



Conference of the Parties

Thirtieth session

Belém, 10–21 November 2025

Item 8(e) of the provisional agenda

Matters relating to finance

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

Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

Seventh session

Belém, 10–21 November 2025

Item 10(d) of the provisional agenda

Matters relating to finance

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

Report of the Standing Committee on Finance

Addendum

Draft guidance to the Fund for responding to Loss and Damage

1. This explanatory note has been prepared to clarify the approach of the Standing Committee on Finance (SCF) to preparing the draft guidance for the operating entities of the Financial Mechanism in 2025.
2. During April and May 2025, the co-facilitators leading the preparation of the draft guidance for the operating entities in 2025 held informal consultations with Parties and groups of Parties to hear views on improving the clarity, coherence and usability of the guidance prepared by the SCF for the operating entities and on priorities for the draft guidance for the operating entities being prepared in 2025.
3. Parties noted, inter alia, that the draft guidance should not be negotiated by the SCF and should reflect Parties' positions and the nuances in the proposals in their submissions to the SCF on the draft guidance and maintain flexibility for Parties to negotiate at sessions of the Conference of the Parties (COP) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA). Most Parties were in favour of the draft guidance being organized by thematic cluster and presented in draft decision format with minimal streamlining of the text in order for it to have a negotiation-ready structure. Parties emphasized that the SCF should not reconcile or synthesize divergent inputs in a way that could constrain the negotiations on or misrepresent their positions in the draft guidance.
4. Taking into account the consultations, the SCF agreed on an inclusive and transparent approach to preparing the draft guidance: compiling submissions and organizing the content by thematic cluster, preserving core messages and differing views in the draft guidance and refraining from negotiating on the substance of the submissions. On that basis, the SCF compiled all submissions on the draft guidance received up to SCF 38.¹
5. SCF 38 finalized the draft guidance to the Fund for responding to Loss and Damage from the COP and the CMA, as contained in the annexes.

¹ The submissions are available at <https://unfccc.int/event/thirty-eighth-standing-committee-on-finance-meeting>.



6. The SCF noted that the draft guidance:
- (a) Is without prejudice to Parties providing further inputs at COP 30 and CMA 7;
 - (b) Reiterates some previous guidance, noting that such reiteration may be warranted since Parties determine whether to reemphasize certain guidance, particularly where follow-up may be considered useful;
 - (c) Includes some elements that are not directed at the Boards of the operating entities;
 - (d) Does not reflect outcomes of the meetings of the Boards of the Green Climate Fund or the Fund for responding to Loss and Damage held after SCF 38 and prior to COP 30 owing to limitations on the sequencing of the meetings of the SCF and the Boards of the operating entities.
7. Parties may wish to refer to previous guidance provided to the operating entities by consulting:
- (a) The forthcoming booklet of previous guidance provided to the operating entities of the Financial Mechanism;²
 - (b) The compilation of previous guidance from the COP to the Global Environment Facility and the responses of the latter.³

² To be made available at <https://unfccc.int/topics/climate-finance/funds-entities-bodies/standing-committee-on-finance/draft-guidance-to-the-operating-entities-of-the-financial-mechanism>.

³ Available at <https://www.thegef.org/newsroom/publications/unfccc-guidance-cops-and-responses-gef-cop1-cop28>.

Annex I

Draft guidance to the Fund for responding to Loss and Damage from the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement*

Option #1: Guidance provided to the Fund for responding to loss and damage at COP 30/CMA 7

[General]

1. *Underscores* the urgency of operationalizing of the Fund for responding to Loss and Damage and to deliver support to vulnerable communities like women and children already experiencing irreversible impacts of climate change;

[Policies]

2. *Recommends* the Board to rapidly deliver the overall policy on the Fund's operation including transitioning to an independent secretariat and ways to operate the Board Committee;
3. *Recommends* the Board to make efforts to rapidly finalize policies and guidelines on the participation of observers and related stakeholders at the Board meeting;

[Access, including direct access via direct budget support]

