

U.S. Submission for a Bridging Proposal¹

[Decision X/CP.28] [Decision X/CMA.5]

Operationalizing New Funding Arrangements, including the [Resilient Futures Fund][XXXX], for Responding to Loss and Damage Associated with the Adverse Effects of Climate Change

[The Conference of the Parties] [The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement],

Recalling decision [2/CP.27] [2/CMA.4],

1. *Welcomes* the report of the Transitional Committee (XXXXX), taking note with appreciation of the work of the Transitional Committee in responding to its mandate given in paragraph 4 of decisions 2/CP.27 and 2/CMA.4;
2. *Expresses* its appreciation to the governments of Egypt and the Dominican Republic for hosting the first and third meetings of the Transitional Committee, respectively;
3. *Approves* the governing instrument for the [Resilient Futures Fund][XXX] (the “Fund”) annexed to this decision (Annex I);
4. *Decides* that the Board of the Fund (the “Board”) is to receive guidance from the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] on its policies, program priorities and eligibility criteria, taking into account the Board’s annual reports to the

¹ This submission is without prejudice to U.S. national positions. It seeks to take what has been noted at TC meetings, workshops, the Glasgow Dialogue, and other consultations to-date, and present a proposal on a way forward towards COP28/CMA5. It is an attempt at a balanced and neutral text, recognizing that we have a shared desire to reach consensus at TC4. For example: there is a placeholder for language on "from whom"/sources, knowing that this needs to be discussed, and there are currently differences of views; the submission tries to incorporate the proposal for a high level coordination council: and, the submission brackets the U.S. proposal for a fund comprised of three sub-funds, which would be a FIF housed at the World Bank, since these ideas still need to be considered by the TC.

[Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] on its activities;

5. *Decides* that the Fund is [to be hosted by the World Bank as a Financial Intermediary Fund][XXXXX];

6. [*Requests* [UN Climate Change] to negotiate with the World Bank relevant arrangements for the operationalization of the Fund][XXXXX];

7. [*Requests* the [Standing Committee on Finance] and the Board to develop working arrangements between the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] and the Board][XXXXXX];

8. *Requests* Parties to operationalize the Fund in an expedited manner;

9. *Invites* the World Bank to serve as the trustee for the Fund, pursuant to paragraph XX of the governing instrument;

10. *Decides* that the Board is to comprise [29][XX] members, pursuant to paragraph XX of the governing instrument;

11. *Invites* Parties, through their regional groupings and constituencies, to submit their nominations for the members of the Board to the Fund's Secretariat, and *invites* other groups included below to submit nominations through their own processes to the Fund's Secretariat, as follows:

- a. [Two members from Africa;
- b. Two members from Asia and the Pacific;
- c. Two members from Latin America and the Caribbean;
- d. Two members from small island developing States;
- e. Two members from the least developed countries;
- f. One member from the Eastern Europe Group;
- g. Ten members from the Western Europe and Others Group;
- h. Four members from contributing Parties, based on cumulative paid-in contribution;
- i. One member from civil society;

- j. One member from the private sector;
- k. One member from the philanthropic sector; and
- l. One member representing Indigenous Peoples;]

[XXX]

12. *Decides* that secretariat services are to be provided to the Fund, in accordance with paragraphs XX of the governing instrument, in order to support and facilitate the Fund’s activities; that a dedicated team of officials is to be identified to render secretariat services to the Fund (the “Secretariat”); and that the head of the Secretariat is to be accountable to the Board with respect to the provision of those aforementioned services;

13. [*Invites* the World Bank to provide secretariat services to the Fund][XXXXX];

14. *Urges* the Board to move promptly to select the head of the Secretariat;

15. *Decides* that the Fund is to [comprise sub-funds][XXX] with operational modalities as referenced in Annex 1, Section III[, and any other sub-funds or modalities created by the Board];

16. *Requests* the Secretariat to make arrangements to convene the first Board meeting by 30 June 2024;

17. *Decides* that the Fund may receive contributions from, inter alia:

- a. National governments;
- b. Regional economic integration organizations;
- c. Sub-national governments;
- d. The private sector;
- e. Philanthropies;
- f. Non-governmental organizations; and
- g. Innovative sources, such as the voluntary carbon market or international pricing mechanisms, that may be established or agreed;

18. [*Placeholder for text about contributions from Parties*]

