

Fund for responding to Loss and Damage

FLD/B.3/1

16 September 2024

Third meeting of the Board

18–20 September 2024

Baku, Azerbaijan

Provisional agenda item 2(a)

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II. Annotations to the provisional agenda

1. Opening of the meeting

1. The meeting will be opened by the Co-Chairs.

2. Organizational matters

(a) Adoption of the agenda

2. *Action:* The Board will be invited to adopt the agenda of the meeting, which was proposed by the Co-Chairs in line with decision B.2/D.10, paragraph (a).

(b) Organization of the work of the meeting

3. *Action:* The Board may reflect on the proposed organization of work

FLD/B.3/1	<i>Provisional agenda and annotations</i>
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3. Report of the second meeting of the Board

4. *Background:* The interim secretariat prepared document FLD/B.2/18, titled “Report of the second meeting of the Board of the Fund for responding to Loss and Damage” and circulated the document to Board members.

5. *Action:* The Board will be invited to approve the report of the second meeting of the Board of the Fund for responding to Loss and Damage.

FLD/B.2/18	<i>Report of the second meeting of the Board of the Fund for responding to Loss and Damage</i>
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4. Report of the interim secretariat

(a) Report on the activities of the interim secretariat

6. *Background:* The Conference of the Parties (COP) at its twenty-eighth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its fifth session decided¹ to establish an interim secretariat for the Fund referred to in decisions 1/CP.28 and 5/CMA.5 to provide support, including administrative support, to the Board during the transitional period until the establishment of the independent secretariat referred to paragraph 3 of those decisions, and requested the secretariats of the United Nations Framework Convention on Climate Change (UNFCCC) and the Green Climate Fund and invited the United Nations Development Programme to jointly form this secretariat.

7. *Action:* The Board will be invited to consider the information provided by the interim secretariat and provide guidance to the interim secretariat as appropriate.

FLD/B.3/2	<i>Report of the interim secretariat</i>
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(b) Report on the execution of the administrative budget

8. *Background:* At its first meeting (B.1), the Board approved the administrative budget for the interim secretariat and the Board for 1 January to 31 December 2024, including a contingency budget. Further, the Board authorized the interim secretariat in consultation with the ad hoc subcommittee on the administrative budget to execute the contingency budget when the expenditure conditions have been met without seeking the approval of the Board. Furthermore, it requested the interim secretariat in consultation with the ad hoc subcommittee

¹ Para. 26 of decisions 1/CP.28 and 5/CMA.5.

on the administrative budget to seek the approval of the Board for additional budget as necessary, recognizing that the work programme of the Fund is to be further developed.²

9. At B.2, the Board requested the interim secretariat, in consultation with the ad hoc subcommittee on the administrative budget, to utilize the approved contingency budget in the administrative budget for the organization of the high-level dialogue and to report to the Board on the execution of the budget at B.3.³

10. *Action:* The Board will be invited to consider the information provided by the interim secretariat and provide guidance to the interim secretariat as appropriate.

FLD/B.3/2	<i>Report of the interim secretariat</i>
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5. Report of the Co-Chairs

(a) Activities of the Co-Chairs

11. *Background:* The Co-Chairs will present an overview of the key activities undertaken since B.2

12. *Action:* The Board will be invited to take note of the report of the Co-Chairs of the Board.

FLD/B.3/3	<i>Report of the Co-Chairs of the Board</i>
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6. Administrative budget of the new, dedicated and independent secretariat of the Fund

13. *Background:* At B.2, the Board requested the co-chairs of the ad hoc subcommittee on the administrative budget, with the support of the interim secretariat, to engage with the World Bank to produce a report to the Board by 15 August 2024 on cost recovery of the World Bank with respect to the services to be provided in hosting the independent secretariat of the Fund and as the Trustee of the Fund.⁴

14. The Board further requested the co-chairs of the ad hoc subcommittee on the administrative budget to engage with the World Bank to produce a report to the Board by 15 August 2024 on cost recovery of services that the World Bank may provide, as decided by the Board, during the transitional period of the Fund until the hosting agreement for the independent secretariat is signed and becomes effective, and the World Bank assumes the trustee function, together with the necessary reporting arrangements by the World Bank for such cost recovery.⁵

15. The ad hoc subcommittee undertook work between Board meetings in line with this request.

16. *Action:* The Board may wish to take note of the information contained in document FLD/B.3/4 and take any action it deems necessary.