4. *Notes* with appreciation the work of the Board to develop policies for direct access via direct budget support to countries and *reiterates* the importance of developing these policies with due consideration to maintaining applicable safeguards and fiduciary standards;
5. *Emphasizes* that the Fund should establish direct budget support mechanisms and enable timely disbursement across all funding modalities;
6. *Reaffirms* that all developing countries are allowed to directly access resources from the Fund, including through national and regional entities, consistent with the policies and procedures to be established by the Board of the Fund and applicable safeguards and fiduciary standards;
7. *Emphasizes* that all developing countries must remain eligible, and allocation criteria must not create barriers to access;
8. *Emphasizes* that all developing countries must be eligible to access the resources of the FRLD, since all of them present vulnerabilities to climate change;
9. *Emphasizes* that it is essential for the Fund for responding to Loss and Damage to prioritise the needs of vulnerable, and marginalised groups through the establishment of direct budget support mechanisms through national governments, and providing access to small grants, thereby ensuring that the funds are channelled directly to them in a timely manner;
10. *Requests* the Board, in developing the long-term operational model of the FRLD, to ensure balanced geographical representation, noting that the Fund must provide support in a geographically balanced manner, avoiding overconcentration any given country, group of countries, or region;
11. *Emphasizes* that a rapid disbursement mechanism is essential, particularly in the event of extreme weather occurrences and gradual onset events;
12. *Recognizes* that a short response time will be required for gaining access to the funds to address climate disasters in an appropriate and timely manner, emphasizes that burdens for accessing and reporting on the utilisation of the funds should be avoided, and recommends

* Not formally edited.

that rapid disbursement modalities including simplified procedures and criteria for fast-tracked screening should thus be developed;

13. *Urges* the Board to ensure simplified and streamlined access procedures that are responsive to the specific needs of developing countries, including those most vulnerable to climate-induced loss and damage;

14. *Encourages* the Board to make efforts to simplify procedures and enhance access to resources;

[Financial instruments]

15. *Notes* that the activation of the FRLD with accessible, predictable and grant-based finance is essential to help developing countries address the irreversible impacts of climate change and to protect the rights, dignity and future of vulnerable communities, including marginalized populations;

16. *Emphasizes* that loss and damage funding should be grants-based;

17. *Emphasizes* that the operations of the FRLD should include a wide range of grant-based [instruments] that effectively address slow-onset and rapid-onset climate events, as well as both economic and non-economic dimensions of loss and damage;

18. *Recognizes* that it is extremely difficult for private insurers to cover victims of loss and damage adequately due to the nature of climate related events, recommends that the Fund for responding to Loss and Damage should include a risk management and re-insurance component to facilitate rehabilitation and transformation;

[Governance]

19. *Requests* that Board members undertake an annual governance workshop to develop an understanding of the funds operations and their duties as Board members;

[Coordination, coherence, complementarity and synergy]

20. *Acknowledges* the work of the Board to strengthen its strategic partnerships to enhance coordination and complementarity and *requests* that this work continue to maximise synergies between the multilateral climate funds and leverage the comparative advantages of each entity;

21. *Notes* that more systemic approaches could help vulnerable countries in emergencies and requests the Board to enhance coordination, coherence and synergy with other climate funds and the other bodies under UNFCCC related to loss and damage - the Executive Committee of Warsaw International Mechanism and the Santiago Network - enhancing complementarity in consistence with their mandates, avoiding duplication of efforts, and maximizing impact;

[Gender]

22. *Requests* the Board to ensure it is developing policies that ensure the systematic integration and mainstreaming of gender and social inclusion into all activities;

[Barbados Implementation Modalities]

23. *Welcomes* the efforts of the Board to establish the start-up phase of the Fund, the Barbados Implementation Modalities (BIM) and *recognizes* that a lot more should be done in order to accomplish the Fund's scope;

24. *Welcomes* the prioritization of grants as the primary financial instrument during the start-up phase of the FRLD;

25. *Notes* with appreciation the decision by the Board of the allocation floor for SIDS and LDCs in the Barbados Implementation Modalities (BIM), and *requests* the Board to continue to take the special circumstances of SIDS and LDCs into account for future funding allocations;

26. *Recommends* the Board to swiftly finalize the discussion on the Barbados Implementation Modalities;

27. *Urges* the Board to rapidly operationalize the Barbados Implementation Modalities and to begin the disbursements before COP 30 in support of vulnerable countries and communities in all the regions across the globe;

28. *Urges* the Board to ensure the Barbados Implementation Modalities are implemented as a high-impact pilot program to showcase the fund’s unique value add and where it fits into the existing multilateral architecture;

29. *Requests* the Board to follow through with supporting equitable, country-led and country-owned approaches when establishing the initial project/programme funding criteria, an initial project/programme cycle and a results management framework for the Barbados Implementation Modalities in a manner that ensures geographic balance;

[Country-led and country-owned approaches]

30. *Emphasizes* that the Fund’s operations should be guided by country-led and country-owned approaches, while fully acknowledging national contexts;

