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Loss & Damage
Policy Institute

POLICY MEMO
NOVEMBER 2026

Defining the FRLD's Long-Term Model

The Fund for Responding to Loss and Damage should focus relentlessly on improving the lives of people affected by loss and damage.

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As the Fund for Responding to Loss and Damage formulates its long-term model, it should choose a structure that allows it to focus relentlessly on ensuring loss and damage finance improves the lives of affected people. This means getting money to people **quickly and directly**.

KEY RECOMMENDATIONS

We have four recommendations for building an impactful FRLD

1. Establish a rapid response option that can send funds immediately after a disaster.
2. Use the rapid response option to prioritise sending cash transfers to affected people, through government systems where possible.
3. Provide specific guidance on what impactful activities the FRLD will fund, differentiating L&D activities from adaptation.
4. Establish a fully-resourced independent evaluation unit that focuses on measuring the impact of the FRLD.

1 Establish a rapid response option that can send funds immediately after a disaster.

WHY?

- **Speed is critical to responding to loss and damage.** Households that receive aid quickly after a disaster have stronger outcomes on nutrition and mental health compared to households who receive aid later.[1]
- Existing disaster relief funds often operate outside of national systems, and can take weeks or months to reach people. The FRLD's response has the opportunity to change that through direct and rapid country support.

HOW COULD THIS OPERATE?

- **An earmarked percentage:** The FRLD could establish a rapid response option where a percentage of available funds can be deployed to impacted countries in response to sudden shocks.
- **Pre-arranged reserves:** The FRLD could establish a separate window dedicated to providing rapid relief in response to a sudden climate shock.

2 Use the rapid response option to prioritise sending cash transfers to affected people, through government systems where possible.

WHY?

- **Cash gets more of each dollar directly to impacted people.** 71 to 77% of humanitarian cash budgets go directly to recipients, compared to 54 to 56% of in-kind aid.[2]
- Cash provides beneficiaries with flexibility to buy what they need, and recipients prefer it over other kinds of aid.[3]
- Governments can scale quickly once they establish systems, with some LMIC governments able to reach hundreds of thousands of new people in one year.[4,5]

HOW COULD THIS OPERATE?

- **Pre-positioning:** Countries enrol in advance of disasters with a payment channel, a social registry and targeting rules so the FRLD can fund programmes immediately after disasters.
- **Trusted partners:** Where national systems do not exist, a trusted partner can receive and deliver funds on behalf of a country.
- **Transparent tracking:** Measure the amount of cash sent, the number of households reached, and how quickly it arrived. Create a dashboard that shares this info publicly.

3 Provide specific guidance on what impactful activities the FRLD will fund, differentiating L&D activities from adaptation.

WHY?

- **The FRLD is positioned to help countries build systems** to create long-term capabilities for responding to L&D—systems that many of the most vulnerable countries lack.[7,8]
- Focusing on high-impact L&D interventions allows the FRLD to make the most of limited resources, and differentiate itself from other funds.

HOW COULD THIS OPERATE?

- **Guidance:** Providing guidance on high-impact interventions covering loss and damage response, recovery, and reconstruction. This should include guidance on how to differentiate L&D from adaptation in funding proposals.
- **Strong national systems:** Supporting robust national systems for addressing L&D, including funding the development of national L&D data systems, social registries and cash disbursement infrastructure.
- **Evidence-based:** Synthesising the best available evidence on L&D interventions, generating new evidence where it doesn't exist, and establishing an 'evidence help desk' where countries can receive support to integrate evidence into their policies and proposals.

4 Establish a fully-resourced independent evaluation unit that focuses on measuring the impact of the FRLD.

WHY?

- **A well-resourced and impact-focused evaluation unit** can support the FRLD to ensure its programmes are delivering material improvements to the lives of people affected by L&D.
- Across other funds, strong monitoring and evaluation practices have been linked to better programme outcomes.[11]
- An operational and well-funded evaluation unit will create an evidence-focused culture and increase donor confidence in the FRLD.[12]

HOW COULD THIS OPERATE?

- **Independent:** A central and independent evaluation unit whose head is appointed by the Board and reports directly to the Board.
- **Dedicated budget:** A protected budget for evaluation and a culture of evidence built into funding request design.
- **Impact evaluation:** Building rigorous impact evaluations (including experimental and quasi-experimental designs) into a selection of funding requests.

About LDPI

The Loss and Damage Policy Institute (LDPI) aims to ensure that finance and policy for climate-induced loss and damage deliver real impact for affected people. We bring together evidence on impactful L&D strategies, support LMIC governments to design and implement them, and advocate for an FRLD that is impactful and accountable.

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Endnotes

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