19. *Stresses* the need to secure financial contributions for the Fund to facilitate its expedited operationalization, and requests the Secretariat to communicate the necessary policies and procedures to receive contributions from a wide variety of sources;

20. *Invites* financial contributions to the Fund for its start-up, including for administrative costs of the Board and the Secretariat;

21. *Welcomes* the generous offers of XXXX to make financial contributions to the start-up costs of the Fund;

Defining elements of the new funding arrangements referred to in paragraph 2 of decision [2/CP.27] [2/CMA.4]

22. Recalls decision [2/CP.27] [2/CMA.4] that establishes new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in respond to loss and damage, including with a focus on addressing loss and damage by providing and assisting in mobilizing new and additional resources, and that these new arrangements complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement;

23. *Invites* Parties and relevant institutions to take forward improvements, including but not limited to the recommendations in Annex 2, in such sources, funds, processes and initiatives outside the Convention and the Paris Agreement to address gaps in speed, eligibility, adequacy and access to finance across a variety of challenges, such as climate-related emergencies, sea-level rise, displacement, relocation, migration, insufficient climate information and data and the need for climate-resilient reconstruction and recovery;

24. *Welcomes* a wide variety of sources, including innovative sources, of finance, to support the new arrangements that complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement;

Ensuring coordination and complementarity with existing funding arrangements

25. *Decides* to establish the [Resilient Futures Coordination Council (the “Council”)] [XXXXX] with the purpose of facilitating broad support and participation across sources, funds, initiatives and processes under and outside the Convention and the Paris Agreement in assisting developing countries that are particularly vulnerable to the adverse effects of climate change in responding to loss and damage;

26. *Decides* that the membership of the [Council] [XXXX] should consist of high-level representatives from institutions engaged in responding to loss and damage, including, inter alia:

- a. The World Bank and Regional Development Banks;
- b. The International Monetary Fund;
- c. Relevant UN Agencies, such as UNOCHA, UNSDR, UNDP, UNEP, UNESCO, FAO, WFP, and WHO;
- d. Relevant multilateral climate funds, such as the [Fund] [XXXX], GCF, GEF, AF, and CIF; and
- e. Experts on Loss and Damage chosen on the basis of their expertise as well as their representation of different regions and perspectives;

27. *Decides* that the [Council] [XXXX] will be convened and chaired by [the Executive Secretary of UN Climate Change] [XXXX];

28. *Decides* that the [Council] [XXXX] is to meet once every [two years] [five years] in alignment with the process for the global stocktake under the Paris Agreement] [XXX] to:

- a. Identify steps taken by sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement in support of responding to loss and damage;
- b. Facilitate a structured and timely exchange of relevant knowledge and information;
- c. Strengthen capacity and synergies to enhance the integration of measures to respond to loss and damage into sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement by drawing on the experiences of others, exchanging good policy and practice and leveraging research and data systems; and

d. Identify new opportunities for cooperation, coordination and complementarity;

29. *Decides* that the Council should produce a report describing the outcomes of its meeting;

30. *Decides* that the Santiago Network should enhance coordination and coherence of support to respond to loss and damage provided by Network members by serving as a forum for Network members to regularly exchange updates on their work and develop collaborative programs;

31. *Requests* the Standing Committee on Finance, in preparing future guidance to the operating entities of the Financial Mechanism, to continue to consider guidance related to activities relevant to averting, minimizing and addressing loss and damage.

32. *Recommends* that the Executive Committee of the Warsaw International Mechanism should take into account the new funding arrangements, including the Fund, in its efforts to enhance action and support, including finance, technology and capacity building, to address loss and damage associated with the adverse effects of climate change.

33. *Recalls* the understanding of the COP and CMA that funding arrangements responding to loss and damage, including the Fund, are based on cooperation and do not involve liability or compensation.

Annex 1

Governing Instrument for the [Resilient Futures Fund] [XXXX]

The [Resilient Futures Fund][XXX] (hereinafter the “Fund”) is hereby established and is to operate in accordance with the following provisions:

I. Objectives

1. Given the urgency and seriousness of climate change, the purpose of the Fund is to assist developing countries that are particularly vulnerable to the adverse effects of climate change in responding to economic and non-economic loss and damage associated with the adverse effects of climate change, including extreme weather events and slow-onset events, especially in the context of ongoing and *ex post* (including rehabilitation, recovery and reconstruction) action.

