First Meeting of the Board for the Fund for Responding to Loss and Damage Board

30th April – 2nd May
Abu Dhabi, United Arab Emirates

Meeting notes:
Towrin Zaman Raya
International Centre for Climate Change and Development

Day 1

Opening of the Meeting

As the inaugural speaker, Dr. Sultan Al Jaber, COP28 President, urged robust commitments to operationalize the Loss and Damage Fund by COP29, stressing its vital role in aiding vulnerable communities. Artur Cardoso de Lacerda, speaking on behalf of ED Mafalda Duarte and GCF secretariat, emphasized the climate crisis urgency and GCF's commitment to supporting the 1.5°C goal, emphasizing collaboration with other funds. Cassie Flynn, Director of UNDP, underlined UNDP's dedication to aiding vulnerable communities and stressed the need for inclusive, transparent action. Daniele Violetti, in his capacity as the meeting opener, emphasized the urgency of making the Fund operational and expressed gratitude to participants.

Election of Co-Chairs

Paragraph 23 of the Governance Instrument (GI) of the Fund stipulates that the board must be co-chaired by two individuals—one from a developed country and one from a developing country—each serving a one-year term.

Ambassador Nasr, representing the developing country constituency, nominated Richard Sherman of South Africa, who previously co-chaired the Transitional Committee (TC) that facilitated the GI and decision-making process.

Jose Delgado, on behalf of the developed countries, nominated Jean-Christoph of France, recognized for his leadership in the TC and his role as back-to-back co-chair in the Green Climate Fund (GCF).

The board agreed on these nominations, electing both co-chairs. This decision will be recorded in the compendium of decisions.

Initiating their work of co-chairs, Sherman clarified procedural matters, ensuring alternates' participation and reaffirming the commitment to the Governance Instrument. He highlighted the inclusion of observers and the intent to enhance CSO participation. The Board adopted these decisions, and observers joined the meeting.

Jean-Christophe welcomed the observers, emphasizing the importance of their contributions to the Board's work.

Agenda Item 3: Organization Matters

3.a. Adoption of the agenda

The discussion on the name of the Fund and the travel policy was deemed not ready for Board adoption, with many suggestions needing further refinement. It was agreed that more consultation is necessary before presenting substantial solutions to the Board. Jens from Denmark acknowledged the sufficient information and background but suggested revisiting the agenda to agree on the way forward for these items. Consequently, the a**genda was adopted**.

3.b. Organization of the work of the meeting

An annotated schedule was circulated to the Board last night. Richard assured them that they will do their utmost to keep everyone updated on the organizational work.

Agenda item 6: Selection of the host country of the Board

Co-chairs emphasized the urgency of selecting a host country for the Board, with four formal offers already received by Philippines, Barbados, Bahamas and Antigua and Barbuda.

Discussion matters included establishing criteria, setting up an Ad-Hoc committee, and launching a public request from parties. Concerns were raised about conflict of interest, criteria clarity, and the role of alternates, and the late distribution of documents and the need for clarification on the decision process. Richard clarified the process and proposed alternatives for moving forward, emphasizing the need for immediate action.

A short developing country huddle commenced at board member request

Richard said he would revise the decision based on the comments received and emphasized the need to proceed with the nominations. Mark (Philippines) recused his country from the AdHoc committee to maintain impartiality, with Rebecca (USA) expressing disappointment due to a separate huddle and requested for unity. Richard acknowledged the comments and **suspended** the agenda item for further discussion

Agenda item 10: Process for selecting the Executive Director of the Fund

The Executive Director (ED) of the Fund is appointed by the Board but also falls under the Human Resources (HR) of the World Bank due to the Fund's status as a Financial Intermediary Fund (FIF). Therefore, there is a need to address the dual nature of the ED's role. To incorporate best practices from the World Bank's experience with FIF management, a representative from the World Bank will be invited to introduce practices and provide advice on selecting the ED

Presentation by World Bank - Renaud Seligmann, Director for Strategy and Operations, Sustainable Development Practice Group

The presenter acknowledged feeling a sense of responsibility to appoint the World Bank as the interim Trustee and host of the Fund Secretariat, emphasizing the need for responsible and efficient delivery. Regarding the selection of the Executive Director (ED), it's recognized that they are accountable to the Board while also being WB employees, necessitating adherence to due process and WB HR criteria. An international firm will aid in headhunting, prioritizing diversity. A selection panel, co-chaired by a Board and WB representative, will review candidates, ensuring transparency and compliance with the WB grading structure. Final selection by the Board will follow due diligence by the WB, ensuring openness and alignment.

