending an array of operational model options, strategies to scale up funding and MDBs functioning as a system[4]. Similar recommendations are made by the G20,[5] and elements articulated within various International Financial Architecture Reform agendas.

### 4.3.2 Exploring Reforms: Debt Pause and Suspension, and Climate Risk Assessment in the Financial Sector

#### 4.3.2.1 Climate Resilient Debt Pause Clauses

Climate resilient debt pause clauses (CRDPCs) have gathered momentum following political calls, in particular the Bridgetown Initiative, to consider mainstreaming disasters and shocks in debt arrangements. This debt treatment innovation is a state-contingent debt instrument that facilitates debt repayment deferment after climate shocks for a pre-agreed duration following certain trigger threshold(s)[6]. When climate disasters ravage low income vulnerable nations with high debt levels, there is great physical and fiscal harm, and a risk of damaging already brittle country balance sheets.

Deployment of CRDPCs could offer immediate liquidity relief permitting affected countries to redirect debt servicing efforts to response and recovery. This would also allow countries to avert costly budgetary reallocations that emanate from budget cuts from crucial public and social services and investments. Preventing severe economic loss and downturn by freeing up fiscal space is possible through built-in trigger-based debt deferral arrangements.

1 OECD (2024), Multilateral Development Finance 2024, OECD Publishing, Paris, https://doi.org/10.1787/8f1e2b9b-en.

2 UNFCCC COP 27. 1 CMA 4

3 https://www.gihub.org

4 G20 Independent Experts Group. Strengthening Multilateral Development Banks. The Tripple Agenda.2023.

5 G20 Roadmap toward Better, Bigger and more Effective MDBs. 2024. https://coebank.org/documents/1577/G20_Roadmap_towards_better_bigger_and_more_effective_MDBs.pdf

6 Mustapha, S.; Talbot, T.; Gascoigne, J. (2023) 'Innovations in Sovereign Debt: Taking Debt Pause Clauses to Scale.' Insight Paper. Centre for Disaster Protection: London. https://static1.squarespace.com/static/61542ee0a87a394f7bc17b3a/t/643506609e2df202d2974606/1681196642102/230406_Innovations+in+Sovereign+Debt+Taking+Pause+Clauses+to+Scale_FINAL+%281%29.pdf

The development of a guidance note and publication of a standardised term sheet for private creditors was a precursor to the prominence of CRDPCs. The guidance note was a result of a convening of financial actors - International Financial Institutions, private sector representatives, G7 and borrowing countries- by the United Kingdom in 2022, and the term sheet is a product of the ICMA. These documents subsequently informed polices of various MDBs and DFIs[1]. Owing to their potential benefits, CRDPCs have garnered prominence and there are broader calls for further work on these instruments, and there is increasing adoption by public and private creditors.

In 2023, the World Bank, within its new toolkit, proffered a two year CRDPC for IBRD and IDA credit repayments in the event of a disaster to Small State Economies, Small Island Developing States (SIDs) and Small States Forum members[2]. Further, the World Bank CRDPCs can be leveraged to defer interest and principal repayments for up to 2 years.[3]

Furthermore, the International Development Bank (IDB) integrates CRDPCs into existing loans upon satisfaction of certain conditions and avails a 2 year fixed term principal repayment deferral[4]. Amidst greater calls from non-SIDS for expansion of eligibility for CRDPCs[5], the World Bank and other MDBs should extend the application of CRDPCs beyond SIDs to include other low-middle income vulnerable nations. Further, highly indebted countries that are not up-to-date with debt servicing should also be eligible for CRDPCs in order to address climate-worsened fiscal realities.

Additional MDBs exploring CRDPCs include the European Bank for Reconstruction and Development, the Asian Development Bank and the African Development Bank. CRDPCs have been applied in bond repayments in Barbados, Bahamas and Grenada. Grenada and Barbados benefitted from a debt restructuring arrangement that included CRDPCs. In the case of Grenada, a USD 12 million interest on debt repayment on the 2015 hurricane bond was triggered in 2024, activating the CRDPC and freeing up fiscal space for disaster response[6].