2. The Fund is to serve developing countries that are particularly vulnerable to the adverse effects of climate change.

3. The Fund is to operate in a transparent and accountable manner guided by efficiency and effectiveness. Acknowledging the importance of new, additional, adequate and predictable financial resources to developing countries that are particularly vulnerable to the adverse effects of climate change, the Fund should catalyze finance, both public and private, and at the international and national levels. The Fund is to pursue a country-driven approach, and promote and strengthen engagement at the country level, through effective involvement of relevant institutions and stakeholders. The Fund should be scalable and flexible and should be a continuously learning institution, guided by processes for monitoring and evaluation. The Fund should strive to maximize the impact of its funding for responding to loss and damage associated with the adverse impacts of climate change, while promoting environmental, social, economic, and development co-benefits, and taking a gender-sensitive approach.

II. Governance and institutional arrangements

A. Relationship to the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement]

4. The Fund is to be governed and supervised by a Board (the “Board”) that is its decision-making body with responsibility for setting the strategic direction, governance and operational modalities, and work program, including relevant funding decisions.

5. The Board of the Fund is to:

- a. Receive guidance from the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] on its policies, programmatic priorities and eligibility criteria, in line with relevant decisions;
- b. Take appropriate action in response to the guidance received; and
- c. Submit annual reports to the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] for its consideration and receive further guidance.

6. Arrangements are to be concluded between the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] and the Board for the Fund to receive guidance from the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] on the matters noted in paragraph 5.

[Placeholder for text on Legal Status, relevant for some options but not others]

[7. The World Bank is to be invited to serve as the Trustee of and provide secretariat services to the Fund, and in this role to serve in a fiduciary and administrative capacity, and is to be bound by its Articles of Agreement, by-laws, rules and decisions.]

B. The Board

1. Composition

7. The Board will have [29][XX] members, comprising:

- a. [Two members from Africa;
- b. Two members from Asia and the Pacific;

- c. Two members from Latin America and the Caribbean;
- d. Two members from small island developing States;
- e. Two members from the least developed countries;
- f. One member from the Eastern Europe Group;
- g. Ten members from the Western Europe and Others Group;
- h. Four members from contributing Parties, based on cumulative paid-in contribution;
- i. One member from civil society;
- j. One member from the private sector;
- k. One member from the philanthropic sector; and
- l. One member representing Indigenous Peoples.]

[XXX]

8. Each Board member is to have an alternate member, with alternate members entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member. During the absence of the member from all or part of a meeting of the Board, his or her alternate serves as the member.

2. Selection of Board members

9. The members of the Board and their alternates are to be selected by their regional group, respective constituency, group, or based on their contributions consistent with paragraph XX above, with due consideration given to gender balance and balanced regional representation.

3. Term of membership

10. Members and alternate members serve for a term of three years and are eligible to serve additional terms, as determined by their constituency.

4. Co-chairs

11. Two co-chairs of the Board are to be elected by the Board members from within their membership to serve for a period of one year through a vote by the

members of the Board, whereby the two Board members with the most votes would become the co-chairs.

5. Decision-making

12. Decisions of the Board will be taken by consensus of the Board members. In the event that all efforts at reaching consensus have been exhausted, the Board is to take decisions based on a vote with a four-fifths majority required to adopt the decision.

13. The Board is to adopt procedures for taking decisions between meetings.

6. Quorum

14. A three-fourths majority of Board members must be participating in a meeting to constitute a quorum.

7. Observers

15. The Board will make arrangements, including developing and operating accreditation processes, to allow for effective participation by accredited observers in its meetings. [The Board will invite, to participate as active observers: two civil society representatives and two private sector representatives.]

8. Additional rules of procedure

16. Additional rules of procedure are to be adopted by the Board, including with respect to virtual participation.

C. Role and functions of the Board

17. The Board should steer the Fund's operations so that they evolve with the Fund's scale and maturity and will exercise flexibility to allow the Fund to evolve over time.