FLD/B.3/4	<i>Report of the ad hoc subcommittee on the administrative budget on (limited distribution) matters relating to cost recovery of the World Bank</i>
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7. Selection of the Executive Director for the Fund

17. *Background:* During B.1, the Board established an ad hoc subcommittee on the selection of the Executive Director for the Fund, composed of 10 members of the Board, 5

² Decision B.1/D.11.

³ Decision B.2/D.13, para. (e).

⁴ Decision B.2/D.10, para. (d).

⁵ Decision B.2/D.10, para. (e).

from developing countries and 5 from developed countries⁶ and adopted the terms of reference for the ad hoc subcommittee.

18. At B.2, the Board adopted the terms of reference for the Executive Director of the Fund; the selection process for the Executive Director of the Fund; and the terms of reference for a human resources search firm to support the work of the ad hoc subcommittee on the selection of the Executive Director of the Fund.⁷

19. The Board requested the ad hoc subcommittee on the selection of the Executive Director of the Fund to oversee the selection process and report back to the Board by B.3 with an update on the shortlist of six candidates and its recommendation for the shortlist of three candidates for consideration and interview by the Board.⁸

20. The ad hoc subcommittee undertook work between Board meetings in line with this request.

21. *Action:* The Board will be invited to consider the report of the ad hoc subcommittee and select a candidate for the post of Executive Director of the Fund for responding to Loss and Damage.

<i>FLD/B.3/5 (limited distribution)</i>	<i>Report of the ad hoc subcommittee on the selection of the Executive Director of the Fund for responding to Loss and Damage</i>
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8. Additional rules of procedure of the Board

22. *Background:* At B.1 the Board established an ad hoc subcommittee of the Board, comprising 10 members or alternate members of the Board (5 from developing countries and 5 from developed countries), to assist the Board in developing the additional rules of procedure.⁹ The Board also adopted the terms of reference of the ad hoc subcommittee, and entrusted it with the following functions:

(a) Prepare draft rules of procedure, taking into account the inputs provided by the Board at its first meeting during its consideration of document FLD/B.1/3 titled “Background paper on additional rules of procedure of the Board”;

(b) Conduct consultations with members and alternate members of the Board between meetings of the Board to obtain further inputs and guidance in the development of the rules of procedure;

(c) Invite views from accredited observers of the UNFCCC on relevant provisions of the draft rules of procedure;

(d) Recommend draft rules of procedure for consideration by the Board no later than at the second meeting of the Board.¹⁰

23. At B.2, the Board received a report from the ad hoc subcommittee on the work undertaken ahead of B.2 and also received a verbal update of work undertaken during B.2, and requested the ad hoc subcommittee to continue work under the same mandate with a view to presenting a draft proposal. The ad hoc subcommittee undertook work between Board meetings in line with its mandate.

24. *Action:* The Board will be invited to take note of the report of the ad hoc subcommittee.

<i>FLD/B.3/6</i>	<i>Report of the ad hoc subcommittee on “Additional rules of procedure of the Board”</i>
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⁶ Decision B.1/D.12.

⁷ Decision B.2/D.8, paras. (c)–(d).

⁸ Decision B.2/D.8, paras. (e)–(f).

⁹ Decision B.1/D.4, paras. (a) and (c).

¹⁰ Document FLD/B.1/11, annex I.

9. Matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund

25. *Background:* COP 28 and CMA 5 invited the World Bank to take the steps necessary to promptly operationalize the Fund as a financial intermediary fund and submit to the Board of the Fund by no later than eight months after the conclusion of COP 28 the relevant financial intermediary fund documentation, approved by the World Bank Board of Directors, including a hosting agreement between the Board of the Fund and the World Bank based on consultations with and guidance from the Board of the Fund.¹¹

26. In response to the invitation from the COP and the CMA referred to paragraph 25 above, the World Bank submitted to the Co-Chairs of the Board on 12 August 2024, the drafts of the financial intermediary fund documentation, comprising a hosting agreement, a trustee agreement and a contribution agreement.

27. The Co-Chairs of the Board engaged with the World Bank on matters concerning the operationalization of the financial intermediary fund as outlined in document FLD/B.3/3 “Report of the Co-Chairs”.