Despite being widely fronted in various international fora, there are barriers that hinder the instrument's widespread deployment. Rising and projected debt distress risks increased sovereign defaults, which in turn can affect future debt restructuring efforts[7]. For CRDPCs to be effective, the shift from Offifical Development Assistance (ODA) to loan-based financing in development finance must be carefully managed to avoid debt ballooning and subsequent defaults.

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1 Climate-resilient debt clauses: a primer for FiCS members. 2023. https://www.climatepolicyinitiative.org/publication/climate-resilient-debt-clauses-a-primer-for-fics-members/

2 WBG, "World Bank Group Announces Comprehensive Toolkit to Support Countries after Natural Disasters," June 22, 2023 ; Crisis Preparedness and Response Toolkit

3 Shakira Mustapha and Charlotte Benson. 2024. Centre for Disaster Protection.
Demystifying pre-arranged financing for governments: a stocktake of financial instruments from international financial institutions

4 CPI.2025. Climate-Resilient Debt Clauses: A primer for FiCS members. https://financeincommon.org/sites/default/files/2025-03/Climate-Resilient-Debt-Clauses-Primer.pdf

5 International Peace Institute. 2024. Can the World Bank Deliver on Climate Change? Testing the Evolution Roadmap through Loss and Damage

6 CPI.2025. Climate-Resilient Debt Clauses: A primer for FiCS members. https://financeincommon.org/sites/default/files/2025-03/Climate-Resilient-Debt-Clauses-Primer.pdf

7 World Economic Forum. 2024. Global Risk Mapping https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf

CRDPCs also pose other challenges, such as the potential to drive up borrowing costs due to altered value of net present investments, negative credit rating implications, and complexities in applying pauses to commercial lenders. Effective deployment will require coordination between international creditor alliances such as the Paris Club, private actors and state creditors. Finally, broader concerns around transparency concerns in broader debt negotiation and restructuring, as well geopolitical and economic factors pose a threat to CRDPCs' deployment.

Despite their benefits and significant potential, CRDPCs are not a silver bullet. Broad, successful deployment requires carefully designed, standardised triggers. More and better data is required to enhance work and discussions on triggers that are best suited various geographic contexts and disasters. Approaches will need to galvanize CRDPC ratings neutrality for borrowers, averting imminent negative credit rating risks. Triggers will also need to be diversified beyond hurricanes and earthquakes, with particular emphasis on slow onset loss and damage. MDBs must assume a greater role in supporting vulnerable nations in strengthening climate risk management frameworks that integrate the leveraging of various instruments, including risk pools, grants, concessional financing and contingent credit lines to avoid a sovereign debt contagion.

#### 4.3.2.2 Climate Risk and the Financial Sector

Climate change poses multiple types of risks that are majorly categorised as physical and transitional risks. Building evidence shows that these risks interact in complex ways, often beyond narrow sectoral boundaries. As such, there is a growing understanding of complex climate risks[1][vi] . Risks posed by climate change interfere with adjusted risk returns for financial institutions, which in turn influences how institutions provide financing to climate-affected or sensitive sectors. For instance, physical climate change impacts interfere with productivity in the real economy sectors which results in loss of capital, competitiveness and increased replacement, rebuilding and reconstruction costs. This capital loss heightens financial risk-aversion in the most impacted sectors, causing a retrenchment in investment. Economic productivity is subsequently affected, as is financing of vulnerable actors such as SMEs and MSMEs due to their risk profile.

Transition risk also has a retrenchment effect where financial institutions, informed by an emissions reduction agenda, limit their exposure to potential losses presented by liquidity, market, and credit risks associated with high carbon activities. This poses a stranded asset risk for high carbon assets and businesses. Furthermore, without transitions finance, vulnerable actors such as MSMEs and low-income households businesses stand to lose viability as they lack the financial mobilisation capacity required to invest in new and greener business lines and asset classes[2]. As such, a combination of physical and transition risks place undue burden on small, largely informal vulnerable businesses. This demands requisite policy measures that foster recovery in the event of climate risk-related loss, and the provision of sustained financing to facilitate transition to greener business models.