18. The Board is to:

- a. Oversee the operation of all relevant components of the Fund;

- b. Approve operational modalities, access modalities and funding structures;
- c. Approve specific operational policies and guidelines, including for programming, project cycle, administration and financial management;
- d. Approve funding in line with the Fund's criteria, modalities, policies and programs;
- e. Approve policies for the provision of grant and concessional resources, taking into account vulnerability, access to other financial contributions and debt sustainability.
- f. Develop a mechanism to help ensure the activities financed by the Fund are implemented based on high-integrity environmental and social safeguards and fiduciary principles and standards;
- g. Establish subcommittees and panels and define their terms of reference, as appropriate;
- h. Establish additional thematic substructures to address specific activities, as appropriate;
- i. Establish a mechanism for the review of the monitoring and evaluation of performance and the financial accountability of activities financed by the Fund and any necessary external audits;
- j. Review and approve the administrative budget of the Fund and arrange for performance reviews and audits;
- k. [Annually allocate contributions to the Fund to individual sub-funds in a balanced way that takes into account factors that include vulnerability and demand];
- l. Select the Executive Director of the Secretariat;
- m. Receive guidance and take appropriate action in response to any guidance from the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] and prepare annual reports to the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] on its activities;
- n. Exercise such other functions as may be appropriate to fulfil the objectives of the Fund.

19. [The specific functions of the Board with respect to each sub-fund are articulated in Section III(A).]

D. Role and Functions of the Secretariat

1. Establishment of the Secretariat

20. The Fund is to establish a secretariat. The Secretariat is to service and be accountable to the Board. It is to have effective management capabilities to execute the day-to-day operations of the Fund.

21. The Secretariat is to be headed by an Executive Director with the necessary experiences and skills, who is to be selected by the Board. The Board is to approve the job description and qualifications for the Executive Director. The Executive Director is to be selected through a merit-based, open and transparent process.

22. The Secretariat is to be staffed with professional staff with relevant experience. The staff selection is to be managed by the Executive Director and be open, transparent and based on merit, taking into account geographical and gender balance and linguistic diversity.

2. General Functions of the Secretariat

23. The Secretariat is responsible for the day-to-day operations of the Fund and is to:

- a. Organize and execute all relevant administrative duties;
- b. Receive and report information on activities financed by the Fund;
- c. Develop and implement working and coordination arrangements with sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement relevant to responding to loss and damage;
- d. Prepare performance reports on the implementation of activities financed by the Fund;
- e. Develop the work program and annual administrative budget of the Secretariat and trustee and submit them for approval by the Board;
- f. Operationalize the project and program cycle processes;
- g. Prepare financial agreements related to the specific financing instrument to be concluded with an implementing entity;
- h. Monitor the financial risks of the outstanding portfolio;
- i. Work with the trustee to support the Board to enable it to carry out its responsibilities;
- j. Develop for Board approval an annual recommendation for converting Plans into projects and programs, subject to available resources;

- k. Coordinate monitoring and evaluation;
- l. Establish and run effective knowledge management practices;
- m. Establish modalities to allow recipients to use implementing entities, including international entities, national systems or local institutions as appropriate;
- n. Take a regionally-informed approach in responding to context-specific operational needs, capabilities, and priorities of recipient countries.
- o. Perform any other functions assigned by the Board.

24. [The specific functions of the Secretariat with respect to each sub-fund are articulated in Section III(A).]

E. Trustee

25. The World Bank is to serve as trustee for the Fund.

26. The trustee is to manage the financial assets of the Fund. The trustee is to maintain appropriate financial records and prepare financial statements and other reports required by the Board, in accordance with internationally accepted fiduciary standards.

27. The trustee is to administer the assets of the Fund only for the purpose of, and in accordance with, the relevant decisions of the Board. The trustee is to hold the assets of the Fund separate and apart from the assets of the trustee, but may commingle them for administrative and investment purposes with other assets maintained by the trustee. The trustee is to establish and maintain separate records and accounts in order to identify the assets of the Fund.

28. The roles and responsibilities of the trustee include the receipt of contributions, holding and investing of funds, transfer of funds to implementing entities as well as accounting, reporting, financial and fiduciary management, and ensuring compliance with established World Bank procedures and internal controls.

29. The trustee is to arrange for World Bank due diligence to allow for the receipt of non-sovereign contributions.

30. The trustee is accountable to the Board for the performance of its responsibilities as trustee for the Fund.

III. Structure and modalities

31. The Fund should support activities based on a country-driven approach; encourage the involvement of relevant stakeholders, including vulnerable groups; and be gender responsive.

