



Standing Committee on Finance
Thirty-fourth meeting of the Standing Committee on Finance
29 – 31 May 2024
Bonn, Germany

04 July 2024

Report of the thirty-fourth meeting of the Standing Committee on Finance

Attendance

In-person

Mr. Kevin Adams
Ms. Patricia Roy Akullo
Mr. Mohammad Ayoub
Ms. Gabriela Blatter
Mr. Zaheer Fakir
Ms. Apollonia Miola (Co-Chair)
Mr. Petrus Ileni Muteyauli
Mr. Richard Muyungi
Ms. Vicky Noens
Ms. Karima Oustadi
Ms. Elena Cristina Pereira Colindres
Ms. Brittany Young
Mr. Liucui Zhu

Virtual

Ms. Diann Black-Layne (Co-Chair)
Mr. Ian Naumkin
Mr. Diego Pary Rodriguez
Ms. Hendrikje Reich
Ms. Carla Schultz
Ms. Wakana Yamada

Absent with apologies

Mr. Ali Waqas Malik

1. Opening of the meeting

1. The thirty-fourth meeting of the Standing Committee on Finance (SCF) was opened at 2 p.m. (CEST), on Wednesday, 29 May 2024 in Bonn, Germany.
2. Elena Pereria (Honduras) and Diego Pary Rodriguez (Bolivia) were welcomed as new non-Annex I members and Karima Oustadi (Austria), Clara Schultz (Sweden) and Hendrikje Reich (Romania) were welcomed as new Annex I members.
3. The co-chairs expressed their gratitude to outgoing members for their commitment and hard work.

2. Organizational matters

(a) Adoption of the agenda

4. The SCF adopted the agenda contained in document SCF/2024/34/1 as proposed.¹

¹ All documents are available at: <https://unfccc.int/scf/scf-meetings-and-documents>.

(b) Organization of the work of the meeting

5. The meeting was organized in a hybrid format with in-person and virtual participation of members and observers.

6. The SCF also took note of the provisional meeting schedule contained in document SCF/2024/34/2. All agenda items were proposed and agreed to be discussed in a plenary setting.

7. A technical expert session was organized on 30 May 2024 bringing together key external contributors, data providers and practitioners for an informal exchange with the SCF on the latest data and innovative approaches to assessing needs, finance flows, impacts and transparency as well as to understand the benefits and limitations of these approaches. The expert session served to inform the preparation of the technical reports of the SCF in 2024.²

3. Sixth biennial assessment and overview of climate finance flowsProceedings

8. The SCF took note of the document SCF/2024/34/3 and its annex. The co-facilitators, Diann Black-Layne and Vicky Noens, presented the work undertaken intersessionally, including the updated work-in-progress document of the technical report and outcomes of the stakeholder webinar held on 30 April 2024.

9. During SCF 34, members discussed potential options for updating, in the context of the sixth BA, the SCF's operational definition of climate finance, as appropriate, and considering relevant and updated or new sources of information across chapters of the report. Members provided guidance for elaborating specific topics and sections of the report, among others, access to climate finance from a variety of climate finance sources and providers, enhancing the usefulness and linkages of the BA with the SCF Forum on gender-responsive finance, and identifying opportunities for streamlining and improving coherence across report chapters as well as ensuring reference to COP and CMA decision texts, where applicable.

Outcomes

10. The SCF agreed to prepare a pre-final draft of the report taking into account the comments made at SCF34 and any written comments received, for consideration at SCF 35.

11. The SCF also agreed to prepare an initial draft summary and recommendations for comments with a view to preparing a pre-final draft ahead of SCF 35.

Next steps

12. Members are invited to provide written comments on the work-in-progress document of the report by 30 June 2024.

4. Second report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris AgreementProceedings

13. The SCF took note of the document SCF/2024/34/4 and its annex. The co-facilitators, Kevin Adams and Mohammad Ayoub presented the work undertaken intersessionally, including the updated work-in-progress document of the technical report and three regional stakeholder engagement webinars held on 17 and 21 May 2024.

