

Fund for responding to Loss and Damage

FLD/B.3/2

15 September 2024

Third meeting of the Board

18–20 September 2024

Baku, Azerbaijan

Provisional agenda item 4

Report of the interim secretariat

Expected actions by the Board

The Board will be invited to take note of the report of the interim secretariat, including the execution of the administrative budget, and to provide guidance, as necessary.

I. Background

1. 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 decided to establish an interim secretariat for the Fund referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4 to provide support, including administrative support, to the Board of the Fund during the transitional period until the establishment of the independent secretariat. In this regard, the COP and the CMA requested the secretariats of the United Nations Framework Convention on Climate Change and the Green Climate Fund and invited the United Nations Development Programme to jointly form this secretariat.
2. This document provides a summary of the activities performed by the interim secretariat from 1 July to 10 September 2024. The annex to this document includes the report of the execution of the administrative budget up until 31 July 2024.

II. Mandates to the interim secretariat

3. Table 1 summarizes the mandates of the interim secretariat arising from the decisions of the COP and the CMA, the Governing Instrument of the Fund for responding to Loss and Damage and subsequent decisions of the Board, along with an overview on the work undertaken by the interim secretariat during the reporting period to implement its mandates.
4. At the second meeting of the Board in July, the Board adopted document FLD/B.2/9 titled “Workplan of the Board for 2024” and decided that it would be updated on a rolling basis to reflect new mandates.

Table 1

Summary of the mandates of the interim secretariat and their status of implementation

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
B.2/D.12, para. (b) and (c)	Develop a draft observer policy for Board consideration at B.4	In progress to conduct further consultations with, and seek inputs from, the Board and stakeholders in developing such policy
B.1/D.9, para. (d)	Present a paper on the establishment of consultative forums to engage and communicate with stakeholders for Board consideration at B.4	Not yet initiated
B.1/D.11, para. (f)	The interim secretariat in consultation with the ad hoc subcommittee on the administrative budget to seek the approval of the Board for additional budget as necessary	The ad hoc subcommittee on the administrative budget to bring proposals to the Board as required
B.1/D.11 para. (g)	The interim secretariat in consultation with the ad hoc subcommittee on the administrative budget to provide estimated budget requests in decisions which may have budget implications associated with the implementation, for the consideration of the Board	The ad hoc subcommittee on the administrative budget to bring proposals to the Board as required
B.2/D.10 para. (c)	To determine an approach for cost recovery of the World Bank in the provision of services related to the operationalization of the Fund as a World Bank hosted financial intermediary fund	Document on cost recovery will be brought to the Board for consideration at B.3

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
B.2/D.10 para. (d)	<p>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:</p> <p>(a) In hosting the independent secretariat of the Fund;</p> <p>(b) As the Trustee of the Fund</p>	Document on cost recovery will be brought to the Board for consideration at B.3
B.2/D.10 para. (e)	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	Discussions with the World Bank are ongoing; document on cost recovery and related functions will be brought to the Board at B.3
B.2/D.5, para. (c)	Further develop the interim conflict of interest statement with a view to adopting a policy on ethics and conflict of interest at B.3, and in any event, no later than B.4	Work in early stages, to be proposed for Board consideration at B.4
B.2/D.8, para. (g)	Support the co-chairs of the ad hoc subcommittee on the selection of the Executive Director; engage with the World Bank to obtain input as appropriate	During the reporting period, the interim secretariat facilitated regular engagement between the co-chairs of the ad hoc subcommittee and the World Bank, including convening regular meetings and providing guidance to the candidate search process
B.2/D.9, para. (d)	Provide legal and other support to the Co-Chairs of the Board to undertake negotiations with the Government of the Philippines with a view to finalizing the Host Country Agreement between the Philippines and the Board, and to keep the Board informed on the status of negotiations prior to signing of the Host Country Agreement	The interim secretariat provided legal support to the Co-Chairs of the Board in negotiating the Host Country Agreement with the Government of the Philippines
B.2/D.10, paras. (f) and (h)	Under the guidance of the Co-Chairs and drawing upon external resources, develop a proposition outlining: (1) options and choices for the Fund to further operationalize a bottom-up country-	To be considered by the Board through further consultations.