1 Simpson, N. P., Schmidt, D. N., Trisos, C. H., & al., E. (2021). A framework for complex climate change risk assessment. One Earth

2 Peter Knaack, Peter Zetterli. 2023. Climate risk and financial inclusion.

It will be essential for MDBs to assess and evaluate these risks in their country engagement strategies, particularly for vulnerable nations. Prioritising their adaptation actions in response to countries' vulnerabilities and risks requires an approach that goes beyond a top-level appreciation of adaptation realities. An assessment of adaptation integration into the country strategies of three key MDBs (African Development Bank, Asia Development Bank and World Bank) revealed that the adaptation share in these strategies accounts for more than 40% of priorities, 20 % of objectives and 10% or less of results indicators[1]. The sharp drop in adaptation across these categories signals that much needs to be done to move beyond rhetoric, not only at a MDB level but also for counties' engagement in defining and setting adaptation results as a basis for their MDB cooperation. At the global level, a key piece of work clarifying measurement indicators is under consideration by Parties to the Paris Agreement.

Countries are also considering adaptation indicators under the UAE – Belém work programme, and are developing indicators for measuring progress towards adaptation targets of the Global Goal on Adaptation Framework[2]. This effort needs to recognise that measuring climate finance should include the results of what that finance attains, and practical indicators must link finance provided and mobilised with adaptation results. Regrettably, this effort does not consider aspects of loss and damage. However, some of the targets offer an opportunity to address, to some extent, climate damages. This lack of loss and damage inclusion is reflected in the low ranking distribution of social protection and disaster funds related results indicators in the overall sectoral targeting, displayed in Figure 1.

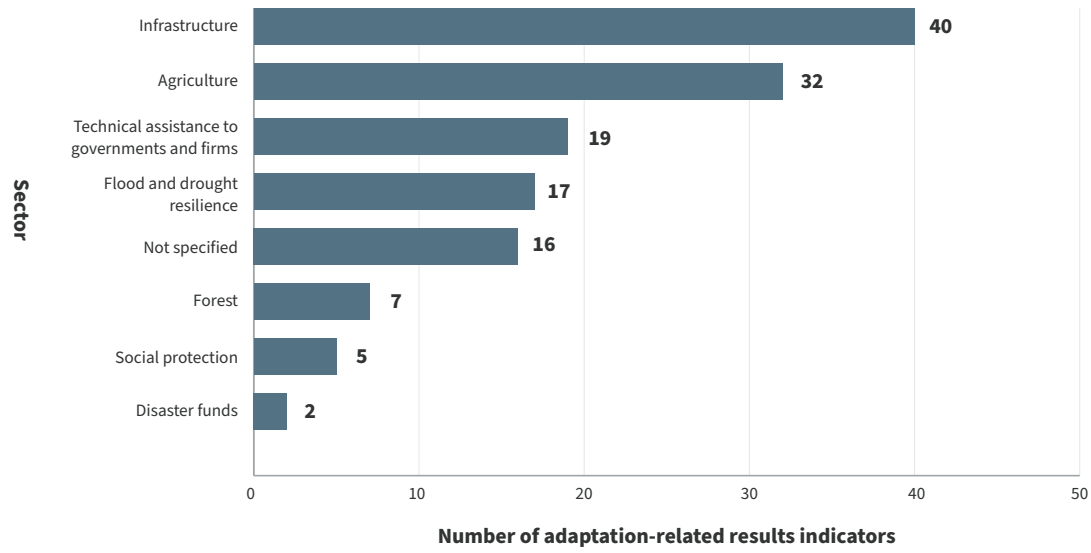


**Figure 1.** *Distribution of Adaptation-related Results Indicators across Sectors.*
**Source:** *MDB Strategies in the Most Climate-Vulnerable Countrie*s

1 Lee, Matthews, Armutlu.2024. MDBs Strategies in the Most Climate-Vulnerable Countries

2 UNFCCC GGA 2 /CMA 5.

As illustrated in the discussion in this section, climate change risk is currently not fully accounted for by different financial actors. Climate impacts on the financial system are anticipated to be extensive over the next years and the interplay between various physical and transitional risks, and financial vulnerabilities, demands granular exposure analysis, and improved measurement and modelling of climate impacts on financial stability over medium to long-term timeframe[1]. Such an approach would enhance financial actors' understanding of risks and offer a strong basis for a risk-responsive, instead of risk averse, management approach.