14. Members discussed how to provide information following up on the recommendations from the first NDR, treat needs related to addressing loss and damage, expand coverage of global and regional reports referenced in the report, and address concerns on double-counting needs. Members also highlighted the importance of information on how needs have changed from the first NDR, balanced representation of different geographies and how Parties may

² Agenda is available at https://unfccc.int/sites/default/files/resource/SCF34_technical%20expert%20meeting_programme.pdf

express their needs to ensure they are captured appropriately. One member highlighted the importance of following UNFCCC norms when referring to country and geographic groups to the maximum extent possible.

Outcomes

15. The SCF agreed to prepare a pre-final draft of the report taking into account the comments made at SCF34 and any written comments received, for consideration at SCF 35.

16. The SCF also agreed to prepare an initial draft executive summary and key findings for comment with a view to preparing a pre-final draft ahead of SCF 35.

Next steps

17. SCF Members are invited to provide written comments on the work-in-progress document of the report by 30 June 2024.

5. Second report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation

Proceedings

18. The SCF took note of the background document SCF/2024/34/5 and its annex. The co-facilitators, Gabriela Blatter and Richard Muyungi, presented the work undertaken intersessionally, including the updated work-in-progress document of the technical report and outcomes of the stakeholder webinar held on 30 April 2024.

19. Members discussed methodological issues including in relation to data sources, use of different definitions, instruments and accounting methods, the importance of balance across the three pillars of the report focusing on finance flows, addressing the needs of developing countries, and the context of meaningful mitigation actions and transparency on implementation.

Outcomes

20. The SCF agreed to prepare a pre-final draft of the report taking into account the comments made at SCF34 and any written comments received, for consideration at SCF35.

21. The SCF also agreed to prepare an initial draft executive summary and potential recommendations for comment with a view to preparing a pre-final draft ahead of SCF35.

Next steps

22. Members are invited to provide written comments on the work-in-progress document of the report by 30 June 2024.

6. Report on common practices regarding climate finance definitions, reporting and accounting methods

Proceedings

23. The SCF took note of the background document SCF/2024/34/6 and its annex.

24. The SCF appointed Karima Oustadi and Diego Pary Rodriguez as co-facilitators of this workstream to replace the outgoing SCF members Gertraude Wollansky and Ivan Zambrana. The co-facilitators presented the work undertaken intersessionally, including the updated work-in-progress document of the technical report and outcomes of the stakeholder webinar held on 30 April 2024.

25. Members discussed the need to improve the logical and analytical value of the report, including by better outlining the process from definitions, through accounting to reporting on results and tying the different chapters together, as well as better presenting the accounting frameworks and the actual practice in relation to each area of the report, based on factual information. Members provided guidance on the chapter on conclusions, underscoring the

value of reflecting key insights from the previous chapters, particularly in relation to clarifying the distinction between definitional aspects and accounting methods.

Outcomes

26. The SCF agreed to prepare a pre-final draft of the report taking into account the comments made at SCF 34 and any written comments received, for consideration at SCF 35.

27. The SCF also agreed to prepare an initial draft executive summary, including key conclusions, for comments with a view to preparing a pre-final draft ahead of SCF 35.

Next steps

28. Members to provide written comments on the work-in-progress draft of the report by 30 June 2024.

7. 2024 Forum of the Standing Committee on Finance

Proceedings

29. The SCF took note of the background document SCF/2024/34/7. The co-facilitators, Patriciah Roy Akullo and Brittany Young, presented a draft provisional programme of the 2024 Forum and options for possible venues and dates for the Forum.

30. On the draft programme, Members and observers provided suggestions on possible ways to streamline discussion topics under the different sessions of the Forum. Few members pointed out that the Forum should highlight both success stories as well as challenges and lessons learned on gender-responsive financing. Members provided guidance to further develop the draft provisional programme, with a view to balancing a variety of views and perspectives on gender-responsive finance and reflecting submissions received by SCF members, Parties, private sector and other non-governmental observers as well as deliberations during SCF 34.

