



Eleventh Steering Committee

19-21 May 2025

SOFF Impact Bond

Decision 11.5

**Systematic Observations
Financing Facility**

**Weather
and climate
data for
resilience**



Decision 11.5: SOFF Impact Bond

The SOFF Steering Committee

Notes

- High country demand with so far 101 countries requesting SOFF support, of which 66 countries have been programmed, 61 countries have approved Readiness funding requests, and 15 countries have approved Investment funding requests.
- Successful SOFF resource mobilization so far with pledges amounting to USD 107 million from twelve initial funders, which is a significant achievement but not sufficient to respond to country demand.
- A rapidly changing and increasingly challenging global fundraising environment.

Welcomes

- Initial actions undertaken to develop the SOFF Impact Bond as a complementary and innovative vehicle for stepped up fundraising, including the creation of a senior bond development team and initial exchanges with potential partners and stakeholders.
- The confirmation from the Nordic Development Fund to support SOFF Impact Bond development with a booster grant, in addition to the two contributions to the SOFF UN Fund already made.
- The interest of the World Bank in potentially issuing and structuring the bond.

Decides

- To pursue the development of the bond with upmost importance and urgency with the vision to announce the bond at 30th Conference of the Parties of the UNFCCC (COP30) as an innovative contribution to the new climate finance goal established at COP29.
- To further engage potential public, private partners and philanthropies to seek their contributions to the bond.
- To take a final decision on the bond structure and bond governance arrangements at an extraordinary Steering Committee meeting, to be held in virtual format, as soon as partners have confirmed their interest in contributing to the bond, before any formalities are completed with any partners.

Requests the SOFF Secretariat

- To further develop the bond structure and the proposed governance, including proposed adjustments to the existing SOFF governance arrangements, in

collaboration with the World Bank, the UN Multi-Partner Trust Fund Office and potential bond contributing partners.

- To keep the Steering Committee informed about bond development efforts and to provide opportunities for interested Steering Committee members to provide feedback.
- To update the Steering Committee on the status of bond discussions before COP30.
- To present the proposed bond structure and governance arrangements to the Steering Committee for its consideration as soon as partners have confirmed their interest in contributing to the bond.

Purpose of this Document

This document presents the envisioned SOFF Impact Bond. It states the Bond objectives, provides basic information about bonds and “development impact” bonds, presents the actors required to realize the Bond, and outlines the potential Bond structure. It indicates potential governance considerations for the SOFF UN fund and presents an update on the status of bond development.

It concludes by summarizing next steps and highlighting the crucially important role of Steering Committee members by (i) providing continued feedback as the Bond concept advances, (ii) advocating and positioning the Bond as an innovative and complementary financing vehicle for SOFF to effectively respond to high country demand, and (iii) supporting mobilization of potential bond structuring partners and contributors from the public and private sectors.

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SOFF Impact Bond

1. Objectives

The development of the SOFF Impact Bond is guided by five objectives; (i) enable SOFF to respond to high country demand; (ii) expand the SOFF donor base including mobilization of “non-traditional” donors; (iii) make resources to be mobilized over a longer period available now; (iv) innovate resource mobilization for the delivery of a global public good; and (v) announce the bond at 30th UN Climate Change Conference (COP30) as an innovative contribution to the new climate finance goal established at COP29.

Respond to country demand

The bond is expected to mobilize a substantial financial contribution to enable SOFF to meet the operational targets of the extended First Implementation period (75 countries receiving Readiness support, 50 countries receiving Investment support; see Decision 11.3) and prepare the SOFF Expansion and Sustaining period to meet unmet demand and potentially start providing support to Lower-Middle Income Countries (LMICs). The Bond is envisioned to mobilize up to USD 200 million for SOFF, with a potential minimum size of USD 100 million.

Expand donor base

In line with the COP29 decision on the new climate finance goal, SOFF is seeking contributors to the Impact Bond from a wide variety of sources, public and private, bilateral and multilateral. Supported by the UN Multi-Partner Trust Fund Office, the bond is targeting donors that SOFF so far have not been able to mobilize for direct contributions to the SOFF UN fund, including “traditional” bilateral and multilateral funders, bilateral funders from emerging market economies, subnational entities, philanthropies, family offices and high-net-worth individuals, as well as Corporate Social Responsibility contributions from the private sector that benefits in all parts of the world from the generation of additional surface-based weather and climate data including the insurance sector and satellite industry.

Frontload resources

Given the high costs of inaction, the bond will make resources available upfront that are committed by donors over the lifetime of the bond. The European Centre for Medium-Range Weather Forecasts (ECMWF) SOFF Impact Study (see Decision 11.2) showcases the importance of closing the data gaps in the Global Basic Observing Network (GBON) to improve forecast accuracy. Improving forecasts in turn translates into substantial socio-economic benefits. A report issued by the World Bank, the Met Office of the United Kingdom and WMO concluded that the direct annual benefits of a GBON-compliant world correspond to USD 5 billion. If the recent results from ECMWF are considered, the annual socio-economic benefits would be even higher.

