

Fourteenth Steering Committee
27-29 May 2026

Establishment of a Complementary SOFF Resource Mobilisation Vehicle

Decision 14.5

Systematic Observations
Financing Facility

**Weather
and climate
data for
resilience**



Decision 14.5: Establishment of a Complementary SOFF Resource Mobilisation Vehicle

The SOFF Steering Committee

Recalls:

- [Decision 11.5](#), which requested the SOFF Secretariat to pursue development of a Systematic Observation Impact Bond with utmost importance and urgency, with a view to announcing the Bond at COP30 as an innovative contribution to the new collective quantified goal on climate finance (NCQG) established at UNFCCC COP29.
- [Decision 13.2](#), which requested the SOFF Secretariat to progress work towards the establishment of the SOFF Special Purpose Vehicle (SPV) as a complementary and innovative SOFF resource mobilization vehicle, that would enable the issuance of multiple bonds over time, to support scaling up SOFF operations and responding to high country demand.

Notes the growing importance of innovative mechanisms to complement public development finance, particularly in a context of increasing fiscal constraints and competing global priorities, and the opportunity to mobilize additional resources at an accelerated pace through a multi-stakeholder financing vehicle.

Welcomes:

- The support of ClimateWorks Foundation through an indicated contribution of USD 200,000 to cover the costs associated with the establishment of the SPV and the development of a first Systematic Observation Impact Bond;
- the continued leadership and support of the SOFF co-founders — WMO, UNDP and UNEP — whose close collaboration with the SOFF Secretariat has enabled the advancement of the design of the SPV and a Systematic Observation Impact Bond.

Decides:

- To proceed with the establishment of an SPV in Ireland to serve as the resource mobilization vehicle for issuing Systematic Observation Impact Bonds. Subject to a future SOFF Steering Committee decision, the SPV could potentially support other UN-administered climate initiatives. Any such future decision would be considered only following the submission of a detailed proposal setting out the operational arrangements and implications that ensure clear financial separation and no liabilities for the SOFF UN Multi-Partner Trust Fund, SOFF co-founders and Steering Committee members.
- To develop a first Systematic Observation Impact Bond aimed at mobilizing complementary resources for scaled-up implementation of the SOFF work programme, with a view to announcing the forthcoming bond at COP31.

- To maintain the SOFF Steering Committee as the sole body responsible for strategic oversight and approval of SOFF bond issuances and allocation of net bond proceeds to the SOFF work programme, while the SPV Board of Directors remains responsible for the SPV's legal and operational decisions.

Requests:

That WMO, in its capacity as host of the SOFF Secretariat, with Secretariat support and in coordination with UNEP and UNDP, undertake the following steps to operationalize the SPV and advance the development of a first Systematic Observation Impact Bond:

- (i) engage with Ireland regarding the establishment of a Host Country Agreement recognizing the SPV's public purpose;
- (ii) contract a corporate services provider to establish and administer the trust hosting the SPV and to nominate the initial two directors, subject to WMO approval.
- (iii) engage a reputable law firm to support the legal incorporation and structuring of the SPV in Ireland; and
- (iv) identify and engage a treasury manager to provide the financial services required for the SPV's operations.

That the SOFF Secretariat, in coordination with WMO, UNEP, and UNDP, take the following steps to operationalize the SPV and advance development of a first Systematic Observation Impact Bond:

- (i) coordinate the establishment of the SPV and engagement with the required stakeholders;
- (ii) lead engagement with potential public and private impact funders and facilitate engagement with investors;
- (iii) submit, for consideration at the 15th Steering Committee meeting, a proposal for a Steering Committee-nominated SPV Director, to complement the two directors nominated by the corporate services provider and approved by WMO;
- (iv) submit, for consideration at the 15th Steering Committee meeting, a proposal for the first bond issuance, with a view to announcing the forthcoming bond at COP31.

Purpose of this Document

This document presents progress to date and seeks the Steering Committee's consideration and decision on the establishment of an SPV as a complementary resource mobilization vehicle, and on the further development of a Systematic Observation Impact Bond, to support scaled up implementation of the SOFF work programme and respond to high country demand.

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Establishment of a Complementary SOFF Resource Mobilisation Vehicle

1. Context

Demand for SOFF support has grown rapidly. More than 100 countries have requested support, with so far 61 countries receiving readiness assistance and 23 countries receiving investment support. While this progress reflects strong uptake and strong commitment from both developing countries and SOFF's pioneer donors to close the Global Basic Observing Network (GBON) gap, a substantial financing gap remains to meet the targets of the SOFF work programme, as set out in Steering Committee [Decision 11.3](#).

To date, SOFF's funding model has relied on sovereign grant contributions channelled through the SOFF UN Multi-Partner Trust Fund (UN MPTF). This model remains essential. It has become evident, however, that it cannot, on its own, mobilize resources at the scale, speed, and predictability needed to meet growing demand and close the global observation gap in a timely manner.

In a context of increasing fiscal constraints and competing global priorities, there is a growing need to complement public development finance with innovative approaches that mobilize additional and more diverse sources of capital.

Recognizing these constraints and the resulting financing gap, the Steering Committee, through [Decision 11.5](#), requested the SOFF Secretariat to pursue the development of a Systematic Observation Impact Bond, with a view to announcing it at COP30. The bond was subsequently announced by SOFF at COP30 as part of the COP30 Action Agenda, in collaboration with the Climate High-Level Champions and the COP30 Presidency.

Through [Decision 13.2](#), the Steering Committee further requested the Secretariat to progress work towards the establishment of an SPV as a complementary resource mobilization vehicle capable of issuing bonds over time, to support the scaling up of SOFF operations and respond to high country demand.

The bonds are intended to frontload resources, expand the funder base by mobilizing private and philanthropic capital, and link impact funder funding to verified GBON results.

SOFF gratefully acknowledges the support of the Nordic Development Fund, whose EUR 150,000 booster grant has been instrumental in advancing the analytical work and partner engagement needed to develop the bond and SPV design. SOFF also expresses its appreciation to ClimateWorks Foundation for its indicated contribution of USD 200,000 to support the establishment of the SPV and the issuance of a first Systematic Observation Impact Bond.