Outcomes

31. The SCF agreed on the structure and the general outline of the provisional programme as contained in annex I and requested the co-facilitators to work intersessionally to further advance the programme, refine the sessions, develop guiding questions and identify case studies, based on guidance received at SCF 34.

32. The SCF agreed to organize the Forum from 2 to 3 September 2024, in conjunction with SCF 35 from 4 to 6 September 2024. The SCF also agreed that the Forum will be held in Arusha, Republic of Tanzania, subject to availability of adequate financial contributions received by 15 July 2024.

Next steps

33. The secretariat will work with the host government of the Republic of Tanzania on the organization of the Forum.

34. The SCF, with the support of the secretariat, will engage in fundraising activities.

8. Draft arrangements between the COP, CMA, and the Board of the Loss and Damage Fund

Proceedings

35. The SCF took note of the background document SCF/2024/33/8. The co-facilitators, Zaheer Fakir and Brittany Young, presented an initial draft of the arrangements between the COP, CMA and the Board of the Fund for responding to loss and damage.

36. Members discussed approaches to update the initial draft of the arrangements, including references to the Convention and the Paris Agreement and additional provisions and paragraphs in accordance with the Governing Instrument and Funding Arrangements.

37. Members recognized the importance of delivering this mandate in a constructive and efficient manner, given the short timeline and priority of operationalizing the Fund.

38. Members agreed to produce one text of the draft arrangements to be included in its annual report for consideration at COP 29 and CMA 6.

Outcomes

39. The SCF agreed on the initial draft of the arrangements as contained in annex II with a view to forwarding to the Board of the Fund for its initial consideration and feedback.

40. The SCF also agreed that the secretariat will share any feedback received from the Board of the Fund with SCF members intersessionally.

Next steps

41. Co-Chairs, in consultation with co-facilitators, will send, post editing, the initial draft of the arrangements to the Co-Chairs of the Board of the Fund for initial consideration and feedback.

42. Co-facilitators, with the support of the secretariat, will develop the final draft of the arrangements and circulate to members prior to SCF 35.

9. Linkages with constituted bodies of the Convention and the Paris Agreement

Outcomes

43. The SCF took note of the updates from members on their inter-sessional and upcoming activities:

(a) Vicky Noens participated virtually in the twenty-eighth meeting of the Technology Executive Committee held from 16 to 18 April 2024 in Copenhagen, Denmark.

(b) Kevin Adams and Mohammad Ayoub will attend the 10th meeting of the Katowice Committee of Experts on the Impacts of the Implementation of Response Measures on 31 May 2024 in Bonn, Germany.

(c) Gabriela Blatter informed members about relevant mandated events to be held during the sixtieth session of the Subsidiary Bodies, in particular, the in-session workshop on linkages between the Technology Mechanism and Financial Mechanism.

10. Report of the thirty-fourth meeting of the Standing Committee on Finance

44. The SCF agreed to consider and adopt the report of the thirty-fourth meeting of the SCF intersessionally on a non-objection basis.

11. Dates and venues of the next meeting

45. The SCF agreed to hold SCF 35 from 4 to 6 September 2024 to finalize its deliverables as indicated in its 2024 workplan and endorsed by COP 28, in conjunction with the 2024 SCF Forum from 2 to 3 September 2024. Both SCF Forum and SCF 35 will be held in Arusha, Republic of Tanzania, subject to funding availability.

12. Closure of the meeting

46. In closing the meeting, the Co-Chairs thanked the SCF members and observers for their active participation.

47. The Co-Chairs closed the thirty-fourth meeting of the SCF at 12:30 p.m. (CEST), on Friday, 31 May 2024.

Draft provisional programme of the 2024 Forum on accelerating climate action and resilience through gender-responsive financing