Innovate resource mobilization for a global public good

With the bond, SOFF aims at innovating the provision of climate finance for a global public good. Given the foundational role of basic weather and climate observations for effective climate action, the SOFF Impact Bond is envisioned to become a lighthouse initiative that mobilizes funding for systematic observation as a global public good in a new way.

With its single outcome metric – exchange of internationally agreed basic weather and climate data which has been mandatory for all countries since 2023 – SOFF is well positioned to mobilize climate finance through an Impact Bond.

Announce at COP30

The Bond is expected to play a catalytic role for SOFF and more broadly for innovating climate finance. The envisioned announcement of the SOFF Impact Bond at COP30 is expected to create significant visibility and showcase the collaboration of multiple partners through an innovative climate finance vehicle for the delivery of a global public good – basic weather and climate data.

2. Bond basics

What is a bond? A bond is debt issued by public or private institutions in the capital market to finance themselves. Investors purchase the bond, receive interest (“coupon”) during the lifetime of the bond, and get their capital (“principal”) back at the end of the bond lifetime (“maturity”).

What is a “green” or “climate” bond? The issuer commits to use the funds obtained for environmental projects or addressing climate change. For more information see the [Climate Bonds Initiative](#).

What is a “development impact” bond? These bonds are outcome-based contracts, using funding from investors to mobilize the upfront capital required for a provider to deliver a service. The service is designed to achieve measurable outcomes that are specified up-front. A third party (government, multilateral organization, philanthropic organization) pays back the bond. For more information see [Oxford Government Outcome Lab](#). The Brookings institution has tracked since 2014 the development of the global impact bond and outcomes funds market across all sectors; see its [bond snapshot](#).

SOFF Impact Bond positioning. According to Brookings Institution, the SOFF Impact Bond would be the first of its kind on climate change, yet the concept builds on proven bond-market precedents. This includes the International Finance Facility for Immunization front-loading of donor contributions to support acceleration of Gavi's vaccination programs and the recent bond issue by the World Bank that supported front-loading UNICEF's proceeds from its well-established and broadly based donations programs. It is a financial vehicle intended to complement and scale up SOFF “traditional”

fundraising from bilateral and multilateral partners to enable SOFF to respond timely to high country demand. It does not substitute “traditional” fundraising.

3. SOFF Impact Bond potential actors

Donor contributors. SOFF is seeking three types of contributors to the Bond – outcome funders, interest payment funders, and guarantors. The key element of the Bond architecture is to mobilize funders that will repay the Bond upon achievement of predefined results, i.e. the number of additional quality assured basic weather and climate data that are internationally exchanged. The Bond structure also requires funders or an insurer that will provide a guarantee in case the results cannot be achieved, for example because of severe weather events damaging the observation infrastructure or security issues in the partner countries or if commitments of donors do not materialize. Finally, the Bond structure requires funders that will cover the annual interest rate of the Bond. While interest payments increase costs of funds relative to traditional fundraising, the opportunity to accelerate SOFF investments would create significant additional global socio-economic benefits annually.

Bond issuer. SOFF is seeking a bilateral or multilateral development bank to structure and issue the Bond. The Bond is expected to be issued by a development bank with AAA rating, potentially the World Bank.

Investors. Private investors would purchase the bond. The SOFF Impact Bond targets investors that aim to create an impact with their investments and to contribute to the new climate finance goal. The principal is repaid upon maturity while a minim return is generated over the lifetime of the bond.

Intermediary. Bond proceeds would be transferred to the SOFF UNMPTF that serves as intermediary.

Implementors. Countries would implement their SOFF Readiness and Investment phase work, funded with Bond proceeds, through the SOFF UNMPTF, as usual.

Verifier. WMO would independently verify if pre-defined outcomes are achieved, in particular the increase of GBON data internationally shared by countries benefiting from SOFF funding via the Impact Bond.

4. Bond potential structure

Based on experience of other impact bonds and initial conversations, the SOFF Impact Bond could be structured along the lines presented in the visual below (Figure 1). The final structure and governance arrangements will depend on the interest of potential contributors and Steering Committee decisions.