A. [Sub-Funds][XXXX]

32. [The Fund is to be comprised of three sub-funds with the following operational modalities:

1. Slow Onset Events (SOE) Sub-Fund

33. The SOE Sub-Fund is to fund activities to respond to slow onset events.

34. Developing countries particularly vulnerable to the adverse effects of climate change are to:

- a. Work with the Secretariat to develop a Loss and Damage (L&D) SOE Response Plan (“SOE Plan”), including a timeline for adaptation steps the country is expected to take and the activities related to SOE, including economic and non-economic loss and damage, that the SOE Sub-Fund would finance;
- b. Submit their SOE Plan to the Board for approval;
- c. Disclose their SOE Plan publicly;
- d. Take steps set out in their SOE Plan, including by seeking financing through other funding arrangements to complete those steps; and
- e. Decide on the implementing entities, which may include international entities, government entities or systems, or local entities, as appropriate.

35. Implementing entities, including national government implementers, are to:

- a. Work with national, sub-national and local government officials to develop project proposals associated with a country’s SOE Plan;
- b. Reach concurrence with the national government on project proposals and submit proposals to the Secretariat;

- c. Submit to screening by the Secretariat for functional equivalency of relevant standards;
- d. Receive the funding and implement proposals; and
- e. Report on the results of Fund-financed activities to the Fund.

36. The Board is to:

- a. Consider and approve, as appropriate, SOE Plans;
- b. Adopt a policy on readiness funding with respect to this sub-fund;
- c. Approve ad hoc loss and damage actions for unexpected and urgent new events that may impact responses to SOE; and
- d. Approve projects that have high and substantial risk of adverse environmental and social impacts.

37. The Secretariat is to:

- a. Work with an eligible developing country to develop its SOE Plan, including through the provision of technical assistance and readiness funding as appropriate;
- b. Select components of SOE Plans for the Fund to finance, based on Board policies;
- c. Screen SOE Plans for appropriate safeguards, standards and fiduciary considerations during their development;
- d. Screen implementing entities for functional equivalency with Multilateral Development Banks safeguards and standards and arrange for funding to flow through selected entities as appropriate;
- e. Arrange services to fulfil any roles in which the implementing entity does not have equivalent standards;
- f. Disclose SOE Plans on its website;
- g. Approve projects that present only moderate and low risk of adverse environmental and social impact that are part of a country's SOE Plan; and
- h. Develop an annual recommendation for converting components of SOE Plans into projects or programs, subject to available resources, for Board approval.

[XXX]

2. Recovery and Reconstruction Sub-Fund

38. The Recovery and Reconstruction Sub-Fund is to provide funding for eligible countries that need additional, or more concessional, funding for recovery and reconstruction, including in response to economic and non-economic loss and damage.

39. Developing countries particularly vulnerable to the adverse effects of climate change are to:

- a. Work with the Multilateral Development Banks in which they are members on Multilateral Development Bank approval of recovery and reconstruction operations at terms equivalent or better than those offered by the World Bank; and
- b. Disclose their recovery and reconstruction programs and projects publicly.

40. Multilateral Development Banks are to:

- a. Consult with national, sub-national and local governments of eligible developing countries to design and submit to their boards recovery and reconstruction projects and budget support operations using the most concessional interest rates that the relevant borrower country can access based on the Multilateral Development Bank's policies;
- b. Submit the approved project documents to the Secretariat with documentation on [full cost of recovery and reconstruction][cost of addressing adaptation and resilience as part of the recovery and reconstruction][what additional activities are necessary but above the borrowing country's funding envelope] and what additional grant element would reduce the project's overall rates in line with the policy on the provision of grant and concessional resources ; and
- c. Receive approved funding from the Fund, implement the project, and report results to the Fund.

41. The Board is to:

- a. Consider and approve, as applicable, financing packages that allow a reduction in the terms of the recovery and reconstruction projects, in line with its policy on the provision of grant and concessional resources.

42. The Secretariat is to:

- a. Work with country and Multilateral Development Bank implementing entities(s) to understand additional needs and to determine the

appropriate financing package, based on the Board's policy on the provision of grant and concessional resources;

- b. Disclose financing packages for recovery and reconstruction projects on its website; and
- c. Receive MDB documentation described in [paragraph XX] with requests for financing.

[XXX]

3. Small Markets Sub-Fund

43. The Small Markets Sub-Fund will finance activities to respond to the adverse effects of climate change for countries with populations of five million or fewer [at their time of their submission of the plans referred to in paragraph 44 below].

