



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10603

Introduced by Rep. MARIA RACHEL J. ARENAS

EXPLANATORY NOTE

The Philippines, an archipelago of over 7,000 islands, is highly vulnerable to climate change impacts due to its geographical, socio-economic, and environmental characteristics. Despite contributing only 0.40% to global greenhouse gas emissions, it ranks among the world's most vulnerable nations.

As a committed party to the UNFCCC and the Paris Agreement, the Philippines has been a leader in advancing climate finance and addressing loss and damage associated with climate change. The establishment of the Fund for Responding to Loss and Damage (L&D Fund) by the parties to these agreements is a critical initiative to support developing countries facing climate impacts.

On May 13, 2024, the Co-chairs of the L&D Fund Board issued a Call for Expressions of Interest to host the Board. The Philippines submitted its bid on June 7, 2024, emphasizing inclusivity and global climate leadership. On July 9, 2024, the Philippines was unanimously selected as the host country, subject to fulfilling its commitments.

Hosting the Board positions the Philippines to play a pivotal role in global climate finance and loss and damage policies, building on its long-standing engagement in climate negotiations since COP 1. Granting juridical personality and legal capacity to the Board, along with necessary privileges and immunities, will ensure the effective operation of the Fund and support its objectives.

1 This bill establishes the legal framework necessary to confer juridical
2 personality, legal capacity, tax exemptions, and administrative support to the L&D
3 Fund Board. The timely passage before August 9, 2024, underscores the Philippines'
4 readiness to fulfill its hosting responsibilities and advance global climate resilience
5 efforts.

6 In view of the foregoing, the immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'Maria Rachel J. Arenas', with a long horizontal flourish extending to the right.

MARIA RACHEL J. ARENAS

Representative

3rd District, Province of Pangasinan



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AN ACT
GRANTING JURIDICAL PERSONALITY AND LEGAL CAPACITY TO THE
BOARD OF THE FUND FOR RESPONDING TO LOSS AND DAMAGE IN THE
PHILIPPINES

Be it enacted by the Senate and House of the Representatives of the Philippines in Congress assembled:

1 **SECTION 1. Short Title.** - This Act shall be known as "The Loss and Damage Fund
2 Board Act."

3 **SEC. 2. Declaration of Policy.** - It is the policy of the State to advance the right of the
4 people to a balanced and healthful ecology in accord with the rhythm and harmony of
5 nature and to protect the climate system for the benefit of humankind.

6 As a party to the United Nations Framework Convention on Climate Change
7 ("UNFCCC") and the Paris Agreement, the State strongly supports the creation of the
8 Fund for Responding to Loss and Damage ("L&D Fund") to assist developing countries
9 that are particularly vulnerable to the adverse effects of climate change in responding
10 to economic and non-economic loss and damage associated with the adverse effects
11 of climate change, including extreme weather events and slow onset events.

12 Under the UNFCCC Decision 1/CP28, 5/CMA.5 on the "Operationalization of
13 the new funding arrangements, including a fund, for responding to loss and damage

referred to in paragraphs 2-3 of decisions 2/CP.27 and 2/CMA.4", the Governing Instrument of the Loss and Damage Fund ("L&D Fund") was approved, and the Board of the Fund ("Board") will be conferred with legal personality and the legal capacity as necessary for discharging its roles and functions, in particular the legal capacity to negotiate, conclude and enter into a hosting arrangement with the World Bank as interim trustee and host of the Fund's secretariat. Noting further Section III C.2 of the Governing Instrument, the Board will serve the objectives and purpose of the Fund and steer its operations so that they evolve with its scale and maturity.

At the second meeting of the Board held on July 9, 2024, the Board adopted a unanimous decision, selecting the Philippines as the host country of the Board of the Fund.

To facilitate the establishment and operationalization of the Fund, the State hereby grants juridical personality and legal capacity to the Board.

SEC. 3. Juridical Personality and Legal Capacity of the Loss and Damage Fund Board. - The Board, as the governing body of the Fund established by the Meeting of Parties to the Paris Agreement under the UNFCCC, shall be granted juridical personality with the total legal capacity to:

- (a) Contract;
- (b) Acquire and dispose of immovable and movable property;
- (c) Institute legal proceedings;
- (d) Negotiate, conclude, and enter into a hosting arrangement with the World Bank as interim trustee and host of the Fund's secretariat; and
- (e) Undertake related or necessary activities to carry out the purpose for which the Board was created.

SEC. 4. Exemption from Taxation. - The Property, operations, and transactions of the LDF and its Board shall be exempt from paying all taxes, duties, and other charges imposed by the Government and local authorities. The LDF and its Board shall also be exempt from any obligation for the payment, withholding, or collection of any tax or duty.

The LDF and its Board shall be exempt from the payment of all taxes, duties, and other charges imposed by the Government and local authorities, except charges for storage, transport, and services supplied, on the importation of equipment, machinery, motor vehicles, and materials intended for use in the board meeting. The same shall be processed in the manner and under existing procedures applied by the Department of Finance in similarly situated cases.

The non-Filipino LDF Officials and invited Experts and Observers shall be exempt from the payment of income tax on salaries, stipends, emoluments,

1 indemnities, and sickness and accident benefits received from the LDF, regardless of
2 the currency used. The Government retains its right to tax its nationals. They shall
3 likewise not be subject to taxes on their local purchases in the quantity as appropriate
4 for the duration of the board meeting.

5 The non-Filipino LDF Officials and invited Experts and Observers shall be
6 exempt from the payment of all taxes, duties, and other charges imposed by the
7 Government and local authorities, except charges for storage, transport, and services
8 supplied, on the importation of personal effects in the quantity as appropriate for the
9 duration of the board meeting.

10 Goods released tax-free and duty-free under this Agreement shall be subject
11 to applicable taxes and duties if sold, transferred, or exchanged in the Philippines to
12 non-exempt persons or entities, computed based on the value of the goods at the time
13 of the importation pursuant to existing Government rules and regulations.

14 **SEC. 5. Repealing Clause.** - All laws, presidential decrees, executive orders,
15 administrative orders, and rules and regulations inconsistent with this Act are hereby
16 repealed, modified, or amended accordingly.

17 **SEC. 6. Effectivity.** - This Act shall take effect immediately upon its publication in the
18 Official Gazette or at least two (2) newspapers of general circulation.

Approved,