2. Institutional Architecture and Governance

The proposed institutional architecture is designed to ensure transparency, accountability, and the effective mobilization and use of resources. At its core, the architecture combines SOFF's existing institutional framework with a dedicated SPV that enables access to capital markets and investors.

2.1 SOFF Steering Committee

The Steering Committee remains the sole SOFF decision-making body. It will (i) decide on the establishment of the SPV; (ii) decide on the allocation of net bond proceeds (i.e. the funds available after deducting bond issuance, transaction-related, and SPV operational costs); (iii) provide strategic guidance to the SPV board of directors; and (iv) mandate the SOFF Secretariat and WMO to carry out the required actions.

2.2 Special Purpose Vehicle

The SPV will be a dedicated vehicle designed to mobilize complementary resources for SOFF. While operating as an independent legal entity, its purpose and mandate are anchored in the Steering Committee's decisions. Its core functions will be to (i) receive impact funder grants and investor capital; (ii) issue bonds; (iii) transfer net bond proceeds to the SOFF UN MPTF; and (iv) repay investors.

The SPV is expected to be established in Ireland as an orphan entity under a trust, ensuring legal and financial independence, with its resources maintained separately. It will be overseen by a board of directors, legally responsible for its decisions and for ensuring delivery of its mandate to mobilize resources for SOFF. In line with standard practice, two directors will be nominated by a corporate services provider, subject to WMO approval, for the initial establishment of the SPV, alongside a director nominated by the Steering Committee. For subsequent appointments, directors nominated by the corporate services provider will be subject to Steering Committee approval. Directors may be appointed on a renewable annual basis.

Directors will be expected to act in accordance with applicable legal and fiduciary obligations. While the SPV Board of Directors acts independently in carrying out its responsibilities, the SOFF Steering Committee may request the replacement of a director when its continued service would undermine SOFF's mandate and reputation.

This composition reflects legal and regulatory requirements in Ireland, including the need for a majority of locally based directors, as well as standard market practice for SPVs established as orphan entities, whereby independent nominee directors are provided by the corporate services provider to ensure fiduciary and legal compliance. The inclusion of a Steering Committee-nominated director ensures alignment with SOFF's mandate and strategic direction.

Subject to a future SOFF Steering Committee decision, the SPV could potentially support other UN-administered climate initiatives. Any such future decision would be considered only following the submission of a detailed proposal setting out the operational arrangements and implications that ensure clear financial separation and no liabilities for

the SOFF UN Multi-Partner Trust Fund, co-founders and SOFF Steering Committee members.

Establishing an SPV to mobilize resources is a tested approach and has been successfully used by the International Finance Facility for Immunisation (IFFIm) to support Gavi, and by the Climate Investment Funds Capital Markets Mechanism (CCMM) to support the Climate Investment Funds.

Precedent: International Finance Facility for Immunisation

IFFIm is an SPV established in 2006 to accelerate the availability and predictability of funding for Gavi, the Vaccine Alliance. IFFIm is an independent entity established as a United Kingdom charity, with no employees of its own. It operates through a partnership among sovereign donors, its Board, the World Bank (acting as treasury manager), and Gavi as the implementing partner.

IFFIm pioneered a frontloading model in which long-term donor pledges are leveraged to raise funds immediately from capital markets through bond issuances. In 2006, IFFIm successfully issued its inaugural five-year fixed-rate bonds raising US\$ 1 billion. A wide range of investors, particularly those attracted to socially responsible investing, purchased these bonds. This transaction enabled Gavi to immediately make available almost seven years' worth of pledges. To date, IFFIm has leveraged donor pledges over a 32-year period to raise over US\$ 10 billion in cash between 2006 and 2025.

2.3 Treasury Manager

The SPV will outsource its financial management to a Treasury Manager, a financial institution responsible for the financial management of the SPV. The Treasury Manager will: (i) manage the SPV's cash flows to align incoming and outgoing funds; (ii) support the structuring of bond issuances; (iii) monitor and manage financial risks; (iv) engage with relevant stakeholders (e.g. credit rating agencies and investment banks).

In this capacity, the Treasury Manager plays a critical role in ensuring that the SPV operates in line with market standards and investor expectations. In the course of the SPV's operations, available balances may generate interest. Such interest would form part of the SPV's resources and support its liquidity, creditworthiness, and operational flexibility, in line with the relevant bond and SPV financial arrangements.

2.4 UN MPTF Office

The UN MPTF Office as the SOFF trustee will (i) receive net bond proceeds; (ii) administer all funds received in accordance with Steering Committee decisions; and (iii) channel resources to SOFF Implementing Entities and WMO for SOFF work programme implementation. This ensures that, regardless of how resources are mobilized, SOFF work programme delivery is fully compliant with the SOFF Operational Manual and UN MPTF policies and procedures.

2.5 WMO

WMO will perform a dual role within the architecture.