31. *Emphasizes* that the Fund should be guided by country-led and country-owned approaches that support national responses to loss and damage through bottom-up initiatives, and allow for decentralised governance mechanisms with the view to enabling grassroots and community organisations to develop their own plans for utilising the funds;

[Agility]

32. *Notes* that, unlike other climate funds, the FRLD needs to operate with an additional sense of urgency and *emphasizes* that in order to accomplish its scope, the FRLD must be expeditious and act immediately, with prompt response; that it must deliver financial support, offering a remedy for adverse situations in a timely manner; and that, in the face of emergencies, developing countries and vulnerable communities cannot face barriers or excessive bureaucracy that delays access to vital resources;

33. *Requests* the Board to strengthen the agility of response of the Fund, and establish enhanced readiness support and rapid disbursement modalities to make it able to react and address climate-induced extreme weather events and sudden-onset events;

[Resource mobilization strategy and plan]

34. *Notes* that the effective and concrete operationalization of the Fund – with the launch of its disbursements and active support on the ground – will be the best incentive to fundraising and efficient resource mobilization strategies;

35. *Welcomes* the adoption by the Board of the Fund of its resource mobilization strategy and plan on the basis of paragraph 12 of decision 1/CP.28, and look forward for its proper implementation;

36. *Recommends* the Board to constantly develop its long-term resource mobilization strategy;

[Status of resources]

37. *Notes* with concern the low rate of pledges conversion to contributions in a timely manner, *urges* the conversion of pledges by developed country Parties as soon as possible, and *requests* the Board to take measures to ensure the timely conversion of pledges by developed country Parties to fully executed contribution agreements or arrangements to increase the predictability of resources for the Fund;

38. *Calls* upon developed country Parties to immediately convert their pledges into contributions and to enhance their contributions to the FRLD with new and adequate pledges, recognizing the existing gap between the needed and provided financial resources in the Fund, since the current amount of financial resources in the FRLD is insufficient to meet its purpose;

39. *Emphasizes* that it is essential that all contributions pledged to the Fund are accompanied by clear timelines for disbursement, ensuring transparency, predictability, and accountability;

[SCF Forum]

40. *Requests* the Board to take note of the summary report of the 2025 Forum of the Standing Committee on Finance on Financing Sustainable Food Systems and Agriculture and to take into consideration the key findings therein to inform its work, as applicable;

[Rules of procedure]

41. *Stresses* that the Board should adhere the agreed rules of procedure, particularly around the issuing of meeting agendas and documents;

[Preparation of meeting documents]

42. *Requests* the Board to undertake a review of meeting paper formats to ensure they are prepared in a way to facilitate productive discussions during Board meetings, with areas of focus for this review including guiding questions and/or articulating the key decisions required from Board members;

[Progress in the operationalization of the FRLD secretariat]

43. *Recognizes* the efforts of the FRLD Secretariat to hire technical staff and urges the Deputy Executive Director to complete her team rapidly.

Option #2: No guidance provided to the Fund for responding to loss and damage at COP 30/CMA 7

Annex II

Draft guidance to the Fund for responding to Loss and Damage from the Conference of the Parties*

Option #1: Guidance provided to the Fund for responding to loss and damage at COP 30

[Barbados Implementation Modalities]

1. *Welcomes* the work of the Board behind operationalizing the Barbados Implementation Modalities to support bottom-up, country-led and country-owned approaches to loss and damage that promote and strengthen national responses to loss and damage;
2. *Welcomes* the adoption by the Board of the Barbados Implementation Modalities to respond to loss and damage consisting of a first set of interventions for the calendar years of 2025 and 2026, for a total of USD 250 million;

[Resource mobilization strategy]

3. *Urges* developed country Parties to continue to provide support and encourage other Parties to provide, or continue to provide support on voluntary basis for activities to address loss and damage.

Option #2: No guidance provided to the Fund for responding to loss and damage at COP 30

* Not formally edited.

Annex III

Draft guidance to the Fund for responding to Loss and Damage from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement*

Option #1: Guidance provided to the Fund for responding to loss and damage at CMA 7

[Resource mobilization strategy]

1. *Emphasizes* that the Fund’s resource mobilization strategy should align with the Baku to Belém Roadmap to \$1.3 trillion, aiming to triple annual disbursements and reflect the scale of needs in developing countries, and that the finance must be new, additional, predictable, and adequate.

Option #2: No guidance provided to the Fund for responding to loss and damage at CMA 7

* Not formally edited.