(a) Hosting agreement between the Board of the Fund and the World Bank

28. *Action:* The Board will be invited to consider the Agreement on the Hosting Arrangements for the Secretariat of the Fund for responding to Loss and Damage, as contained in document FLD/B.3/Inf.4, circulated to the Board on a limited distribution basis, with a view to confirming whether the documentation ensures that the conditions set out in paragraph 20 of decisions 1/CP.28 and 5/CMA.5 can be met during the interim period.

<i>FLD/B.3/7</i>	<i>Co-Chairs’ proposal on the operationalization of the Fund as a World Bank-hosted financial intermediary fund</i>
<i>FLD/B.3/Inf.4 (limited distribution)</i>	<i>Agreement on the hosting arrangements for the secretariat of the Fund for responding to Loss and Damage</i>

(b) Trustee arrangements

29. *Action:* The Board will be invited to consider the Trustee Agreement on the terms and conditions for the administration of the trust fund for the Fund for responding to Loss and Damage as contained in document FLD/B.3/Inf.5, as well as the templates of the “Trust Fund Contribution Agreement” and “Trust Fund Contribution Arrangement” to be entered into between the indicial contributors and the International Bank for Reconstruction and Development, serving as the interim trustee of the Trust Fund for the Fund for responding to Loss and Damage submitted by the World Bank circulated to the Board on a limited distribution basis, with a view to confirming whether the documentation ensures that the conditions set out in paragraph 20 of decisions 1/CP.28 and 5/CMA.5 can be met during the interim period.

<i>FLD/B.3/7</i>	<i>Co-Chairs’ proposal on the operationalization of the Fund as a World Bank-hosted financial intermediary fund</i>
<i>FLD/B.3/Inf.5 (limited distribution)</i>	<i>Trustee Agreement on the terms and conditions for the administration of the Trust Fund for the Fund for responding to Loss and Damage</i>
<i>FLD/B.3/Inf.6 (limited distribution)</i>	<i>Trust Fund Contribution Agreement between the indicial contributors and the International Bank for Reconstruction and Development, serving as the interim trustee of the Trust Fund for the Fund for responding to Loss and Damage</i>
<i>FLD/B.3/Inf.7</i>	<i>Trust Fund Contribution Arrangement between the indicial contributors and the International Bank for Reconstruction and</i>

¹¹ Para. 19 of decisions 1/CP.28 and 5/CMA.5.

<i>(limited distribution)</i>	<i>Development, serving as the interim trustee of the Trust Fund for the Fund for responding to Loss and Damage</i>
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- (c) **Confirmation of the conditions stipulated in paragraph 20 of decisions 1/CP.28 and 5/CMA.5 regarding the operationalization of the Fund as a World Bank-hosted financial intermediary fund for the interim period of four years, as set out in paragraph 17 of the same decisions**

30. *Action:* The Board will be invited to:

(a) Confirm that the relevant financial intermediary fund documentation ensures that the conditions set out in paragraph 20 of decisions 1/CP.28 and 5/CMA.5 can be met during the interim period;

(b) Endorse the hosting agreement and the trustee agreement.

<i>FLD/B.3/7</i>	<i>Co-Chairs' proposal on the operationalization of the Fund as a World Bank-hosted financial intermediary fund</i>
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10. **Report of the Board to the Conference of the Parties at its twenty-ninth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its sixth session**

31. *Background:* In line with paragraph 11 of the Governing Instrument, the Fund will be designated as an entity entrusted with the operation of the Financial Mechanism of the Convention, which also serves the Paris agreement, and will be accountable to and function under the guidance of the COP and the CMA.

32. In line with paragraph 13 of the Governing Instrument, the Board will receive guidance from the COP and the CMA on its policies, programme priorities and eligibility criteria; take appropriate action in response to the guidance received from the COP and the CMA; and submit annual reports to the COP and the CMA for their consideration.

33. *Action:* The Board will be invited to adopt the draft report of the Fund for responding to Loss and Damage to the Conference of the Parties at its twenty-ninth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its sixth session as contained in document FLD/B.3/8.

<i>FLD/B.3/8</i>	<i>Report of the Fund for responding to Loss and Damage to the Conference of the Parties at its twenty-ninth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its sixth session</i>
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11. **Arrangements for establishing and operationalizing the annual high-level dialogue**

34. *Background:* In accordance with decisions 1/CP.28 and 5/CMA.5, annex II, paragraph 8, the Fund will act as the platform for facilitating coordination and complementarity under the funding arrangements by establishing and operationalizing a high-level dialogue.