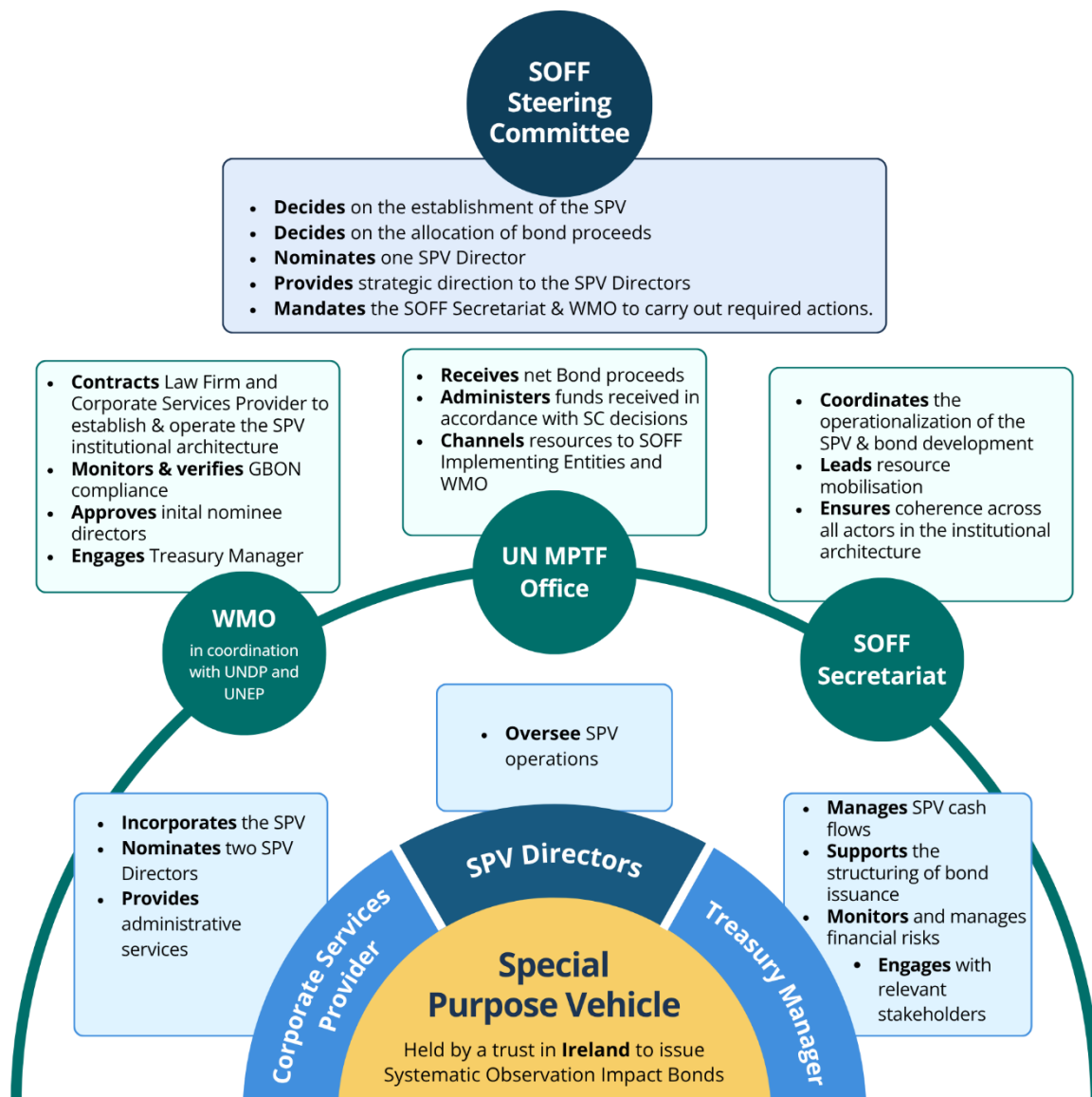
In its capacity as the SOFF Technical Authority, among other tasks, WMO will monitor and verify the international sharing of GBON-compliant observations. This verification function builds on the technical validation of data by global forecast centres, including the European Centre for Medium-Range Weather Forecasts (ECMWF), National Centers for Environmental Prediction (NCEP), Japan Meteorological Agency (JMA), and Deutscher Wetterdienst (DWD). This is particularly important in the context of the impact bonds, where bond financial flows may be linked to verified results.

In its capacity as SOFF co-founder and host of the SOFF Secretariat, WMO will support the operationalization of the SPV and the development of the Systematic Observation Impact Bonds. In this role, WMO will engage the required law firm and corporate services provider to establish and operationalise the SPV institutional architecture and will also engage a Treasury Manager to provide the financial services required for the SPV's operations. Such procurement and contracting processes would be conducted in accordance with applicable WMO rules, policies, and procedures.

2.6 SOFF Secretariat

Guided by the SOFF Steering Committee, the SOFF Secretariat will play a coordination and facilitation role. It will (i) coordinate, guided by WMO, UNEP, UNDP, the operationalization of the SPV and the development of the Systematic Observation Impact Bonds; (ii) lead resource mobilization and engage with impact funders, investors, and partners; (iii) ensure coherence of action across all actors in the institutional architecture.

The diagram below provides an overview of the institutional architecture and governance of the SPV, including the future roles and interactions of the entities involved.



Further details on the proposed institutional architecture, governance arrangements, and accountability framework are provided in Annex 2.

3. Systematic Observation Impact Bonds

The Systematic Observation Impact Bonds will be designed to frontload resources for SOFF by leveraging impact funders commitments to raise immediate capital from investors, while also attracting additional donors.