31 May 2024

Day 1

Time	Description
08:30–09:00	Registration
09:00–09:30	<p>Session 1: Opening session</p> <p>In the opening session, high-level speakers, including the head of relevant UN Agency and the head of the host institution, will deliver opening remarks. These remarks will highlight the critical importance of gender-responsive finance in achieving a low-emission climate-resilient (LECR) development and poverty eradication that will be equitable and inclusive.</p>
09:30–10:30	<p>Session 2: Scene-setting session on gender-responsive finance</p> <p>A high-level representative will deliver a keynote presentation, focusing on:</p> <ol style="list-style-type: none"> 1. An overview of the existing multilateral commitments to gender equality and gender-responsive finance; 2. Benefits of implementing climate action and resilience through gender-responsive finance; 3. Importance of gender-responsive just transitions towards LECR development pathway, which can strengthen social legitimacy and political support for climate actions and resilience at all levels and promote and improve human rights and; 4. Identification of key enablers and actions that can unlock and deliver gender-responsive finance to achieve the goals of the Paris Agreement and the sustainable development goals (SDGs). <p>Following the presentation, a diverse panel of senior representatives from governments, financial institutions, scientific bodies and non-governmental organisations will share their insights, including on how to define gender-responsive finance, evidence on gender-compounding vulnerability to climate change impacts, data on the current level of gender-responsive finance and possible ways to scale it up.</p>
10:30–10:45	Coffee break and family photo

Time	Description		
0:45–12:00	<p>Session 3: Breakout session on gender-responsive finance</p> <p>Participants will be invited to a breakout session to: (i) identify linkages between gender and the multi-faceted challenges presented by climate change and potential opportunities presented by climate action and; (ii) explore how gender-responsive finance can address/minimize the challenges and harness the opportunities.</p> <p>Objective of this session is to enhance participants’ holistic understanding of the issues underlying climate change, gender equality and approaches to gender responsive financing and identify possible key questions to be addressed during the two-day Forum.</p> <p>Importantly, participants in each group will be encouraged to bring in perspectives from their unique contexts and/or lived experiences and to undertake discussions in a manner which is inclusive of the views of others. Participants will also be encouraged to consider different factors (which may include factors such as relevant national and regional contexts, social, economic and cultural context, including other relevant elements such as age, disability, race, ethnicity and Indigeneity) that may underpin and inform different context specific approaches to gender-responsive financing.</p> <table border="1" data-bbox="338 571 2029 1155"> <tr> <td data-bbox="338 571 842 1155"> <p>Group #1: How gender-responsive finance can address/minimize the challenges and harness the opportunities in the context of climate change mitigation</p> <p><u>Example of issues to be discussed:</u> The intersection between gender equality and mitigation across a range of sectors, including: energy, agriculture, transport and infrastructure, links between climate change and gender equality, economic diversification and development and workforce planning and transition, as well as approaches to and examples of financing mitigation from a gender responsive perspective</p> </td> <td data-bbox="842 571 2029 1155"> <p>Group #2: How gender-responsive finance can address/minimize the challenges and harness the opportunities in the context of climate change impacts, including adaptation and loss and damage</p> <p><u>Example of issues to be discussed:</u> Impacts of climate change and how and where they intersect with gender equality and other relevant social, political environmental and economic factors, including: health, climate risk and gender equality, and approaches to financing transformative adaptation and averting, minimizing and addressing loss and damage from a gender responsive perspective.</p> </td> </tr> </table>	<p>Group #1: How gender-responsive finance can address/minimize the challenges and harness the opportunities in the context of climate change mitigation</p> <p><u>Example of issues to be discussed:</u> The intersection between gender equality and mitigation across a range of sectors, including: energy, agriculture, transport and infrastructure, links between climate change and gender equality, economic diversification and development and workforce planning and transition, as well as approaches to and examples of financing mitigation from a gender responsive perspective</p>	<p>Group #2: How gender-responsive finance can address/minimize the challenges and harness the opportunities in the context of climate change impacts, including adaptation and loss and damage</p> <p><u>Example of issues to be discussed:</u> Impacts of climate change and how and where they intersect with gender equality and other relevant social, political environmental and economic factors, including: health, climate risk and gender equality, and approaches to financing transformative adaptation and averting, minimizing and addressing loss and damage from a gender responsive perspective.</p>
<p>Group #1: How gender-responsive finance can address/minimize the challenges and harness the opportunities in the context of climate change mitigation</p> <p><u>Example of issues to be discussed:</u> The intersection between gender equality and mitigation across a range of sectors, including: energy, agriculture, transport and infrastructure, links between climate change and gender equality, economic diversification and development and workforce planning and transition, as well as approaches to and examples of financing mitigation from a gender responsive perspective</p>	<p>Group #2: How gender-responsive finance can address/minimize the challenges and harness the opportunities in the context of climate change impacts, including adaptation and loss and damage</p> <p><u>Example of issues to be discussed:</u> Impacts of climate change and how and where they intersect with gender equality and other relevant social, political environmental and economic factors, including: health, climate risk and gender equality, and approaches to financing transformative adaptation and averting, minimizing and addressing loss and damage from a gender responsive perspective.</p>		
12:00–12:45	At the end of session 3, each group will report back in plenary, followed by a short panel discussion among the discussion leaders		
12:45–14:00	Networking lunch		