Careful considerations should be taken for risk inclusion within the financial sector. The aim should be to avoid increased cost of capital from risk-based pricing for high intensity climate impacts such as rainfall, drought, sea level rise that cause losses and damages. Further, it is a core exigency to for the financial sector to incorporate financing arrangements for various exposures and hazards, with the ambition to drive and buy-down risk and catalyse greater and fair investments into contexts of loss and damage. This will support recovery, reconstruction, rehabilitation and resilience.

Supervisory practices and safeguards for climate risk inclusion in the financial sector being developed and covering areas such as reporting, disclosures, capital adequacy requirements, climate and environmental due diligence and certification will have unintended consequences if equity and inclusion are not integrated into their design. These measures need to be weighted against the overall impact on poverty eradication and sustainable development to ensure that the low carbon climate resilient trajectory is fair and equitable, and maintains a right to growth and development for vulnerable countries and communities. Sound and inclusive regulatory action by financial regulators is required to avoid exclusionary effects.

1 European Central Bank. 2021. Climate-related risk and financial stability.

# 5.0. MDB-CENTRED LOSS AND DAMAGE FINANCING: LENS OF THE NCQG

- **MDBs must reform to deliver urgent, fit-for-purpose climate and development finance.**
- **NCQG must deliver grant-based, concessional, and non-debt-inducing finance.**
- **MDBs should shift risk perceptions, simplify access, and align with country goals.**
- **Common methodologies are needed to track and measure finance effectiveness.**
- **Effectiveness should be defined by results, not just disbursements.**

The MDB reform agenda espouses various elements that present opportunities reform avenues for scaling up loss and damage finance. These include expanding the resource mobilisation base including through new taxes and levies and financial innovation, improving fiscal space through debt reduction measures and issuance of SDRs, and application of debt pause clauses into public and private lending. Amidst the various reform initiatives, measuring progress in mobilisation of finance, and delivery of finance by MDBs remains to be addressed. The design of common methodological approaches to support MDB tracking and climate finance accounting of either outflows or additional finance through mobilisation efforts is a necessity.

Efforts such as preparation of Joint MDB Climate Finance reports offer useful reflections on the imperative to build and strengthen methodological approaches transparently, but also in a cohesive manner that eliminates double counting and enhances data comparability and aggregation. Both aspects will be an important addition to NCQG efforts.

**The New Collective Quantified Goal has a set of expectations on the nature of finance to be provided to developing countries[1] . These are:**

1. Enhance their operational arrangements (channels, models and instruments) so that they are fit for purpose to urgently address climate change, development and poverty. This aligns with ongoing MDBs efforts to collaborate and deliver as a system in a world with multiple development and growth crisis.
2. Aim at increasing grant financing disbursements to the least developed countries and SIDS
3. Deploy a range of instruments, with a focus on non-debt-inducing instruments, and scale up highly concessional finance that does not drive debt-distress in highly indebted and vulnerable regions, such as Africa.

1 UNFCCC. New Collectie Quantified Goal. https://unfccc.int/sites/default/files/resource/cma2024_L22_adv.pdf

**Changes and reforms are required at a MDB level. These include:**

1. Shifting their risk appetites in the context of addressing climate change by, instead of approaching climate risks as barriers to flow of finance and investments, deploying a set of responsive risk treatment approaches.
2. Simplifying access to finance including through tackling barriers such as technical gaps at the national level, and overly burdensome conditionalities and processes.
3. Enhance the effectiveness of climate finance provided and mobilised to support climate and development goals. A shared understanding of country goals, plans, strategies, structures and institutions must form the basis for designing common effectiveness parameters.

These elements form an important MDB reform discourse for a fair financing of climate actions. While MDBs have great potential to deliver on these goals and move the needle towards scaled up climate relevant and specific financial resources for climate action to developing countries involvement of developing countries to onboard their circumstances and agency is unequivocal.

# 6.0. CONCLUSION

- **Loss and damage finance is critical for vulnerable countries facing climate impacts.**
- **Finance must support recovery, rebuilding, and long-term resilience.**
- **The Fund should coordinate diverse actors and link with other mechanisms.**
- **Innovative finance must be fair, needs-based, and nationally driven.**
- **Developed countries remain responsible for providing finance under the Convention.**

Increased loss and damage financing is critical for all vulnerable developing countries such as SIDS and LDCS, which face disproportionate climate impacts despite their low historical responsibility and limited fiscal capacity to respond. Financing for early recovery, medium to long term rebuilding , rehabilitation, and reconstruction efforts in response to climate disasters must aim to set countries on resilient development trajectories. In the long term, no- and low-cost financing will be necessary to enable countries to respond appropriately to instances of loss and damage. This will require mobilising all sources of finance possible, including MDBs, other financial institutions, governments, and markets.