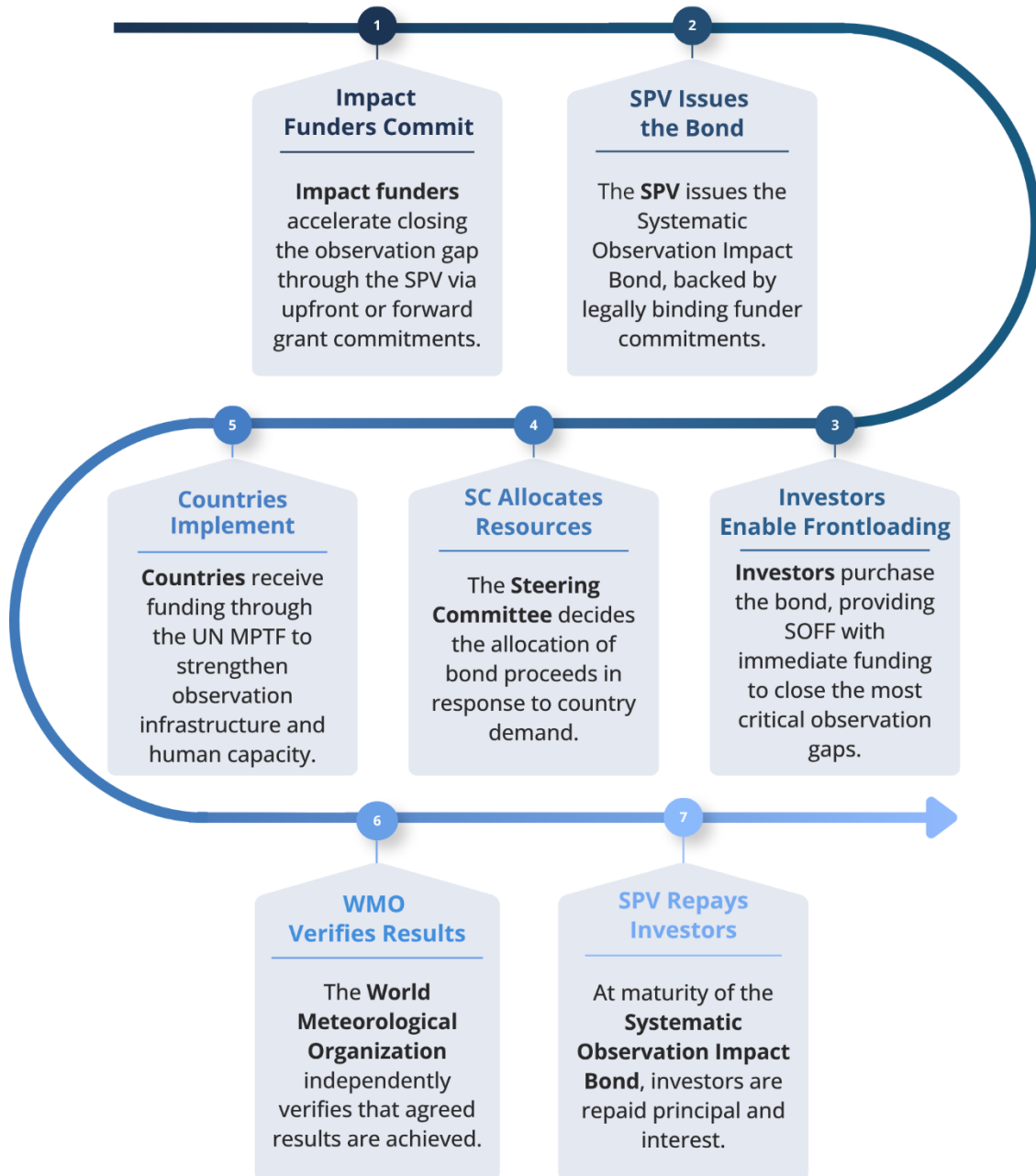
By using long-term impact funder commitments to back bond issuance, the bonds enable SOFF to access resources earlier and accelerate investments in closing the global weather and climate observation gap. Accelerating the availability of funding reduces the cost of inaction, avoiding higher losses, missed opportunities, and escalating risks associated with delayed investment in observation systems.

This approach does not change the nature of grant financing, but rather its timing, making resources available when they are most needed. The structure combines public and private capital, anchored in binding impact funder commitments and, where applicable, linked to independently verified results, ensuring that resources are both predictable and impact-driven. Bond issuances will be undertaken only once sufficient and appropriate impact funder commitments are secured, ensuring that each issuance is fully backed by predictable funding streams.

In addition, the bonds are expected to attract a broader range of contributors by offering a flexible and results-oriented contribution modality. They enhance the visibility and leverage of impact funder contributions by enabling SOFF to mobilize capital from investors, thereby amplifying impact and broadening the coalition of partners supporting SOFF.

This approach is aligned with the broader direction of the Financing for Sustainable Development Report 2026 and the Sevilla Commitment, which highlight the urgent need to close the SDG financing gap, strengthen underfunded data systems, and scale blended finance solutions to mobilize private capital. In particular, the report identifies chronic underinvestment in data and monitoring systems as a key constraint to effective policymaking and emphasizes the importance of improving the impact and accountability of financing flows. The proposed bonds respond directly to these priorities by frontloading resources for a high-impact global public good and combining public and private capital in a structured, results-oriented approach.

The following diagram illustrates how the bonds operate in practice, from impact funder commitments and bond issuance to the allocation of resources and repayment to investors.



3.1 Impact Funders Commit

Public and private impact funders provide grant funding, either upfront or over time. Within this group, some may act as outcome funders, providing outcome-based contributions linked to the achievement of verified results. These resources form the financial foundation of the bonds, enabling the SPV to mobilize capital and repay investors.

Contributions provided by impact funders would be managed and accounted for in accordance with the applicable terms and conditions agreed with each impact funder, including, where relevant, requirements relating to ODA eligibility and the use of proceeds.

Forward grants, consisting of multi-year commitments disbursed over time, enable the SPV to frontload resources through bond issuance, thereby accelerating the implementation of the SOFF work programme.

Upfront grants, which may be provided on one or multiple occasions and are disbursed immediately into the SPV, strengthen its capital base, enhance investor confidence, and contribute to reducing the cost of bond issuance.

In addition, impact funders may provide guarantees, offering risk protection to the SPV or specific bond issuances, thereby attracting a broader range of investors, without requiring upfront funding unless the guarantee is called.