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
	led approach that promotes and strengthens national responses to loss and damage; and (2) options for early interventions by the Fund as early as 2025–2026, and submit to the Board fourteen days prior to B.4 for consideration at B.4	
B.2/D.13, para. (b)	In coordination with the Office of the United Nations Secretary-General, prepare a concept note on the high-level dialogue, including arrangements for the high-level launch during COP 29 and CMA 6, to be presented for the Board's consideration at B.3	As per the Board decision, the interim secretariat prepared a draft concept note and background paper on potential dates and venues for the first annual high-level dialogue. The documents were developed in coordination with the Secretary-General's Climate Action Team. Information regarding the high-level launch event on the margins of the World Leaders Climate Action Summit was provided in consultation with the COP 29 Presidency
B.2/D.13, para. (d)	In coordination with Office of the United Nations Secretary-General, 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.3	
B.2/D.13, para. (e)	In consultation with the ad hoc subcommittee on the administrative budget, utilize the approved contingency budget in the administrative budget for the organization of the high-level dialogue and report to the Board on the execution of the budget at B.3	Report of the execution of the budget is provided as an annex to this document
B.2/D.14, para. (a)	In consultation with the Co-Chairs, develop a travel policy, taking into consideration the inputs provided by the Board on this agenda item, and submit to the Board for its consideration and adoption at B.3	This policy is expected to be brought to the Board for consideration at B.4
B.2/D.14, para. (f)	Prepare a technical paper setting out options for formats for Board and related meetings, including challenges and practical solutions for in-person, hybrid and virtual meetings, for consideration by the Board at B.3	This technical paper is expected to be brought to the Board for consideration at B.4
B.2/D.14, para. (g)	Provide information on the estimated budget for the implementation of the draft travel policy in the technical paper	To be included in the technical paper
B.2/D.16, para. (e)	In consultation with the Co-Chairs and the host country of the Board, identify a suitable venue for hosting B.4	In response to the offer from the Government of the Philippines to host B.4, as conveyed at the closing session of B.2, arrangements are under way to host B.4 in the city of Manila

Abbreviation: B.x = meeting of the Board.

III. Activities of the interim secretariat from 1 July to 10 September 2024

A. Additional activities of the interim secretariat

5. During the reporting period, the interim secretariat supported the ad hoc subcommittees in implementing mandates. Some key activities undertaken in this regard are summarized below.

1. Support to the ad hoc subcommittee on additional rules of procedures of the Board

6. The ad hoc subcommittee on additional rules of procedures of the Board has met five times during the reporting period (twice between Board meetings, including for an informal discussion) and was supported by the interim secretariat both during and between the meetings. The co-chairs of the ad hoc subcommittee have also met with the Co-Chairs, virtually. The ad hoc subcommittee focused on some of the outstanding issues as identified and reported to the Board at B.2 in July. The interim secretariat also supported the co-chairs of the subcommittee in the conduct of written consultations with the Board and in inviting and receiving additional views on draft additional rules of procedure from observers. The co-chairs, with the support of the interim secretariat, developed a new co-chair proposal for the draft additional rules of procedure. This was circulated to the ad hoc subcommittee on 30 August 2024 and was discussed during an informal session. Given that the subcommittee did not have enough time to resolve the outstanding issues on certain draft provisions, the subcommittee will report to the Board on the state of advancement of the draft, including the co-chairs; new proposal, for consideration by the Board at B.3.

2. Support to the ad hoc subcommittee on the selection of the host country of the Board

7. The interim secretariat provided support to the ad hoc subcommittee on the selection of the host country of the Board until its dissolution at B.2 following the conclusion of its mandate. This includes support during the evaluation of proposals received and preparation of the report for the Board to B.2, as well as support to the co-chairs of the subcommittee including in convening a meeting of the subcommittee on 2 July 2024. In addition, the interim secretariat set up arrangements for selecting the host country through the use of a balloting procedure.

3. Support to the ad hoc subcommittee on the administrative budget

8. During the reporting period, the interim secretariat provided continuous support to the ad hoc subcommittee on the administrative budget, including through coordination of meetings to consider responses to the World Bank on cost recovery methodology. The members of the subcommittee endorsed the document on cost recovery and related functions that is being brought to the Board for consideration at B.3, as well as the report of the execution of the budget as presented in the annex to this document.