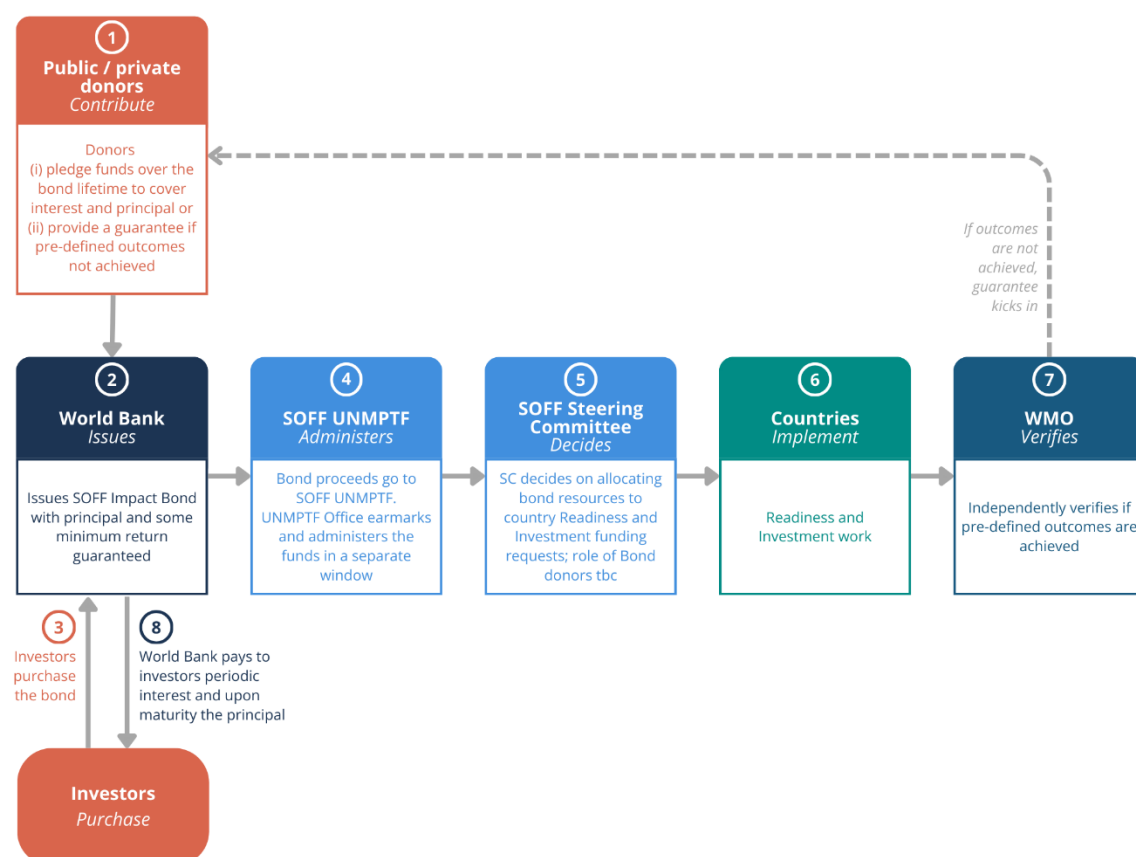


Figure 1. SOFF Impact Bond potential structure and flow of funds.

5. Potential governance considerations

Administering the bond within the SOFF UNMPTF. This would be through a separate ring-fenced window. While ring-fenced, it would follow the SOFF Theory of Change, operational framework and Monitoring and Evaluation. It would be part of the overall reporting, albeit with disaggregated information.

The Bond would require adjustments in the SOFF governance arrangements, i.e. a definition of the role of the Steering Committee and Advisory Board would play on decisions related to the “bond window”, and of the role the partners would play that contribute to the bond.

6. Status of Bond development

Bond initial concept and document have been developed. Please see [initial SOFF Impact Bond brochure](#), [introduction to SOFF](#), and [updated SOFF brochure](#).

A senior bond development team has been mobilized, including Kenneth Lay as bond lead advisor, former World Bank Vice President and treasurer, “[architect of the modern bond market](#).”

The Nordic Development fund has indicated support for bond development through a “booster grant.”

The World Bank has confirmed the interest of the Bank to potentially structure and issue the bond.

Initial meetings with potential partners have taken place, including with the World Bank. There have been briefings with selected New York and Geneva UN missions and corresponding follow up communication, meetings with a first group of philanthropies (including Gates and Bloomberg foundations), initial meetings with climate funds (Global Environment Facility, Fund for Responding to Loss & Damage), as well as meetings with other interested parties (including Climate Policy Initiative).

7. Next steps

Secure an initial small public-private group of structuring and contributing partners. While the bond has received significant initial interest, the challenge is now to secure a small group of public and private partners interested in contributing to bond structuring and finance.

Develop a proposal to address open issues. There are several issues that need to be tackled including the governance topics stated above and how to mitigate potential risks, i.e. how to ensure that there are no risks for SOFF, its co-founders and its current funders.

Further Steering Committee decision. The proposed bond structure and governance arrangements will be presented to the Steering Committee as soon as partners have confirmed their interest in contributing to the bond.

Steering Committee members Bond leadership and support for the Bond are crucial. Making the SOFF Impact Bond a reality will require Steering Committee members’ (i) continued feedback as the bond concept advances; (ii) GBON/SOFF advocacy and positioning of the bond as an innovative and complementary financing vehicle to effectively respond to country demand; and (iii) support in mobilizing potential bond structuring partners and contributors from the public and private sectors, including philanthropies in the respective Steering Committee members’ countries.