35. The dialogue will be co-convened by the Fund and the United Nations Secretary-General, which may jointly designate a high-level representative that has the power to convene the entities that form part of the funding arrangements engaged in responding to loss and damage.

36. The dialogue will provide recommendations related to enhancing implementation of the objectives of the new funding arrangements in line with relevant COP and CMA decisions,

and will consider any comments or guidance from the COP and the CMA as well as following up on recommendations arising from previous dialogues.¹²

37. At B.2 the Board decided that the first annual high-level dialogue will be held in the first half of 2025, with the exact date and venue to be determined at B.3.¹³

38. The Board also decided to launch the high-level dialogue on the margins of the World Leaders Climate Action Summit, during COP 29 and CMA 6, to be held in-person, in November 2024 in Baku, Azerbaijan.¹⁴

39. The Board also requested the interim secretariat, in coordination with the Office of the United Nations Secretary-General, to prepare a concept note on the high-level dialogue, including arrangements for the high-level launch, to be presented for the Board's consideration at B.3.¹⁵

40. The Board further requested the interim secretariat, in coordination with the Office of the United Nations Secretary-General to produce a background paper of possible dates and venues for the first high-level dialogue, including the Spring Meetings of the World Bank Group and International Monetary Fund, to be presented to the Board at B.3¹⁶

41. *Action:* The Board will be invited to:

(a) Consider the proposed concept note on the high-level dialogue, including arrangements for the high-level launch, as contained in document FLD/B.3/9, and agree on the next steps for organizing the annual high-level dialogue including its high-level launch;

(b) Consider the background paper of possible dates and venues for the first high-level dialogue as contained in document FLD/B.3/10, with a view to deciding the venue and date of the first high-level dialogue.

<i>FLD/B.3/9</i>	<i>Concept note: Annual high-level dialogue on complementarity and coherence</i>
<i>FLD/B.3/10</i>	<i>Background paper on dates and venues for the first annual high-level dialogue on complementarity and coherence</i>

12. Dialogue with civil society

42. *Background:* In accordance with paragraph 27 of the Governing Instrument, the Fund will make arrangements to allow for the effective participation of observers in its meetings, including developing and carrying out an observer accreditation process.

43. During B.1, the Board underscored the importance of inviting the views of observers accredited by the UNFCCC in Board deliberations on matters relating to provisions of the Governing Instrument on the role of stakeholders in the work of the Board, noting that the deliberations of the Board under other agenda items may expand the scope of stakeholders to be invited to provide views.

44. Following the practice adopted during B.1, at B.2 the Board decided to invite one representative from each of the nine observer constituencies of the UNFCCC to observe the proceedings of open sessions of the Board meeting in the room for B.2.¹⁷ The Board further decided that the interim arrangements for observer participation adopted in decision B.2/D.3 will apply for observer participation in subsequent meetings of the Board until an observer policy is adopted by the Board.¹⁸

¹² Decisions 1/CP.28 and 5/CMA.5, annex II, paras. 15–16.

¹³ Decision B.2/D.13, para. (c).

¹⁴ Decision B.2/D.13, para. (a).

¹⁵ Decision B.2/D.13, para. (b).

¹⁶ Decision B.2/D.13, para. (d).

¹⁷ Decision B.2/D.3.

¹⁸ Decision B.2/D.12, para. (d).

45. *Action:* The Board will be invited to engage in a dialogue with the representatives of the nine observer constituencies represented at the meeting.

13. Dates and venues of future meetings

46. *Background:* At B.2 the Board decided to hold its third meeting from Wednesday, 18 September to Friday, 20 September 2024 in Baku, Azerbaijan.

47. Further, the Board confirmed decision B.1/D.15 through which the Board decided to hold its fourth meeting from Monday, 2 December to Thursday, 5 December and requested the interim secretariat, in consultation with the Co-Chairs, and the host country of the Board to identify a suitable venue for hosting the fourth meeting of the Board.¹⁹

48. The Board further requested the Co-Chairs to present dates and venues of meetings in 2025 to B.3.²⁰

49. *Action:* The Board may wish to decide on the timing and organization of its meetings in 2025.

<i>FLD/B.3/3</i> <i>Report of the Co-Chairs of the Board</i>
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14. Other matters

50. Members of the Board may raise any other business under this agenda item.

15. Closure of the meeting

51. The meeting will be closed by the Co-Chairs.

¹⁹ Decision B.2/D.16, paras. (c) and (e).

²⁰ Decision B.2/D.16, para. (d).