Discussion on Presentation

Jean Christophe proposed forming an informal task force to refine the process for selecting the Executive Director (ED) and drafting terms of reference. Some concerns were raised by Mo (Egypt) regarding the World Bank's (WB) veto power and co-chairing role in the committee. Mohammad (Saudi Arabia) requested a closed session to delve deeper into these matters and ensure alignment with the Fund's governance instrument (GI).

Eventually, due to the complexity and the need for further clarification, Jean Christophe announced the **decision to suspend the discussion** for the time being, while underscoring the urgency of the issue, as delays could impact the Fund's operations.

Renaud Seligmann from the WB clarified the level of seniority for the ED and emphasized the importance of aligning with WB HR policy while ensuring the Board's executive decision-making authority.

Agenda Item 5: Additional Rules of Procedures (ROP) of the Board

Richard highlighted the need for nominations for the ad-hoc committee and emphasized launching the work without delving into substance. Various concerns were raised, including the role of advisors, the need for consultations with the board, and the interpretation of provisions. WB clarified the committee's role in determining additional ROP and the need to adhere to the governing instrument. Despite complexities, there was a desire to move forward, with some suggesting consultations and revisions before adoption. Mohammed (KSA) emphasized the importance of proper consultation and the establishment of good practices. The discussion was **suspended.**

Agenda Item 7: Matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund (FIF)

The WB expressed readiness to meet the conditions outlined by the COP/CMA and emphasized the urgency to alleviate poverty and address climate impacts.

Direct access was a key topic, with the need to ensure alignment with the COP/CMA decision and the WB's policies. Concerns were raised regarding the independence of the secretariat, loyalty to the WB, and conflict of interest. Various board members highlighted the importance of direct access for grassroots projects and vulnerable communities.

The WB assured its commitment to manage conflicts of interest and maintain governance standards. The meeting concluded with discussions on including observers' inputs in decision-making processes and revising the decision accordingly.

Dialogue with civil society

A dialogue with civil society was added by Co-chairs after last-minute requests. Representatives from constituencies including YOUNGO, ENGO, TUNGO, WCG spoke on behalf of CSOs, advocating for a transformative, inclusive, and transparent approach to the Loss and Damage Fund. They emphasized the integration of human rights, intersectionality, and gender responsiveness in the fund's operations. They called for enhancing observer participation from diverse groups, simplifying access to small grants for affected communities, and ensuring the involvement of marginalized groups like women, Indigenous Peoples, and youth.

The CSO representatives also advocated for clear policies, proactive information disclosure, tailored environmental and social safeguards, and independent accountability mechanisms. They stressed the importance of broader participation beyond typical UNFCCC constituencies, revising participation quotas, and providing adequate funding and support for civil society participation, especially from the Global South.

Board members acknowledged the importance of civil society's role and emphasized inclusivity, transparency, and stakeholder engagement in fund operations. They highlighted the need for concrete ideas, experiences, and solutions from civil society, emphasizing the fund's focus on people and fundamental rights. CSO representatives underscored the need for an inclusive accreditation process, financial support, and multiple avenues for grants to reach communities, emphasizing the challenges faced by community-based organizations.

Overall, civil society stressed its critical role in ensuring the fund's success and urges the Board to establish inclusive, transparent, and responsive mechanisms to engage effectively with the most vulnerable communities.

Day 2

Process for selecting the Executive Director of the Fund

This agenda item was discussed in a closed session.

Agenda Item 7: Matters relating to the operationalization of the Fund as a World Bank-hosted FIF

Richard provided updates on the progress made, including clarification of elements to be presented to the Board for consideration.