44. Eligible developing countries particularly vulnerable to the adverse effects of climate change are to:

- a. Work with the Secretariat to develop Response Plans, including in response to economic and non-economic loss and damage, including a timeline for adaptation steps the country will take and loss and damage actions that the sub-fund would finance;
- b. Submit Response Plans to the Board for approval;
- c. Disclose their Response Plans publicly;
- d. Take steps to implement their Response Plans, including by seeking financing through other funding arrangements to complete those steps; and
- e. Decide on the implementing entities, which may include international entities, government systems and entities or local entities, as appropriate.

45. Implementing entities, including national government implementers, are to:

- a. Work with national, sub-national and local government officials to develop project proposals associated with Response Plans;
- b. Reach concurrence with national governments on project proposals and submit proposals to the Secretariat;
- c. Submit to screening by the Secretariat for functional equivalency of relevant standards and arrange for funding to flow through selected entities as appropriate; and

- d. Receive the funding and implement proposals; and
- e. Report results of Fund-financed activities to the Fund.

46. The Board is to:

- a. Consider and approve, as appropriate, Response Plans;
- b. Adopt a policy on readiness funding tailored to the specific needs of small markets;
- c. Approve ad hoc response actions for unexpected and urgent new events; and
- d. Consider and approve, as applicable, projects that raise high and substantial risk of adverse environmental and social impacts.

47. The Secretariat is to:

- a. Work with national government to develop their Response Plans, including through the provision of technical assistance and readiness funding as appropriate;
- b. Select components of Response Plans for the Fund to finance, based on relevant Board policies, subject to available resources;
- c. Screen Response Plans for appropriate safeguards, standards and fiduciary considerations during their development;
- d. Screen implementing entities for functional equivalency with MDB safeguards and standards;
- e. Arrange services to fulfil any roles in which the implementing entity does not have equivalent standards;
- f. Disclose Response Plans on its website;
- g. Approve projects that present only moderate and low risk of adverse environmental and social impacts that are part of an Response Plan; and
- h. Develop an annual recommendation for converting components of Response Plans into projects, subject to available resources for Board approval.

[XXX]

48. [The Board may consider the need for additional sub-funds. The Board may add, modify and remove sub-funds, substructures, or facilities, as appropriate.]

B. Complementarity and coherence

49. In performing its work, the Fund is to coordinate with and take into account sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement relevant to responding to loss and damage.

50. The Secretariat is to develop methods to enhance complementarity between the work of the Fund and the activities of other relevant bilateral, regional and global funding mechanisms and institutions, to better mobilize the full range of financial and technical capacities. The Fund is to promote coherence in programming at the national level through appropriate mechanisms.

C. Eligibility

51. Developing countries that are particularly vulnerable to the adverse effects of climate change are eligible to receive resources from the Fund.

D. [Accreditation – relevant section only if there is support for accreditation model, which does not seem to be the case]

E. Allocation

52. In allocating resources, the Board is to take into account the needs of developing countries that are particularly vulnerable to the adverse effects of climate change and the importance of accessibility in all regions. [The Board will annually allocate contributions to the Fund to individual sub-funds in a balanced way that takes into account factors that include vulnerability and demand.]

53. [The Board is to develop a system for allocations based on vulnerability.][XXXXXX]

F. Programming and approval processes

54. The Fund is to use streamlined programming and approval processes to enable timely disbursements. The Board is to develop processes for the approval of proposals with a view toward enhancing access for certain activities, in particular small-scale activities, consistent with the descriptions in Section III(A).

G. Financial instruments

55. The Fund is to provide financing in the form of grants and concessional lending, based on the Board's policy on the provision of grant and concessional resources, which should take into account vulnerability, access to other financial contributions and debt sustainability.

56. Financial management practices and financing agreements are to be in keeping with the relevant high-integrity fiduciary principles and standards and environmental and social safeguards.

IV. Administrative costs

49. The Fund is to finance the operating costs of the Board, the Secretariat and the trustee with respect to its trustee responsibilities.

V. Financial contributions

50. The Fund may receive contributions from, inter alia:

- a. National governments;
- b. Regional economic integration organizations;
- c. Sub-national governments;
- d. The private sector;
- e. Philanthropies;
- f. Non-governmental organizations; and,
- g. Innovative sources, such as the voluntary carbon market or international pricing mechanisms, that may be established or agreed.

