

Dear Special Envoy Kerry, Ms. Christina Chan and Mr. Trigg Talley,

We, the undersigned U.S. climate, environment, development, faith, science, and social justice organizations, are writing to urge you to negotiate in a spirit of global solidarity at the upcoming fifth meeting of the UN Transitional Committee (TC) to design the new Loss & Damage Fund (L&D Fund) and funding arrangements.

We were dismayed that the fourth TC meeting ended without any agreement on a set of recommendations for the COP, and that some U.S. positions directly led to this impasse. In particular, the U.S. insistence on the World Bank as the host institution, despite clear evidence that it is not fit for purpose for the L&D Fund, is deeply problematic. Equally troubling is the ongoing denial from various U.S. administration officials that historical responsibility for causing the climate crisis is related to the Loss & Damage that communities around the world are facing.

A key metric for the success of COP28 is an agreement to operationalize the new L&D Fund – which must be secured through a favorable outcome at TC5 in advance of the COP. The L&D Fund must also be properly designed to meet the needs of developing countries and affected communities who are being hit by climate impacts that are increasingly severe, deadly, and costly.

We call on the U.S. negotiating team to listen to the needs and desires of those countries, communities and people who are meant to benefit from this fund, and design the fund in that context. The world does not need yet another channel for international finance that is donor-driven and unaccountable to communities in the Global South. But it *does* desperately need a Loss & Damage Fund, primarily capitalized by the developed countries that bear the most responsibility for causing the climate crisis and have the moral duty and capacity to act, which provides debt-free funding directly to developing countries, with human rights and broad stakeholder inclusion at the core.

Specifically, we strongly urge that, at the fifth Transitional Committee meeting, the United States:

- Drops the demand that the Secretariat of the L&D Fund be housed within the World Bank, and instead supports the creation of the L&D Fund as a new independent entity serving as an operating entity of the UNFCCC financial mechanism and fully accountable to and guided by the COP and CMA;
- Accepts language indicating that developed countries should lead in terms of contributing to the L&D Fund, and withdraw statements that historical responsibility is irrelevant to Loss & Damage;

- Withdraws the position that the L&D Fund Board reserve spots for contributors, which would cement an outdated and undemocratic shareholder governance approach, and instead supports a fully democratic Board structure with equitable representation of developed and developing countries;
- Agrees that the Fund's Board, once constituted, will make all funding allocation decisions, without any provision for earmarking of contributions for specific themes or country groups (including via sub-funds); and
- Agrees to an initial capitalization and replenishment schedule for the L&D Fund.

Each of these vital asks is related to the simple idea that it is developing countries, rather than contributors, that should determine how the available funds are used. Decades of evidence and experience with development finance shows that the more decision-making is devolved on how to manage and use funds, the more effective and sustainable the impact of those funds will be.

We ask that the Biden administration respect this evidence and agree to the most effective and transformational L&D Fund possible. Sticking to the current U.S. positions, which are widely seen as unreasonable, would put the outcome of TC5 in jeopardy – which will have grave implications for the success of COP28 as well. Given the U.S. positions to date, there is little doubt that our country will bear the blame for any negative outcome on Loss & Damage. This is something we all seek to avoid. Conversely, getting agreement on operationalizing the L&D Fund early can create the goodwill and trust needed to help secure other key wins on mitigation ambition, such as a fast, fair fossil fuel phaseout.

The climate crisis is already taking a fearsome toll on many people and communities in developing countries who have contributed little to the heat-trapping emissions fueling this crisis, a situation that is set to grow more dire in the future. Doing its part to make sure the Loss and Damage Fund operationalized at COP28 is a straightforward way the United States can demonstrate its willingness to engage in good faith to help solve this deeply inequitable global challenge.

Thank you,

1. 350.org
2. 7 Directions of Service
3. ACE Observatory
4. ActionAid USA
5. Alabama Interfaith Power & Light
6. American Jewish World Service
7. Arizona Interfaith Power and Light
8. Bread for the World

9. Care About Climate
10. Center for Biological Diversity
11. Center for Economic and Policy Research (CEPR)
12. Center for International Environmental Law (CIEL)
13. Church World Service
14. Clean Energy Action
15. Climate Generation
16. Climate Hawks Vote
17. Climate Law & Policy Project
18. Climate Trace Puerto Rico
19. Deignan Institute for Earth and Spirit at Iona University
20. Earth in Brackets
21. Earth Ministry/Washington Interfaith Power and Light
22. ecoAmerica
23. EcoEquity
24. Empower Our Future
25. Friends of the Earth US
26. Georgia Interfaith Power & Light
27. Georgia WAND
28. GreenFaith
29. Headwaters Relief Organization
30. Heinrich Böll Foundation Washington, DC
31. Hip Hop Caucus
32. Institute for Agriculture and Trade Policy
33. Institute for Policy Studies Climate Policy Program
34. Integrated Policy Research Institute
35. Interfaith Power & Light
36. Interfaith Power & Light (DC.MD.NoVA)
37. Iowa Interfaith Power & Light
38. Justice Is Global
39. Lowlander Center
40. MADRE
41. Maryknoll Office for Global Concerns
42. Minnesota Interfaith Power & Light
43. Mississippi Rising Coalition
44. Nebraska Interfaith Power and Light
45. New Mexico & El Paso Region Interfaith Power and Light
46. North American Climate, Conservation and Environment (NACCE)
47. North Carolina Council of Churches
48. North Carolina Interfaith Power & Light

49. Oil Change International
50. Oxfam America
51. Pennsylvania Interfaith Power & Light
52. The People's Justice Council
53. Physicians for Social Responsibility Pennsylvania
54. Public Citizen
55. Sojourners
56. Southeast Climate and Energy Network (SCEN)
57. Southern Oregon Climate Action Now
58. Taproot Earth
59. Union of Concerned Scientists
60. Unitarian Universalist Service Committee
61. Unitarian Universalists for Social Justice
62. United Methodist Church General Board of Church and Society
63. VIVAT International
64. West Virginia Interfaith Power & Light
65. Wisconsin Green Muslims
66. Women's Earth and Climate Action Network (WECAN)
67. Women's Environment and Development Organization (WEDO)
68. Zero Hour