There was an emphasis on establishing a clear methodology for working with the World Bank, with an assumption that the WB would accept the invitation by June 15. It was highlighted that shared assumptions, confidence-building measures, and clarity on direct access were crucial. The need for structured dialogue with the World Bank was stressed, along with the importance of striking a balance between risk and responsibility in financial mechanisms. Appreciation was expressed for assurances regarding the independence of the Secretariat and questions were raised about the flexibility of the WB in hosting funds. Insights were provided into options for engagement with hosted FIFs, and discussions touched on resource management and the timeline for operationalization. Richard reiterated the need for the Board's agreement on hosting and trustee agreements and emphasized the importance of continued dialogue with the World Bank.

Informal Consultation between CSO Representatives and Co- chairs

During the informal meeting during lunch, co-chairs and CSO representatives addressed CSO participation in the board meetings, in addition to modalities and rules of procedures. CSOs proposed a structured approach for observer involvement, ideally one CSO intervention per agenda item. Updates were provided on discussions regarding additional rules of procedure, aiming to kickstart work on accreditation systems, active observer participation, and consultative forums.

The challenges of balancing active consultation with time constraints were acknowledged, and there were calls for professionalizing the interim secretariat. Plans for the secretariat's placement were also mentioned, with emphasis on ensuring flexibility and capacity building of CSO involvement as the fund evolves.

Agenda Item 5: Additional rules of procedure (ROP) of the Board

The board **adopted the decision** on the role of the ad-hoc subcommittee stating that the draft ROP would be prepared, taking into account the inputs provided by the Board in the first meeting; consultations would be conducted with Board members and alternate members in between board meetings to obtain further inputs from them; invitation of views from UNFCCC accredited observers on relevant provisions of the drat ROP; recommended draft ROP for the board’s no later than the second board meeting.

Agenda Item 11: Status of resources

Austria confirmed their pledge with Luxembourg's pledge awaiting confirmation by the Interim Secretariat. Egypt invited further contributions and stressed the importance of converting pledges into actual contributions. Norway expressed concerns about timeframe and nature of pledges upon fund disbursement, leading to agreement providing updated information on confirmed pledges at every Board meeting.

Suggestions were made to acknowledge pledges, encourage further contributions, and facilitate early movement of pledges to contributions. Concerns were raised about the need to set up the trustee account quickly to ensure equal access to conversion modalities. Appreciating Japan's early conversion of pledges, a call was made to ensure expediting the conversion process for other pledges while noting the possibility to convert pledges into contributions before the signing trustee agreement.

Suggestions were made to depoliticize the issue of conversion and ensure consistency in language with previous decisions. Plans were outlined to draft a decision focusing on factual matters and clarity, with suspension of the agenda item for the day.

Agenda Item 9: Administrative budget and the report of the interim secretariat

Marc Joven from the Philippines emphasized the importance of forming critical units for the young institution, highlighting the need for the budget committee as an interface between the board and the secretariat on financial expenditures.

A group consisting of six members proposed the establishment of an ad hoc committee to work with the interim secretariat on providing additional details for informed decision-making. The next day's document would include Excel files and budget lines, with more detailed information and new clustering of budget lines to serve as the basis for future budgetary discussions. There was also consideration for other decisions of the board, such as travel policy, which may be included in a contingency budget line.

Agenda Item 8: Arrangements for observer participation in the Board meetings

Richard proposed allowing constituencies to make technical interventions during discussions. The draft decision includes inviting observer views, setting up an observer accreditation system, defining active observer roles, and establishing consultative forums.

Mo (Egypt) emphasized prioritizing developing countries in observer selection with UK and France supporting explicit consultation with civil society and active observer participation. Sebastian (Germany) stressed easy accreditation and a focal point in the secretariat for observer issues.

Claire, representing civil society, called for inclusive participation of all accredited observers and emphasized the need for multilingual support. Richard defended the decision to allow CSO observers to speak in the middle of discussions.

Mohammed (KSA) highlighted the importance of inclusive observer selection, particularly from the Global South, and travel support. Georg (Norway) and Ronney (Ireland) supported innovative and effective observer participation, with adequate budget allocation. Jose (Austria) and Laurence (Canada) supported inclusive observer participation and engagement. Co-chairs gave assurances of flexibility and further consultation on pending decisions.