51. *[Placeholder for text about contributions from Parties]*

52. Contributions may be provided to the [Resilient Futures Fund][XXX] for the Board to allocate among the sub-funds, or they may be earmarked for any of the sub-funds.

53. The Fund is based on cooperation and facilitation and does not involve liability or compensation.

VI. Monitoring

54. Programs, projects and other activities financed by the Fund are to be regularly monitored for impact, efficiency and effectiveness. The use of participatory monitoring involving stakeholders is encouraged.

55. A results measurement framework with guidelines and appropriate performance indicators is to be approved by the Board. Performance against these indicators is to be reviewed periodically in order to support the continuous improvement of the Fund's impact, effectiveness and operational performance.

VII. Evaluation

56. There are to be periodic, independent evaluations of the performance of the Fund, including those conducted by the World Bank's Independent Evaluation Group, in order to provide an objective assessment of the results of the Fund, including activities financed by the Fund, and its effectiveness and efficiency. The purpose of these independent evaluations is to inform decision-making by the Board, and to identify and disseminate lessons learned. The results of the periodic evaluations are to be published by the Secretariat.

57. The results of these evaluations are to be provided to the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] as part of the annual report of the Board.

VIII. Fiduciary standards

58. The Board is to apply high-integrity fiduciary principles and standards to its work, including all its operations and activities financed by the Fund.

59. The Secretariat is to support the strengthening of capacities in recipient countries, where needed, to enable those countries and any relevant implementing entities to meet the Fund's fiduciary principles and standards.

IX. Environmental and social safeguards

60. The Secretariat is to work towards ensuring that each implementing entity applies [its own][its respective] environmental and social safeguards policies, which are to be applied to all activities financed by the Fund.

61. The Secretariat will support the strengthening of capacities in recipient countries, where needed, to enable them to attain functional equivalency with the World Bank's environmental and social safeguards, based on modalities that are to be developed by the Board.

X. Accountability mechanisms

62. Activities financed by the Fund will be subject to the implementing entity's independent integrity unit, which is to work with the Secretariat to investigate allegations of fraud and corruption in coordination with relevant counterpart authorities, and report to the Board on any such investigations.

63. The Fund's operations, including with respect to activities financed by the Fund, will be subject to the World Bank's policy on access to information. The activities financed by the Fund will also be subjected by each implementing entity's policy on access to information.

64. Activities financed by the Fund are to use the implementing entity's Independent Accountability Mechanism to address complaints related to activities financed by the Fund and take appropriate actions based on any agreements, findings and/or recommendations.

XI. Expert and technical advice

65. The Board is to develop mechanisms for the Secretariat, in carrying out its functions, to draw on appropriate expert and technical advice, including from sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement, as appropriate.

XII. Stakeholder input and participation

66. In addition to the role outlined for stakeholders in Section II, the Board is to develop mechanisms to promote the input and participation of stakeholders,

including private-sector actors, civil society organizations, vulnerable groups, women and indigenous peoples, in the design, development and implementation of the activities financed by the Fund.

XIII. Termination of the Fund

67. Termination of the Fund will be approved by the [Conference of the Parties][Conference of the Parties serving as the meeting of the Parties to the Paris Agreement] based on a recommendation of the Board.

Annex 2: Recommendations to Funding Arrangements

[Funding arrangements include sources, funds, processes and initiatives aimed at responding to loss and damage. Given the urgent and immediate need, the Transitional Committee on the operationalization of the new funding arrangements for responding to loss and damage and the fund developed recommendations to meaningfully improve the ability of countries to respond to loss and damage by addressing gaps related to speed, eligibility, adequacy and access. These recommendations are aimed at strengthening sources, funds, processes and initiatives to deliver impact on the ground more quickly and to complement the work of the Fund in responding to loss and damage.