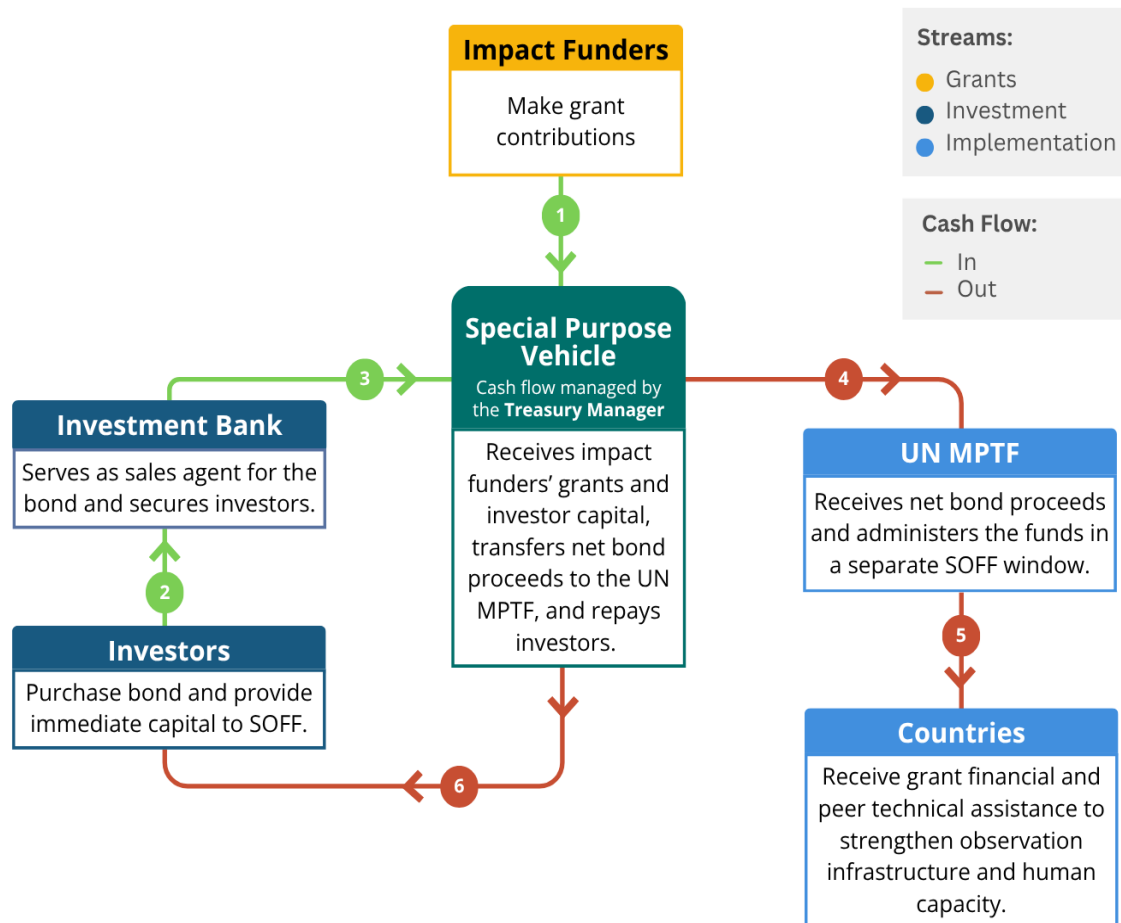
3.2 Special Purpose Vehicle **Issues** the Bond

Based on impact funder commitments, the SPV issues bonds to investors in the capital markets through a variety of methods, including public placements (i.e. bonds offered broadly to investors and typically listed on a market) or private placements (i.e. bonds placed directly with a limited group of investors), and, where appropriate, incorporating elements linked to verified results.

For public placements, and, in certain private placements, the SPV will engage an investment bank to structure, market, and place the bonds with investors, given their expertise and market access.

A credit rating may be sought to support investor confidence and facilitate access to the capital markets. At this stage, it remains under consideration whether such rating would be obtained, and whether it would be applied to the SPV or to a specific bond issuance.

The diagram below illustrates how impact funder contributions and investor capital flow through the SPV, are transferred as net bond proceeds to the UN MPTF for implementation, and are used, over time, to repay investors.



3.3 Investors **Enable** Frontloading

Investors purchase the bonds, providing immediate capital to the SPV. This capital is made available to finance the SOFF work programme and is mobilized from mission-aligned and impact investors.

In private placements, which allow greater flexibility in structuring terms, investors may participate within the same issuance according to their requirements. Some investors may require a return; others may accept lower or no return; and others may link their returns to the achievement of verified results and, in some cases, forgo part of their principal.

This approach enables the frontloading of resources by transforming investor capital into immediate resources for SOFF work programme implementation. By bringing forward commitments that would otherwise be disbursed over time, the bonds enable SOFF to accelerate implementation and close the GBON observation gap more rapidly.

3.4 Steering Committee **Allocates** Resources

The Steering Committee allocates the net bond proceeds in line with the SOFF Operational Manual to support the implementation of the SOFF's work programme.

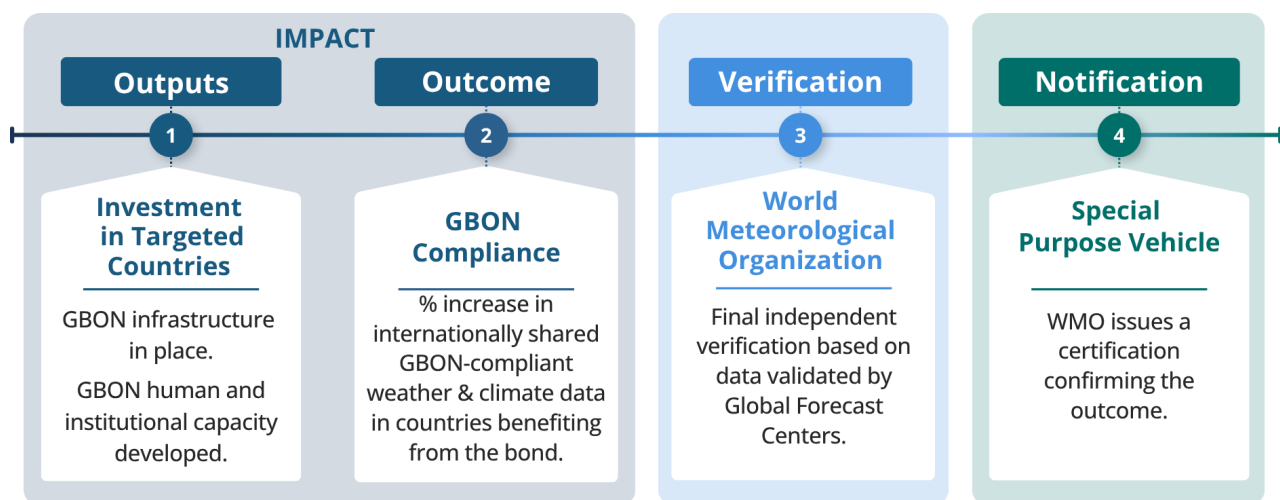
3.5 Countries Implement

Resources are channelled through the UN MPTF Office to support implementation at the country level. Countries, with the support of Implementing Entities, peer advisors and the WMO Technical Authority, install and rehabilitate observation infrastructure, strengthen institutional and human capacities, and ensure the sustained generation and international exchange of data in line with GBON requirements.

