Background paper on draft arrangements between the Conference of the Parties and Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and the Board of the Fund for responding to loss and damage

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance will be invited to:

a) Appoint co-facilitators for the work;

b) Discuss main elements of the arrangements between the COP, CMA and the Board of the Fund for responding to loss and damage;

c) Discuss the workplan to prepare draft arrangements.

I. Possible actions for consideration by the Standing Committee on Finance

1. The Standing Committee on Finance (SCF) may wish to consider and agree on working modalities, workplan and timelines to prepare draft arrangements between the COP, CMA and the Board of the Fund for responding to loss and damage (hereinafter referred to as the Board).

2. The SCF may wish to appoint co-facilitators, who will guide the work on draft arrangements.

3. Furthermore, the SCF may wish to initiate discussions on the elements of the arrangements in their deliberation.

II. Background

4. At COP 27, Parties decided to establish new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage.¹

5. At COP 28, Parties approved the Governing Instrument of the Fund² and decided to designate the Fund as an entity entrusted with the operation of the Financial Mechanism of the Convention, also serving the Paris Agreement, which will be accountable to and function under the guidance of the COP and CMA.³

6. At COP 28, Parties also decided that arrangements with the Fund, consistent with the Governing Instrument of the Fund and to ensure that the Fund is accountable to and functions

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¹ Decision 2/CP.27, paragraph 2.
² Decision 1/CP.28, paragraph 2 (Advance unedited version).
³ Decision 1/CP.28, paragraph 5 (Advance unedited version).
under the guidance of the COP and CMA, are to be approved by COP 29 and CMA 6 and requested the SCF to develop the arrangements to be concluded between the COP, CMA, and the Board of the Fund, consistent with the Governing Instrument of the Fund, for consideration and approval by the Board and subsequent consideration and approval by COP 29 and CMA 6.

III. Workplan and working modalities

7. To commence the development of the draft arrangements, making use of the limited time effectively, the SCF may wish to agree on the workplan and working modalities.

8. In line with current practice in the Committee, two co-facilitators may be appointed to lead the workstream. Co-facilitators would be guided by the committee-level discussion on the elements to be considered, intersessional inputs from members, if any, views from the Board on the matter, as appropriate, and develop draft versions of the arrangements in a transparent and open-ended manner.

9. Outcomes of the work conducted under co-facilitators would be considered and agreed upon at the committee level during SCF meetings and intersessionally, as appropriate.

10. For liaison and coordination with the Board, SCF Co-chairs would formally communicate progress and outcomes on this matter, including, as appropriate, working modalities, proposals for consultation and collaboration, and views on draft versions of the arrangements developed by the SCF.

11. Final draft arrangements would be submitted to the Board for its consideration and approval. The final draft arrangements would be included as an addendum to the annual report of the SCF for subsequent consideration and approval at COP 29 and CMA 6.

12. Given the short timeframe for this work, the SCF would need to agree on final draft arrangements prior to the last meeting of the Board in 2024 to enable its consideration and approval and subsequent consideration and approval by COP 29 and CMA 6. As the dates of the meetings of the Board are not yet known, it is advisable that the SCF prepare the zero-order draft arrangements by May 2024 with a view to finalize as soon as possible intersessionally. This would in turn give the Board the opportunity to consider the draft arrangements and provide feedback as appropriate.

13. The table below contains an overview of activities and indicative timelines for developing the draft arrangements between the COP, CMA and the Board.

<table>
<thead>
<tr>
<th>Activities and timelines</th>
<th>2024</th>
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<tbody>
<tr>
<td></td>
<td>Q1</td>
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<tr>
<td></td>
<td>Jan</td>
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<tr>
<td>Phase I:</td>
<td></td>
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<tr>
<td>Planning working modalities, workplan and elements of arrangements</td>
<td></td>
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<tr>
<td>1st meeting of the Board</td>
<td>SCF33</td>
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<tr>
<td>Phase II</td>
<td></td>
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<tr>
<td>Prepare initial draft arrangements under the guidance of co-facilitators</td>
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</tbody>
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4 Decision 1/CP.28, paragraph 6 (Advance unedited version).
5 Decision 1/CP.28, paragraph 7 (Advance unedited version).
6 Last meeting of the Board held ahead of COP29.
### IV. Elements of the arrangements between the COP, CMA and the Board

14. The SCF may wish to recall and refer to the arrangements between the COP and the GCF in initiating discussions on the main elements of the arrangements between the COP, CMA and the Board.7

15. COP 17 approved the governing instrument of the Green Climate Fund (GCF)8 and decided to designate the GCF as an operating entity of the financial mechanism of the Convention, in accordance with Article 11 of the Convention.9 COP 18 requested the SCF and the GCF Board to develop the arrangements between the COP and the GCF for agreement by the GCF Board and subsequent agreement by COP 19.10 The SCF finalized the draft text on the arrangements between the COP and the GCF and forwarded the draft arrangements to the Board of the GCF.11 The Board of the GCF approved the draft arrangements between the COP and the GCF and subsequently, COP 19 adopted the arrangements between the COP and the GCF.

16. The SCF may wish to take into consideration potential elements of the arrangements as provided below and any other considerations it deems necessary to guide its development:

(a) Preamble;

(b) Purpose of the arrangements;

(c) Determination and communication of guidance from the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

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7 Decision 5/CP.19.
8 Decision 3/CP.17, paragraph 2.
9 Decision 3/CP.17, paragraph 3.
10 Decision 7/CP.18, paragraph 2.
11 FCCC/CP/2013/8.
12 GCF/B.05/17/Add.01.
(d) Conformity with guidance of the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

(e) Reconsideration of funding decisions;

(f) Reports from the fund for responding to loss and damage to the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

(g) Determination and periodic review of funding necessary and available;

(h) Cooperation between secretariats and representation in meetings of the governing bodies;

(i) Review and evaluation of the financial mechanism; and

(j) Review of the arrangements.