Time	Description		
14:00–15:00	<p>Session 4: From plans to actions: implementing gender-responsive development strategies, climate change plans and investment frameworks</p> <p>This plenary session will focus on the topic of mainstreaming gender and climate change into development strategies, NDCs, NAPs and climate financing strategies. It will emphasize the importance of integrating gender into national, subnational and local levels of planning in consultation with relevant actors and stakeholders, and look into concrete activities, such as gender-responsive budgeting and scaling-up existing gender-responsive climate solutions. Additionally, the session will explore the benefits and challenges of incorporating gender into public and private investment frameworks.</p>		
15:00–16:30	<p>Session 5: Breakout group discussions on implementing gender-responsive development strategies, climate change plans and investment frameworks</p>		
	<p>Group 1: Climate- and gender-responsive public financial management</p> <p>This group will discuss insights gained in mainstreaming climate change and gender into public financial management. Discussion elements include climate- and gender-responsive budgeting, integration of gender and climate risk assessments into public investment decisions, fiscal and tax policies that promote objectives of climate change and gender and public monitoring and reporting systems on gender-responsive financial flows. The group will also discuss key enablers, such as inter-ministerial coordination, mechanisms for engaging sub-national and local governments, policies and legal frameworks and international partnerships and networks.</p>	<p>Group 2: Public interventions that can integrate gender-responsive finance in the financial sector</p> <p>This group will discuss public policies, tools and measures that can facilitate the integration of climate change and gender into the financial sector. Discussion will focus on public policies such as rules and regulations that encourage financial institutions to include gender and climate risk assessments in investment and lending decisions and regulatory framework on disclosure of gender and climate-related financial risks. It may also focus on tools and measures, such as gender and climate risk assessment tools, capacity-building and training for asset managers, stakeholder engagement mechanism to guide financial policies and partnerships and networks.</p>	<p>Group 3: Needs and priorities relating to gender-responsive finance</p> <p>This group will focus on country experience in identifying and assessing needs and priorities for gender-responsive finance in different sectors. Examples of the gender-related needs identified in the NDCs and NAPs will be showcased to share insights, best practices and lessons learned, as well as examples of bottom-up approaches to defining and articulating gender responsive financing needs. It will also focus on national efforts to address the identified needs, including through national climate finance strategies and investment plans and the role of international technical support providers and financing institutions in this regard.</p>
16:30–16:45	<p>Coffee break</p>		
16:45–17:30	<p>After a short coffee break, breakout groups will report back in plenary, followed by a short panel discussion among the discussion leaders</p>		
17:30–17:45	<p>Wrap-up of day 1</p>		