3.6 WMO Verifies Results

WMO independently verifies the international exchange of GBON-compliant data. This verification provides objective assurance on performance and supports any impact-linked features of the bonds. The verification is conducted within a broader verification framework that distinguishes between technical data validation performed by global forecast centres and WMO’s independent verification.

The following diagram illustrates the results chain underpinning the Systematic Observation Impact Bonds, from investments at the country level and resulting GBON compliance, to independent verification by WMO and subsequent notification to the SPV.



3.7 Special Purpose Vehicle Repays Investors

Over time, the SPV uses impact funder payments to meet its repayment obligations to investors, including principal and, where applicable, a return on investment. Repayments are structured in line with bonds’ financial terms, supported by predictable impact funder contributions.

4. Resource Requirements for Operationalising the SPV

The establishment and operationalisation of the SPV will entail both one-off setup costs and recurring operational costs to ensure that the SPV is legally established, financially sound, and capable of issuing and managing bond transactions.

One-off SPV setup costs are estimated at up to USD 50,000. These include legal structuring, incorporation of the SPV, engagement of required stakeholders, and the establishment of core operational systems and documentation.

Recurring SPV operational costs are estimated at approximately USD 50,000 per year. These include law firm and corporate services provider fees, treasury management, and reporting requirements.

Initial support to cover the setup and the first year of SPV operationalisation has been secured through an indicated contribution from ClimateWorks Foundation. From the second year onwards, operational costs are expected to be covered through the SPV's own cash flows.

5. Safeguards and Risk Management

The SPV institutional architecture incorporates a set of robust safeguards and risk management measures to ensure financial integrity, protect stakeholders, and maintain confidence among impact funders and investors.

The design of the SPV follows established international practices for development finance structures, including ring-fencing of assets (i.e. ensuring that the SPV's assets are kept separate from those of other entities) and clear allocation of roles and responsibilities. Any bonds would be issued solely by the SPV in its own name and on its own account. These features ensure that risks are clearly identified, mitigated, and appropriately allocated across stakeholders.

In addition, the model is anchored in the SOFF governance structure and the SOFF Operational Manual, ensuring that resources are used effectively, transparently, and in line with agreed objectives.

5.1 Impact Funder Risk

Risks related to impact funder commitments concern both their provision and their fulfilment over time.

The risk of insufficient commitments to support bond issuance is mitigated through early impact funder engagement and bonds are issued only against confirmed funding. The risk of non-fulfilment over time is mitigated through legally binding agreements, supported by the creditworthiness and diversification of the impact funder base, as well as financial structuring that aligns impact funder payment schedules with the SPV's repayment obligations, supported by prudent liquidity management.

5.2 Investor Risk

Investor risk relates to market reception of the bonds. The risk of insufficient investor demand is mitigated through the strength and predictability of impact funder commitments, a clear and credible bond structure, and early engagement with investors and market intermediaries (e.g. investment banks) ahead of issuance.

5.3 Financial Risk

Financial risk relates to the SPV's ability to manage its cash flows and its exposure to interest rate and currency fluctuations. These risks are mitigated through prudent financial management, including the alignment between incoming impact funder payments and outgoing obligations, maintaining adequate liquidity to meet operational and repayment needs, and structuring financial flows to limit exposure to market volatility. In addition, impact funder-provided guarantees may be used to offer risk protection to the SPV or specific bond issuances. The Treasury Manager plays a central role in implementing these measures, ensuring that financial operations are conducted in line with established market practices.

The SPV will be subject to regular independent external audits to ensure transparency, accountability, and proper management of funds.

The allocation of financial risks, including any risk-sharing or loss allocation arrangements under stress scenarios, would depend on the specific structure and terms of each bond issuance. Such arrangements would be developed as part of the bond structuring process and submitted to the Steering Committee for consideration prior to any decision on bond issuance.

Annex 3 provides additional illustrative examples of risks, mitigation measures, and potential stress scenarios that may be considered in the context of future bond structuring.

5.4 Performance Risk

Performance risk relates to the achievement of SOFF's outputs and outcomes. This risk is mitigated through SOFF's phased approach (Readiness, Investment, Compliance), which reduces implementation risk through structured progression, and through continuous monitoring of data generation and exchange by WMO, enabling early identification of gaps and corrective action. In addition, performance is assessed across the portfolio of countries benefiting from bond proceeds, rather than at the level of individual countries, reducing exposure to country-specific risks and ensuring that overall agreed results remain on track.

Depending on the structure and terms of a given bond issuance, underperformance against agreed targets could have implications for certain bond features. Such arrangements would be defined as part of the bond structuring process together with the Treasury Manager and submitted to the Steering Committee for consideration prior to any decision on bond issuance.

6. SOFF Financial Advisory Board

To further strengthen SOFF's capacity to mobilize complementary resources, the SOFF Secretariat will present in the future, for consideration by the Steering Committee, a proposal for the establishment of a SOFF Financial Advisory Board.

The proposed Board will provide strategic advice to the Steering Committee on the design and implementation of innovative financing instruments, including the Systematic Observation Impact Bonds. It would bring together relevant expertise on financial structures, market developments, and resource mobilization strategies, with a view to supporting the scaling up of SOFF's resource base.

7. Next Steps

Building on the progress achieved to date and subject to the decision of the Steering Committee, the next phase will focus on operationalizing the SPV, advancing the structuring of the first Systematic Observation Impact Bond, and preparing for its issuance.

This process will follow a phased approach, ensuring that all legal, financial, and institutional elements are in place to support a credible and successful first bond issuance.

7.1 Following the 14th Steering Committee Meeting

Following the 14th Steering Committee meeting, WMO, in its capacity as host of the SOFF Secretariat, with Secretariat support and in coordination with UNDP, UNEP and the UN MPTF Office, will undertake the steps required to operationalize the SPV, while the SOFF Secretariat will advance coordination, resource mobilization, and stakeholder engagement.