Meetings of the ad-hoc committee sessions followed closed to observers

Day 3

Day 3 commenced virtually due to bad weather conditions

Agenda items pending:

Agenda item 4 - Workplan of the Board - draft decision was sent out;
Agenda item 5 - Additional rules of procedure of the Board - report back from the subcommittee;
Agenda item 6 - Selection of the host country of the Board - draft decision was sent out
Agenda item 7 FIF - 2 draft decisions have been sent out, statement of the Board pending comments;
Agenda item 8 - Arrangements for observer participation in meetings - draft decision sent out
Agenda item 9 - Administrative budget and the report of the interim secretariat - work pending within subcommittee, with comm co-chairs for clearance
Agenda item 10 - Process for selecting the Executive Director of the Fund - draft decision was sent out, draft decision TOR for selection sent out
Agenda item 11 - Status of resources - draft decision was sent out
Agenda item 13 - Dates and venues of future meetings - draft decision was sent out
Agenda item 14 - Report of the meeting
Agenda item 15 - Other meetings
Agenda item 16 - Closure of the meeting

Agenda Item 5: Additional rules of procedure of the Board

The ad-hoc subcommittee, with Ana from Finland as the facilitator, had met separately to discuss additional rules of procedure for the Board. They have progressed on the process and aim to draft rules by mid-June. The Secretariat will create a draft based on the Governing Instrument and other rules. Some issues may need to be decided later at B2. They plan to consult the Board and observers regionally and address urgent topics like the roles of alternates and advisors, intersessional work rules, observer policies, languages, and co-chair roles. Richard concluded the agenda item, requesting the Secretariat to display documents for review

Agenda Item 6: Selection of the host country of the Board

After initiating a transition to virtual meeting, a draft decision on terms of references (TOR) was presented by Gerard (UK) and Daniel (Fiji) who worked as co-chairs for the committee on this. They reported progress on establishing the Board's legal personality and institutional arrangements, focusing on immediate needs and the necessity of legal personality, privileges and immunities (P&Is), and criteria for evaluating host country proposals.

Next steps include sending invitations to interested parties by early June, the Secretariat producing an initial report, and further review by the committee.

The Board **adopted the TOR** and evaluation criteria for host country selection, agreeing on the timeline and process.

Agenda Item 6: Selection of the host country of the Board

Richard proposed the following key decisions based on his recent talks with the World Bank (WB) -

1. Establishing the process and modality for finalizing the FIF documentation, Trustee Agreement, and Hosting Agreement, assuming WB acceptance.
2. Co-chairs would engage with WB, report back to the Board transparently, and finalize details based on Board feedback.
3.

Rebecca (USA) raised concerns of COP/CMA requiring meeting conditions not endorsing FIF documentation. Richard clarified about hosting and trusting arrangements requiring signing, not FIF documentation.

The Board didn't reach an agreement on this decision and would revisit it.

Agenda Item 7: Matters related to the Operationalization of the Fund as WB FIF - Direct Access

The statement, shared earlier with tracked changes, aimed to continue structured dialogue with the WB. Jens (Denmark) supported the statement with Lilian (Brazil) suggested adding a note to reflect the WB's flexibility on facilitating direct access. Richard agreed with Lilian. Mo (Egypt) proposed clarifying the type of engagement, resulting in a simplification to "welcome further engagement." The decision and statement were adopted with minor amendments.

Agenda Item 8: Arrangements for Observer Participation in Board Meetings

Richard presented an updated text including new paragraphs requesting interim secretariat for presenting papers on accreditation process and establishment of consultative forums for stakeholders.

Rebecca (USA) and Gerard (UK) emphasized that the decision should consider a broader range of civil society beyond the UNFCCC constituency, adding the importance of including a wide range of views in the decision-making process. Richard acknowledged this but noted the current limitation to UNFCCC constituencies.

Sumaya (Sudan) and Georg (Norway) highlighted the need for enhanced participation from developing country observers. Dan (Fiji) and Mohammad (KSA) supported moving forward with the current language, while Laurence (Canada) and Rebecca (USA) expressed flexibility in reaching a consensus.

Mo (Egypt) suggested adding a footnote to clarify the ROP on observer engagement.