Day 2

Time	Description		
09:00–10:00	<p>Session 6: Sources, instruments and enabling environments: scaling-up and improving the gender-responsiveness of climate finance</p> <p>This plenary session will explore potential sources, channels and instruments for mobilizing and incentivizing scaled-up gender-responsive finance, highlighting examples from all levels, as well as how existing sources of finance can better integrate gender considerations, to deliver greater impact. It will present the latest available figures on gender-responsive financial flows, identify gaps in financing gender-responsive climate action and resilience and explore when and how various sources and instruments can be tapped to address these gaps. Furthermore, the session will examine enabling environments that can incentivize gender-responsive climate investments, as well as the financial and technical support available to developing countries.</p>		
10:00–10:15	<p>Coffee break</p>		
10:15–11:30	<p>Session 7: Breakout groups on sources, channels and instruments</p>		
	<p>Group 1: Sources and channels of gender-responsive finance</p> <p>This group will explore available international sources and channels of gender-responsive finance, such as multilateral development banks, multilateral climate funds, regional institutions and bilateral cooperation agencies and philanthropic organisations. Discussions will focus on insights drawn from the sources' gender action plans, strategies and policies as well as complementarity and coherence of the different sources and instruments. The group will also explore domestic sources of finance, including philanthropies, dedicated trust funds and corporate social responsibility programs, featuring the different programming areas and processes relating to gender equality and climate.</p>	<p>Group 2: Innovative financing mechanism and instruments</p> <p>This group will share experiences in designing and utilizing financial instruments to mobilize gender-responsive finance for climate action, with a focus on effectiveness and impact. Instruments to be discussed may include green (or climate) bonds with gender equality criteria, taxonomies for gender-responsive financing, blended finance, gender-responsive climate insurance and microfinancing. Examples should encompass women's funds, including indigenous women-led climate funds, other small grants approaches, and funding advocacy on gender equality and climate change. Participants will reflect on the potential benefits, implications and requirements of designing and utilizing the instruments, including for locally-led implementation, as well as available technical support.</p>	<p>Group 3: Unlocking gender-responsive private finance</p> <p>This group will discuss successes and challenges faced by the private sector in making the case to integrate gender and climate into their investment decisions. Discussion elements may include environmental, social and governance investment criteria, assessment of risk and impacts relating to gender-climate investments and the financial and technical support available for businesses, including with a particular focus on micro and small enterprises and the informal sector.</p>
11:30–12:15	<p>At the end of session 7, breakout groups will report back in plenary, followed by a short panel discussion among the discussion leaders</p>		

Time	Description		
12:15–13:30	<p>Lunch with video: Inspiring success stories and lessons to share</p> <p>Audio-visual presentations on projects that are advancing and accelerating investment in gender and climate change projects which demonstrate useful lessons learned in gender responsive financing. The projects may be chosen from winners of UNFCCC Momentum for Change or other relevant programs.</p>		
13:30–14:30	<p>Session 8: Financing the project management cycle of a gender-responsive climate project: experience, best practices and lessons learned</p> <p>This plenary session will focus on hands-on experience, best practices and lessons learned by governments, practitioners and financial institutions with gender-responsive climate projects. Participants will examine effectiveness and efficiency of a project lifecycle in a holistic manner, focusing on gender and climate at each stage – ranging from building readiness, assessing the needs, preparing project proposals to identifying and accessing sources of gender-responsive finance, showcasing where possible, locally-led projects. The session will also provide insights on ensuring the effectiveness and impact in relation to climate and gender equality of projects through monitoring, evaluation and learning processes.</p>		
14:30–14:50	<p>Coffee break</p>		
14:50–16:30	<p>Session 9: Breakout group the project or program management cycle of a gender-responsive climate project</p>		
	<p>Group 1: Project preparation and implementation</p> <p>This group will discuss best practices and lessons learned during the preparation and implementation phase of gender-responsive climate projects. Participants will examine issues, such as aligning the project focus with the needs and priorities articulated in the NDCs and NAPs, building readiness and capacity activities to prepare and implement project proposals and conducting inclusive stakeholder engagement through effective governance mechanisms. The group will also share information on available tools that project managers can utilize.</p>	<p>Group 2: Improving and simplifying access, including direct access.</p> <p>This group will reflect on experience relating to access to gender-responsive finance, including as it relates to direct access and efforts to improve and simplify access, and ways to build strong, diverse, inclusive and effective intermediaries in developing countries. Participants will share insights on building and strengthening direct access entities, including from women’s groups and on enhancing the participation and inclusion in the operations of existing implementing entities, especially direct access entities. Furthermore, the group will discuss on available financial and technical support for accreditation to international climate funds with a focus on gender equality.</p>	<p>Group 3: Monitoring, evaluation and learning: data, reporting and transparency</p> <p>This group will highlight the importance of both qualitative and quantitative data, reporting and transparency relating to gender-responsive finance that can strengthen the monitoring, evaluation and learning of climate projects. Participants will be invited to discuss best practices and challenges in collecting accurate, timely and reliable data and share information on tools and methodologies for data collection and reporting. The group will also focus on transparency and disclosure mechanisms in both public and private sectors that can enhance accountability of gender-responsive finance.</p>
16:30–17:15	<p>At the end of session 9, breakout groups will report back in plenary, followed by a short panel discussion among the discussion leaders</p>		
17:15–17:45	<p>Session 10: Takeaway messages from the Forum</p>		