As a coordination unit for loss and damage funding arrangements, the Loss and Damage Fund could explore additional financial resources through linkages with other funding mechanisms and institutional arrangements. Further, discussions on innovative sources of finance for loss and damage, guided by principles of fairness and justice, must position the Fund as a core recipient and a key pillar for coordinating various actors to align finance support. In addition, loss and damage financing efforts should deploy a full suite of instruments to reach their goal, including grants, concessional finance and guarantees. They should also use debt reduction and cancelation instruments that are just, responsive to countries' debt burdens, and that enhance risk appetite - helping to crowd in capital and prevent the retrenchment of finance driven by risk perceptions that accompany climate induced losses and damages.

MDB's uniqueness can be leveraged to drive higher marginal impact post climate disasters in the recovery phases, by mobilising finance at scale and reducing the cost of long term finance consistent with the demand to restore and improve economies and enhance resilient development. However, their catalytic role of building enabling environments and investments through innovative sources must be grounded in the principles of the Convention and the Paris Agreement. Their efforts and those of other financial actors must be coordinated through the Loss and Damage Fund and appropriate national mechanisms.

Pursuing these possibilities does not negate developed countries' responsiblity to provide finance to developing countries for loss and damage in line with the Convention financial mandates, and COP decisions[1]. Legal recourse is now possible , in line with the recent International Criminal Court ruling that criminalises failed adherence to climate commitments, and sets a legal framework for loss and damage[2].

In principle, any mechanism to unlock loss and damage financing should be: guided by the principle of Common But Differentiated Responsibility, new and additional, needs-based, adequate and predictable, prioritise grant and no to low cost financing, and nationally owned and driven.

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1 UNFCCC. Decision 3/CP.18 Approaches to address loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change to enhance adaptive capacity

2 UN News. https://news.un.org/en/story/2025/07/1165475

# ENDNOTES

i Loss and damage funding instruments are diverse. The paper settles on the three appreciating t

ii Loss and damage needs are estimated at USD 400 B per year , while the Fund for Responding to Loss and Damage has a commitment of USD 745 M ( Shawoo, Z., Ghosh, E., & Nazareth, A. (2025). Implementing innovative finance instruments for loss and damage. Stockholm Environment Institute. https://doi.org/10.51414/sei2025.018 )

iii Solidarity levy process of the Global Solidarity Levy Taskforce; discussions under the Sharm-el-Sheikh dialogue on Article 2.1 C and its complementarity with Article 9

iv The quantum of the new finance goal, at least USD 300 B per year until 2035, is way below developing countries' needs and priorities, estimated USD 5.9 -6.8 Trillion dollars until 2030 by the UNFCC Standing Committee on Finance. The estimate has insufficiencies such as not including the whole spectrum of needs and their costs. The structure of the new goal implies a joint effort by countries to on a voluntary basis that contributes to the USD 300b goal premised on thorough accounting approaches.

v SDR Re-channelling target of of at least $100billion of SDRs to Africa, including through institutions such as the African Development Bank; Target to scale up concessional finance to at least $500b per year and develop a robust tax cooperation at the UN that reduces Africa's corporate tax revenue loss of USD $ 27 billion annual through profit shifting by by at least 50% by 2030 and 75% by 2050.

vi The IPCC offers two definitions of complex risks. Compound risks – risks that arise from the modification of multiple climate events or harzards in terms of occurrence, intensity and periodicity to cause extreme impacts that occur simultaneously or sequentially triggering cascading impacts ( IPCC IPCC, 2019: Technical Summary H.-O. Pörtner et al) ; Emergent risk – A risk that arises from the interaction of phenomena in a complex system; for example, the risk caused when geographic shifts in human population in response to climate change lead to increased vulnerability and exposure of populations in the receiving region ( Simpson, N. P., Schmidt, D. N., Trisos, C. H., & al., E. (2021). A framework for complex climate change risk assessment. One Earth)