Pre-Arranged Finance

Pre-arranged finance disburses quickly and reliably just after, or even before, disasters happen and can thus lower their overall impact on vulnerable populations. Different instruments of pre-arranged finance can be combined for an effective risk-layering approach. Pre-arranged finance helps increase the predictability and availability of finance when needed, so that it can be directed toward what affected individuals and communities need when they need it most. Recommendations to strengthen pre-arranged finance include:

- Providing financial and technical support through multilateral and bilateral assistance channels, including Global Shield, for regional risk pools to develop parametric insurance products with triggers based on forecasts or early warnings;
- Strengthening national and sub-national fiscal resilience strategies vis-à-vis climate shocks, as well as contingency plans and support structures, including social protection systems, through domestic efforts and capacity building by multilateral and bilateral technical assistance providers, including Global Shield;
- Enhance the Santiago Network's ability to build and strengthen national [and local] systems to respond to loss and damage, such as shock responsive social protection systems and to consider loss and damage in national [and local] planning and policy frameworks, including assessing loss and damage risks and appropriate responses;

- Enabling greater access to risk transfer products by co-funding product development and/or subsidizing risk premiums, in line with SMART premium and capital support principles;
- Systematically including [climate-related] disaster clauses in loan agreements and using shock-resilient loans in lending operations at [the multilateral] development banks; and,
- Exploring through Global Shield the development and public financing of a global development reinsurance structure for all development insurers and regional risk pools as a joint anchor in view of increasing climate impacts.

Humanitarian Assistance

Humanitarian assistance organizations operate through a well-developed architecture, with multiple global funds and coordination mechanisms to provide life-saving aid before, during and after a crisis. Through the Climate and Environment Charter for Humanitarian Organizations¹ and other actions, the humanitarian sector responds to increasing risks resulting from climate change. Recommendations to strengthen the response of the humanitarian sector include:

- Exploring the establishment of a climate financing mechanism within the Central Emergency Response Fund through the UN Office for the Coordination of Humanitarian Affairs (OCHA);
- Explore the convening, by UN OCHA and the International Federation of Red Cross and Red Crescent Societies (IFRC), of a group of humanitarian leaders to quickly identify actionable recommendations for how humanitarian structures can be better tailored and resourced to meet rising and compounding impacts of climate change and respond to climate-related loss and damage;
- Scaling up, through humanitarian actors and donors, anticipatory approaches to humanitarian action; and
- Scaling up the effectiveness and timeliness of humanitarian funding, including through flexible funding that enables quick scaling up of response to urgent needs and ensures operational continuity.

Recovery and Reconstruction

Countries are confronting increasing costs of responding to more frequent and intense climate impacts, at the same time many are struggling with debt sustainability. These compounding challenges can force countries to make difficult decisions about whether to invest in recovery and resilience or other development needs. Moreover, adequate investment in the recovery and reconstruction phase is critical to reducing the potential impacts of future disasters. Recommendations include:

- Increasing countries' fiscal space through timely and sufficiently deep debt treatments through the Common Framework for Debt Treatment Beyond the Debt Service Suspension Initiative ("Common Framework") for those eligible, or other multilateral, broad-based debt treatment processes;
- Striving for more robust policy actions, in Multilateral Development Bank policy-based or results-based operations and through the IMF's Resilience and Sustainability Trust, so that these infusions of support can be better targeted at concrete steps to increase resilience and preparedness and to foster structural transformation via meaningful policy reforms;
- Development by Multilateral Development Banks of a method to integrate vulnerability into allocation decisions to allow for some allocation decisions to be based on vulnerability, not just income;
- Allowing a broader range of Multilateral Development Bank projects to be subject to the Contingent Emergency Response Component so that a larger amount of funding is available to be disbursed as budget support in the aftermath of a crisis based on principles of build back better and policy actions; and
- Seeking opportunities by Multilateral Development Banks to pair parametric insurance with their loans so that parametric insurance can make payments on the loans in the aftermath of a crisis freeing up fiscal space to recover and reconstruct.

Human mobility

Climate impacts act as direct driver of displacement and migration and as indirect drivers through deteriorating climate-sensitive livelihoods. At the same time, migration can help reduce loss and damage by reducing exposure and socioeconomic vulnerability. Funding arrangements for loss and damage should consider the breadth of activities relevant to human mobility from preventing

displacement, inclusion of displaced people and migrants, support for receiving communities and planned relocation. Recommendations include:

- Increasing support by contributors for climate-related projects under the Migration Multi-Partner Trust Fund, and inviting other [funding mechanisms][sources, funds, processes and initiatives] to link to the Migration Multi-Partner Trust Fund to scale up successful projects;
- Promoting the inclusion of refugees and migrants in multilateral climate finance institution funded activities, consistent with existing investment, results framework and funding windows and structures; and,
- Integrating human mobility into national planning processes, including, inter alia, the process to formulate and implement national adaptation plans, through domestic efforts and capacity building by multilateral and bilateral technical assistance providers.]