Key steps include:

- engaging with Ireland regarding the establishment of a Host Country Agreement recognizing the SPV's public purpose;
- contracting a corporate services provider to establish and administer the trust hosting the SPV, including the nomination of directors;
- engaging a reputable law firm to support the legal incorporation and structuring of the SPV in Ireland;
- identifying and engaging a Treasury Manager to provide the financial services required for the SPV's operations;
- further developing the financial structure and terms of the first bond;
- continuing engagement with impact funders and potential investors to secure commitments and assess market interest.

These steps directly reflect the actions requested by the Steering Committee to operationalize the SPV and advance the development of the first Systematic Observation Impact Bond. They aim to ensure that the SPV is operational and that the structure of the first bond is sufficiently advanced by the 15th Steering Committee meeting.

7.2 15th Steering Committee Meeting

Depending on progress on the establishment of the SPV, at the 15th Steering Committee meeting, scheduled to take place in the second half of October, the Secretariat will submit for consideration:

- A proposal for the Steering Committee-nominated director to the SPV Board of Directors;
- An update on impact funder commitments and investor engagement, including indicative demand;
- A proposal for the structuring of the first bond issuance.

7.3 COP31

Subject to Steering Committee decision, SOFF aims to announce at COP31 the forthcoming issuance of the first Systematic Observation Impact Bond.

Annex 1: Glossary

Capital Markets	Financial markets where funds are raised by issuing and trading financial instruments such as bonds.
Corporate services provider	A specialized firm contracted to support the establishment and administration of the SPV. Its functions include managing the trust and nominating directors in line with agreed governance arrangements.
Credit Rating	An independent assessment of the creditworthiness of a specific bond or the bond issuer, provided by a specialized rating agency. It indicates the perceived risk of default and helps investors assess the reliability of expected repayments.
Forward grants	Multi-year impact funder commitments disbursed over time. These commitments back bond issuance so that resources can be frontloaded and made available earlier for implementation.
Frontloading	Making resources available earlier than they would otherwise be disbursed. Forward grant commitments from impact funders are used to raise capital from investors immediately, rather than waiting for grants to arrive over several years.
Guarantee	An impact funder-backed risk protection provided to the SPV or a specific bond issuance. It does not require upfront disbursement unless the guarantee is called, and it can help attract a broader range of investors.
Host Country Agreement	An agreement between the country in which the SPV is established and WMO setting out the legal and institutional arrangements under which the SPV operates in that jurisdiction, including recognition of its public purpose and the granting of appropriate privileges and immunities.
Impact Funders	Public and private entities that provide grant funding aligned with a development, social, or environmental objective. They support SOFF's mission through a range of contribution modalities, including upfront grants, forward grants, guarantees, and outcome-based contributions.
Investment bank	A financial institution that supports the issuance of bonds by advising on structure, pricing, and timing, and by marketing and placing the bonds with investors. Investment banks are well placed to perform this role due to their expertise and established relationships with a wide range of investors.
Law firm	A professional firm engaged to provide legal advice and services in relation to the establishment and operation of the SPV. Its functions include supporting the legal structuring and incorporation of the SPV, advising on applicable legal frameworks, and assisting in the preparation of documentation for bond issuance.

Mission-aligned investors	Investors whose investment decisions are guided not only by financial considerations but also by alignment with a specific development, social, or environmental objective. In this context, they invest in the bond because it contributes to closing the global weather and climate observation gap. Depending on the structure of a given issuance, such investors may accept below-market returns, forgo part of their return, or, in certain cases, part of their principal. A subset of these investors, referred to as impact investors, may choose participation terms in which financial returns are linked to the achievement of independently verified results.
Net bond proceeds	The funds available for SOFF from the total amount raised through a bond, after deducting bond issuance, transaction-related, and SPV operational costs.
Orphan entity	A legal structure in which the ownership of the SPV is held by a trust rather than by a sponsoring organization. This ensures that the SPV is legally and financially independent, and that its assets and liabilities are fully ring-fenced from those of other entities.
Principal	The original amount of capital invested by bondholders when purchasing the bond. It is the amount that the SPV is expected to repay to investors over time, in accordance with the terms of the bond. Depending on the structure of a given issuance, certain investors may agree in advance to forgo part of the principal if specified results are achieved.
Private placement	The issuance of bonds directly to a limited group of selected investors. This approach allows greater flexibility in structuring terms, including tailoring financial and impact features to specific investor preferences.
Public placement	The issuance of bonds that are offered broadly to investors and are listed on a financial market. This approach allows access to a wide investor base but usually requires standardized terms and regulatory compliance.
Return on investment	The financial gain received by investors on top of the principal. In this context, returns may vary depending on the structure of the bond, with some investors accepting below-market returns, no returns, or returns linked to the achievement of verified results.
Ring-fencing of assets	A safeguard that keeps the SPV's assets separate from those of other entities. This helps protect stakeholders and ensures that risks and liabilities are contained within the SPV structure.
Special Purpose Vehicle (SPV)	A dedicated legal entity established to mobilize and manage resources for a specific purpose. The SPV issues bonds, receives donor and investor funds, and transfers net proceeds to the SOFF work programme through the UN MPTF Office, while managing the repayment of principal and, where applicable, returns to investors over time.