The Board ultimately adopted the decision with a footnote provisioning future deliberation for expansion of the scope of stakeholders invited to provide views.

Agenda Item 9: Administrative Budget and Report of the Interim Secretariat

Due to the budget not being shared in the morning as decided due to some discrepancy, the suggested suspending and reopening the discussion later.

Agenda Item 10: Process for Selecting the ED of the Fund

Several members supported edits suggested by Mo (Egypt), particularly regarding the selection process and the necessity for two co-chairs due to the significant workload. Concerns were raised about the ability to conduct intersessional work effectively and the need for in-person meetings to make crucial decisions. Despite challenges with integrating edits and concerns about virtual meetings, there was a shared commitment to moving the process forward and ensuring all voices are heard. The discussion was **temporarily suspended** to address technical issues to be revisited later.

Agenda Item 7: WIB FIF Process

Richard proposed an amendment based on a new proposal from Rebecca (USA). The proposed amendment involved separating and confirming the FIF documentation and endorsing the hosting agreement. The proposed text revision was **agreed upon and adopted**, allowing the co-chairs to engage with the World Bank on this matter.

Agenda item 11: Status of Resources

Richard presented a draft text decision. Mohammad (KSA) provided edits, suggesting removing certain language and emphasizing acknowledgment of current resources instead of future commitments. Abdullah (UAE) suggested including UAE's leadership in the decision. There were differing opinions on which parts of the text to retain or remove. Ultimately, after some deliberation and revisions, the decision was **adopted with only two paragraphs included, while others were removed**.

Agenda item 9: Administrative Budget

Jose (Austria) and Peter (Antigua and Barbuda) introduced a draft decision on the administrative budget emphasizing the need for a stepwise approach to establish a proper budgetary system. They highlighted the inclusion of a contingency budget line to accommodate additional expenses for advisors and other matters. Members expressed support for the decision, acknowledging the progress made and the importance of taking responsibility for budgetary matters. The decision was a**dopted with consensus from the Board.**

Agenda item: Workplan of the Board

Several priority areas were identified, including the selection of the Executive Director, additional rules of procedure, FIF-related work, financial instrument development, selection of the host country, and the High-Level Dialogue Framework. Some adjustments were proposed to the decision's language, with emphasis on sequencing the work and setting specific milestones for adoption by the Board at the next meeting. The Board expressed the need for a comprehensive work plan to guide its activities, with assurances that capacity constraints would be addressed in due course. Ultimately, the decision was **adopted with the agreed-upon amendments.**

Agenda item 13: Dates and Venues for Next Meetings

After discussing several proposals, a debate ensued about the feasibility of aligning the meeting dates with other events and the practicality of arranging the meetings back-to-back. Some members expressed concerns about potential conflicts with their other commitments, while others emphasized the importance of finding a compromise.

Eventually, after considering various suggestions and concerns, a compromise was reached to move the dates for the second and third meetings while keeping the fourth meeting date unchanged. Additionally, the decision welcomed offers from COP29 presidency and the Philippines to host meetings.

Dates approved:

B2 changed to 9th -12th July

B3 changes to 15-19th September

B4 remains to 2nd – 5th December

Agenda Item 14: Report of the Meeting

Richard discussed the need to establish a practice for reporting on board meetings. He mentioned that many funds have different approaches, so it's important not to set a precedent. Richard proposed borrowing from the Green Climate Fund's practice, where a draft report is submitted to the board for comments and then adopted at a subsequent meeting. He also mentioned plans to circulate a compendium of decisions within two weeks and provide options for how to handle reporting at future meetings during B2. The proposal was adopted and agreed upon by the board.

Agenda Item 15: Closed

Agenda Item 16: Closure of the meeting

Co-chairs officially closed the behalf the Secretariat. They expressed gratitude to all members and observers for their participation and highlighted the significant progress made in the startup of the fund, acknowledging the considerable amount of work ahead, and belief that trust and friendship will advance the process. Thanks were extended to the World Bank for their participation and to the interim secretariat, UNFCCC, UNDP, and GCF for their hard work and contributions. Special thanks were given to the UAE team for hosting the successful meeting.