Time	Description
	Based on the two days of discussions, participants will deliberate on actions that can be pursued by actors and entities at all levels to accelerate the mobilization and delivery of gender-responsive finance. The discussions on the way forward will include key takeaway messages and potential recommendations by the SCF for consideration by the COP.
17:45–18:00	Session 11: Closing session

Annex II

Unedited

Initial draft of the arrangements between the Conference of the Parties to the UN Framework Convention on Climate Change, the 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

31 May 2024

1. Preamble

Recalling Article 11 of the Convention and Article 9.8 of the Paris Agreement,

Further recalling decisions 2/CP.27 and 2/CMA.4, paragraphs 2–3, decisions 1/CP.28 and 5/CMA.5, as well as the governing instrument contained in annex I of decisions 1/CP.28 and 5/CMA.5 (the “Governing Instrument”) for the Fund referred to in paragraph 3 of decisions 2/CP.27 and 2 CMA.4 (the “Fund”),

Recognizing that the Fund is designated as an entity entrusted with the operation of the Financial Mechanism of the Convention, which also serves the Paris Agreement, and will be accountable to and function under the guidance of the Conference of the Parties to the United Nations Framework Convention on Climate Change (the “COP”) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (the “CMA”), as per decisions 1/CP.28 and 5/CMA.5, paragraph 5,

Further recognizing, pursuant to paragraph 6 of decisions 1/CP.28 and 5/CMA.5, the arrangements between the COP, CMA and the Board of the Fund, are to be consistent with decisions 1/CP.28 and 5/CMA.5 and the Governing Instrument,

The COP, the CMA and the Board of the Fund hereby reach the following arrangements:

2. Purpose of these arrangements

1. The purpose of these arrangements is to set out the working relationship among the COP, the CMA and the Board of the Fund to ensure that the Fund is accountable to and functions under the guidance of the COP and the CMA, consistent with the Governing Instrument, and receives guidance from the COP and the CMA on its policies, programme priorities and eligibility criteria.

3. Determination and communication of guidance from the COP and the CMA

2. The Board will receive guidance from the COP and the CMA on its policies, programme priorities and eligibility criteria.³

3. The Board will submit annual reports to the COP and the CMA for their consideration.⁴

4. The COP and the CMA will adopt decisions providing guidance to the Board at each of their sessions, unless otherwise decided by the COP and the CMA.

5. The COP and the CMA will provide guidance based, inter alia, upon a thorough consideration of the annual reports of the Board.

³ Governing Instrument, paragraph 13(a).

⁴ Governing Instrument, paragraph 13(c).

6. The Board may review the periodicity of the guidance from the COP and the CMA and make a recommendation thereon for consideration by the COP and the CMA.⁵

4. Conformity with guidance of the COP and the CMA

7. The Board will take appropriate action in response to the guidance received from the COP and the CMA and will report on such action taken.

5. Reconsideration of funding decisions

8. These arrangements reaffirm that the Board has responsibility for setting the strategic direction of the Fund and for the Fund's governance and operational modalities, policies, frameworks and work programme, including relevant funding decisions.⁶

9. The COP and the CMA may provide additional guidance to clarify policies, programme priorities and eligibility criteria as they impact funding decisions.

