

## DRAFT TEXT

on

### COP 29 item 8(e)

#### Matters relating to finance

#### Report of the Fund for responding to Loss and Damage and guidance to the Fund

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*The Conference of the Parties,*

*Recalling* decisions 2/CP.27 and 2/CMA.4; and 1/CP.28 and 5/CMA.5,

1. *Welcome* the report of the Board of the Fund for responding to Loss and Damage for 2024 and the information therein;<sup>1</sup>
2. *Note* the following information and actions of the Board presented in the report:
  - (a) The selection by the Board of the Philippines as the host country of the Board through an open, transparent and competitive process, and the conclusion of the host country agreement between the Philippines and the Board;
  - (b) The approval by the Board of the draft of the arrangements, as developed by the Standing Committee on Finance, to be concluded between the Conference of the Parties, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and the Board consistently with the Governing Instrument of the Fund<sup>2</sup>;
  - (c) The prompt selection of the Executive Director of the Fund by the Board through a merit-based, open and transparent process;
  - (d) The confirmation by the Board that the conditions set out in paragraph 20 of decisions 1/CP.28 and 5/CMA.5 can be met during the interim period referred to in paragraph 4 below;
  - (e) The decision of the Board to launch an independent assessment of the performance of the World Bank as host of the Fund's secretariat<sup>3</sup> no later than at the first meeting of the Board in 2027 and to report on the outcomes thereof to the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement no later than at their thirty-third (2028) and tenth sessions (2028) respectively with a view to ensuring the business continuity of the Fund;
3. *Welcome* the rapid progress of the Board in operationalizing the Fund;
4. *Express gratitude* to the World Bank for confirming its ability and willingness to operationalize the Fund as a World Bank hosted financial intermediary fund for an interim period of four years, for taking the steps necessary to promptly operationalize the Fund as a financial intermediary fund, and for submitting to the Board of the Fund within eight months after the conclusion of the twenty-eighth session of the Conference of the Parties the relevant financial intermediary fund documentation, approved by the World Bank Board of Directors, including a hosting agreement between the Board of the Fund and the World Bank, based on consultations with and guidance from the Board of the Fund, and for establishing a new, dedicated and independent secretariat hosted by the World Bank to service the Fund;
5. *Welcome* the confirmation by the Board of the Fund that the conditions set out in paragraph 20 of decisions 1/CP.28 and 5/CMA.5 can be met during the interim period referred to in paragraph 4 above, and the signing of the agreements between the Board of the Fund and the World Bank to operationalize the Fund as a World Bank hosted financial intermediary fund;
6. *Express gratitude* to the Government of the Philippines for promptly conferring the Board of the Fund with the legal personality and the legal capacity as necessary for discharging its roles and functions, in particular the legal capacity to negotiate, conclude and

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<sup>1</sup> FCCC/CP/2024/9–FCCC/PA/CMA/2024/13 and Add.1.

<sup>2</sup> Annex I to decisions 1/CP.28 and 5/CMA.5

<sup>3</sup> Pursuant to paras. 23–24 of decisions 1/CP.28 and 5/CMA.5.

enter into a hosting arrangement with the World Bank as interim trustee and host of the Fund's secretariat;

7. *Express appreciation* to the Governments of Antigua and Barbuda, Armenia, the Bahamas, Barbados, Eswatini, Kenya and Togo for offering to host the Board of the Fund and to confer it with the necessary legal personality and legal capacity;

8. *Express gratitude* to the secretariats of the UNFCCC and the Green Climate Fund and the United Nations Development Programme for jointly forming the interim secretariat for the Fund and providing support, including administrative support, to the Board of the Fund during the transitional period until the establishment of the independent secretariat and *look forward* to a smooth and cost-effective transition of secretariat functions under the new, dedicated and independent secretariat;

9. *Welcome* the financial pledges made to the Fund by the Governments of Austria, Estonia, Luxembourg, the Republic of Korea and Sweden and the government of the Walloon Region of Belgium, [placeholder for any more pledges] amounting to the equivalent of USD [x] million;

10. *Urge* Parties to confirm their financial pledges to the Fund in the form of fully executed contribution agreements or arrangements as soon as possible, including the contributions referred to in paragraph 14 of decisions 1/CP.28 and 5/CMA.5;

11. *Express appreciation* to the Governments of the United Arab Emirates, the Republic of Korea and Azerbaijan for hosting the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> meetings respectively of the Board of the Fund;

12. *Welcome* the prompt selection and appointment of the Executive Director of the Fund through a merit-based, open and transparent process;

13. *Also welcome* the launch of the annual high-level dialogue on coordination and complementarity at a high-level event organized by the COP 29 Presidency and the Board of the Fund and held on the margins of the World Leaders Climate Action Summit at these sessions;

14. *Further welcome* the adoption by the Board of the Fund of its workplan for 2024–2025,<sup>4</sup> which is aimed at implementing the provisions of the Governing Instrument of the Fund with a view to approving funding decisions as soon as possible, developing operational procedures and policies for delivering on the mandate of the Fund, and ensuring appropriate safeguards, and *look forward* to the timely implementation of the workplan;

15. *Note with appreciation* the Board's target in its workplan to prepare a long-term fundraising and resource mobilization strategy and plan for the Fund by the end of 2025;<sup>5</sup>

16. *Affirm* the importance of promoting efforts that enhance coherence and complementarity of the Fund with new and existing arrangements for responding to loss and damage associated with the adverse effects of climate change across the international financial, climate, humanitarian, disaster risk reduction and development architectures, including through the development of new coordination and cooperation mechanisms and the facilitation of linkages between the Fund and various funding sources, for, inter alia, promoting access to available funding, avoiding duplication and reducing fragmentation and *welcome* the inclusion of a target in the workplan of the Board to develop a complementarity and coherence framework in 2025;

17. *Urge* developed country Parties to continue to provide support and *encourage* other Parties to provide, or continue to provide support, on a voluntary basis, for activities to address loss and damage.<sup>6</sup>

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<sup>4</sup> Board decision B.2/D.10; the workplan is contained in annex VII to Board document FLD/B.2/17.

<sup>5</sup> Pursuant to para. 56 of the Governing Instrument of the Fund.

<sup>6</sup> This paragraph is without prejudice to any future funding arrangements, any positions of Parties in current or future negotiations, or understandings and interpretations of the Convention and the Paris

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Agreement.