SPV Board of Directors	<p>The governing body of the SPV, legally responsible for its decisions and for ensuring that it delivers on its mandate to mobilize resources for SOFF. The Board provides oversight of the SPV's operations, ensures compliance with its legal and fiduciary obligations, and acts in alignment with the strategic direction set by the SOFF Steering Committee.</p> <p>For the initial establishment of the SPV, two directors are nominated by the corporate services provider, subject to WMO approval, alongside one director nominated by the SOFF Steering Committee. For subsequent appointments, directors nominated by the corporate services provider are subject to Steering Committee approval.</p>
Systematic Observation Impact Bonds	<p>Bonds designed to frontload resources for SOFF by leveraging impact funder commitments to raise immediate capital from investors, so that resources can be used earlier to close the weather and climate observation gap and mitigate the cost of inaction. Depending on the final structure, contributions may be linked to independently verified results.</p>
Treasury Manager	<p>A financial institution responsible for the financial management of the SPV, ideally a Multilateral Development Bank. Its functions include managing cash flows, supporting the structuring of bond issuances, monitoring financial risks, investing liquid reserves, and engaging with relevant stakeholders.</p>
Trust	<p>The trust holds the shares of the SPV, supporting its independence and ensuring that it operates solely for its designated public-purpose mandate.</p>
Upfront grants	<p>Grant contributions from impact funders disbursed immediately to the SPV. These strengthen the SPV's capital base, support investor confidence, and help reduce bond issuance costs.</p>

Annex 2: Roles and Accountability Matrix

Entity	Strategic Role	Operational Role	Accountability
SOFF Steering Committee	Decides on the establishment of the SPV, bond issuances, and allocation of net bond proceeds; provides overall strategic guidance	Mandates WMO and the SOFF Secretariat to undertake required actions	Accountable for SOFF strategic and programmatic decisions
WMO	Supports implementation of Steering Committee decisions in its capacity as SOFF co-founder and host of the SOFF Secretariat	Engages the Law Firm, Corporate Services Provider and Treasury Manager; supports operationalization of the SPV; verifies GBON compliance as Technical Authority	Accountable for functions undertaken under WMO contractual arrangements and as Technical Authority.
SPV Board of Directors	Oversees the SPV in line with its mandate and Steering Committee decisions	Oversees SPV operations, including bond issuance and treasury management arrangements	Holds fiduciary and legal responsibility for the SPV under Irish law
Treasury Manager	Provides technical and financial support related to SPV operations and bond structuring	Manages SPV cash flows and supports bond issuances and financial risk management	Accountable under its contractual arrangements with the SPV
UN MPTF Office	Administers funds in accordance with Steering Committee decisions	Receives net bond proceeds and channels resources to SOFF's work programme implementation	Accountable under UN MPTF policies and procedures
SOFF Secretariat	Supports coordination across the institutional architecture	Coordinates operationalization of the SPV and bond development; leads resource mobilization and stakeholder engagement	Accountable to the Steering Committee for coordination and facilitation functions

Annex 3: Preliminary Risk Analysis

This preliminary risk analysis identifies the main risk areas associated with the establishment of the SPV and the development of the first Systematic Observation Impact Bond. It is not intended to replace the detailed risk analysis that will be developed as part of the structuring of a specific bond issuance. Such analysis would be submitted to the Steering Committee for consideration prior to any decision on bond issuance.

Risk Area	Description	Potential Implications	Mitigation Measures	Further Steering Committee Consideration
Impact funder commitment risk	Risk that sufficient impact funder commitments are not secured, or that committed payments are not fulfilled over time.	Bond issuance may be delayed, reduced in size, or require restructuring.	Bonds would be issued only against confirmed commitments. Risk would be mitigated through binding agreements, diversification of impact funders, guarantees, prudent liquidity management, and alignment between incoming payments and repayment obligations.	The Steering Committee would consider the adequacy of impact funder commitments before any bond issuance decision.
Investor demand risk	Risk that investor demand is insufficient or available only on less favourable terms.	Bond pricing, size, timing, or placement approach may be affected.	Early mission-aligned investor engagement, use of experienced investment banks, clear bond structure, and strong impact narrative.	Investor demand and indicative terms would be presented to the Steering Committee before issuance.
Financial and market risk	Risk related to interest rates, currency fluctuations, liquidity, and cash-flow management.	Higher financing costs, liquidity pressure, or need to adjust issuance terms.	Treasury Manager support, prudent liquidity management, alignment of inflows and outflows, and potential use of guarantees or other risk protection mechanisms.	Issuance-specific financial risk analysis, including stress scenarios, would be submitted to the Steering Committee before any issuance decision.

<p>Performance risk</p>	<p>Risk that agreed SOFF outputs or outcomes are not achieved as expected.</p>	<p>Could affect impact-linked bond features, investor confidence, reputational considerations, or future issuances.</p>	<p>SOFF phased approach, WMO monitoring and verification, portfolio-level performance assessment, and corrective action during implementation.</p>	<p>Any consequences of underperformance would be defined as part of the bond structure and submitted to the Steering Committee before issuance.</p> <p>Progress updates will be provided to the Steering Committee.</p>
<p>Governance risk</p>	<p>Risk of unclear roles between the Steering Committee, SPV Board, WMO, Treasury Manager and SOFF Secretariat.</p>	<p>Confusion over decision-making, accountability, or fiduciary responsibility.</p>	<p>Roles and Accountability Matrix; SPV Board fiduciary responsibility; Steering Committee strategic oversight; WMO procurement and contracting under applicable rules.</p>	<p>Governance arrangements would be further refined during SPV operationalization.</p>
<p>Legal and liability risk</p>	<p>Risk that SPV obligations are perceived as creating liabilities for UN MPTF, SOFF co-founders and Steering Committee members.</p>	<p>Concerns from Steering Committee members, funders or co-founders.</p>	<p>SPV established as independent orphan entity; assets kept separate; bonds issued solely by the SPV in its own name and on its own account.</p>	<p>Legal documentation would confirm liability limitations before issuance.</p>
<p>Operational risk</p>	<p>Risk related to delays in SPV establishment, contracting, treasury management, reporting, or administration.</p>	<p>Delay in bond issuance or increased costs.</p>	<p>Engagement of reputable law firm, corporate services provider, Treasury Manager, and WMO procurement procedures.</p>	<p>Progress updates will be provided to the Steering Committee.</p>

Reputational risk	Risk that delays, weak investor uptake, or underperformance, affect SOFF credibility.	Could affect future fundraising, investor confidence, or stakeholder trust.	Conservative structuring, transparent reporting, independent audits, WMO verification, and Steering Committee oversight.	Progress updates will be provided to the Steering Committee.
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