10. Further modalities by which a particular funding decision may be reconsidered as per Article 11, paragraph 3(b) of the Convention, will be developed by the Board, as appropriate.⁷

6. Financial Instruments

11. In its provision of finance, the Fund will take into account guidance from the COP and the CMA, pursuant to paragraphs 57–59 of the Governing Instrument.⁸

7. Reports from the Board to the COP and the CMA

12. The Board's annual reports to the COP and the CMA are to include information on the implementation of policies, programme priorities and eligibility criteria, including information on the action taken by the Board in response to guidance provided by the COP and the CMA.

13. The Board will include in its annual reports a synthesis of the different activities under implementation and a list of the activities approved, as well as a financial report.

14. The Board will also include in its annual reports information on all activities financed by the Fund.

15. The Board will indicate in its annual reports actions it has undertaken to develop, operate and review the resource allocation system described in paragraphs 60–61 of the Governing Instrument.

16. The reports of the Board should include any reports of the independent evaluations of the performance of the Fund, as per paragraphs 64 and 65 of the Governing Instrument.

17. The Board will also include information in its annual reports on how it has drawn on appropriate expert and technical advice, including from the relevant bodies established under the Convention and Paris Agreement, as appropriate.

18. The Board will report on the high-level dialogue referred to in paragraph 11, Annex II to decisions 1/CP.28 and 1/CMA.5, through its annual reports to the COP and the CMA as described in paragraph 12 of Annex II to decisions 1/CP.28 and 1/CMA.5.

19. The Board will provide information in its annual reports on action taken to enhance coordination and complementarity pursuant to paragraphs 51–53 of the Governing Instrument, including any recommendations as described in paragraph 22(s) of the Governing Instrument.

20. The Board is encouraged to include information in its annual reports on how it has established consultative forums to engage and communicate with stakeholders, pursuant to paragraph 28 of the Governing Instrument, and how it has developed and managed

⁵ Governing Instrument, paragraph 14.

⁶ Governing Instrument, paragraph 15.

⁷ With reference to Article 11, paragraph 3(b) of Convention.

⁸ Governing Instrument, section VIII.

mechanism to promote the input and participation of stakeholders, pursuant to paragraph 29 of the Governing Instrument.

21. The COP and the CMA may request additional information from the Board via its guidance.

8. Determination of funding necessary and available

22. The Board will include information in its annual reports to the COP and the CMA on its long-term fundraising and resource mobilization strategy, as appropriate.⁹

9. Periodic review of the Fund

23. In accordance with paragraph 66 of the Governing Instrument, the Fund will be subject to periodic reviews conducted by the COP and the CMA, which will be informed by, inter alia, the results of the independent evaluation referred to in paragraph 64 of the Governing Instrument and the annual reports of the Board to the COP and the CMA.

10. Amendments to the Governing Instrument

24. The Board may recommend amendments to this Governing Instrument for consideration by the COP and the CMA.¹⁰

11. Termination of the Fund

25. The Board may recommend the termination of the Fund for consideration by the COP and the CMA.¹¹

12. Cooperation between secretariats and representation in sessions of the COP and the CMA

26. The secretariat of the Fund may, as necessary and subject to the direction of the Board of the Fund, cooperate and exchange views with the UNFCCC secretariat on matters relevant to the operation of the financial mechanism of the Convention and the Paris Agreement, including implementation of these arrangements between the COP, the CMA and the Board, coordination with other international financing channels and funding arrangements, as appropriate, and participation of representatives at relevant sessions of the COP and the CMA.

27. The participation of representatives of the UNFCCC secretariat in the meetings of the Board, and of the secretariat of the Fund in the sessions of the COP and the CMA, is to be governed by the rules of procedure of the Fund and the draft rules of procedure of the COP, respectively.

13. Final clauses

28. These arrangements can only be modified by mutual written consent of the COP, the CMA and the Board.

29. These arrangements are effective upon approval by the Board and subsequent approval by the COP and the CMA.

30. These arrangements may only be terminated by mutual written consent of the COP, the CMA and the Board.

⁹ Governing Instrument, paragraph 56.

¹⁰ Governing Instrument, section XV.

¹¹ Governing Instrument, section XVI.