4. Support to the ad hoc subcommittee for the selection of the Executive Director of the Fund

9. The interim secretariat provided support to the ad hoc subcommittee on the selection of the Executive Director of the Fund during the reporting period through support to the co-chairs of the subcommittee in its engagement with the World Bank and Korn Ferry, the human resources search firm recruited by the World Bank to assist the Board in the search for candidates. This includes organizing weekly calls between the co-chairs of the subcommittee, the World Bank and Korn Ferry; providing updates to the subcommittee members; convening of an interview panel from among subcommittee members; and organizing two virtual meetings, on 7 and 30 August 2024 between the co-chairs of the ad hoc subcommittee and the Co-Chairs of the Board to provide updates and seek direction. The

interim secretariat also supported the ad hoc subcommittee in the preparation of its report to B.3.

5. Support to the Co-Chairs of the Board in finalizing the host country agreement with the Government of the Philippines

10. The interim secretariat provided legal support to the Co-Chairs of the Board to negotiate the Host Country Agreement (HCA) with the Government of the Philippines. In particular, the interim secretariat reviewed the HCA drafted by the Government of the Philippines and provided recommendations to the Co-Chairs to ensure the HCA was aligned with the Governing Instrument and other mandate documents, the requirements of the Board, and with relevant provisions of the Convention on the Privileges and Immunities of the United Nations and other comparable HCAs. Furthermore, the interim secretariat had meetings with the Government of the Philippines to convey and provide the rationale for the proposed amendments.

6. Consultation with stakeholders regarding the participation of active observers in Board meetings and related proceedings, including an observer accreditation process as part of the development of an observer policy, and the establishment of consultative forums, in accordance with relevant Board decisions

11. The interim secretariat, in line with decision B.1/D.9, paragraph (d), and decision B.2/D.12, has scheduled an informal consultation with the representatives from each of the nine observer constituencies of the United Nations Framework Convention on Climate Change on 17 September to seek input for the development of an observer policy, accreditation process for observers and a paper on the establishment of consultative forums.

Annex

Report on the execution of the administrative budget

I. Approved budget

1. By decision B1/D.11, the Board approved the following administrative budgets:
 - (a) USD 162,168 for the Board;
 - (b) USD 2,627,177 for the secretariat;
 - (c) USD 914,262 as a contingency budget for expenditure that may be incurred or planned for by the Board.
2. By the same decision, 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 approval of the Board;
3. The Board also acknowledged that any decisions that the Board may adopt at subsequent meetings of the Board may have budget implications associated with their implementation, and therefore requested the interim secretariat in consultation with the ad hoc subcommittee on the administrative budget to provide estimated budget requests in a relevant decision for the consideration of the Board.
4. The Board also requested the interim secretariat to report to the Board on the execution of the administrative budget at the second meeting of the Board. The interim secretariat also continues to report in the subsequent meetings of the Board.
5. The expenditure for the travel of members and alternate members of the Board and advisers was budgeted under the contingency budget.

II. Budget execution summary

6. The tables below provide detailed information on the execution of the administrative budget from 1 January 2024 to 31 July 2024.
7. The figures in this document are unaudited.

Table 1

Summary of the budget and expenditure from 1 January 2024 to 31 July 2024
(in United States dollars)

No.	Budget category/ subcategory	Approved budget for 2024	Expenses (up to 31 July 2024)	Balance	% Spent
1	Board	162,168	198,309	(36,141)	122%
2	Interim secretariat	2,627,177	977,489	1,649,688	37%
Total before contingency		2,789,345	1,175,798	1,613,547	42%
3	Contingency	914,262	360,406	553,856	39%
Grand total		3,703,607	1,536,204	2,167,403	41%

A. Board budget

8. The actual expenditure reported for the Board from 1 January 2024 to 31 July 2024 is shown in table 2.

Table 2

Board budget and expenditure from 1 January 2024 to 31 July 2024

(in United States dollars)

No.	Budget category/subcategory	Approved budget for 2024	Expenses (up to 31 July 2024)	Balance	% Spent
1.1	Board representative travel	–	–	–	–
1.2	Board meetings: venues and logistics	162,168	198,309	(36,141)	122%
	Total	162,168	198,309	(36,141)	122%

9. During the budget preparation as part of the first meeting of the Board, it was determined that travel costs for the funded Board members and advisers will be budgeted and reported under the contingency budget.

10. The expenses shown in table 2 include the venues and logistics costs for arranging the first and second meetings of the Board, as well as the cost of the live-streaming services. The expenses for this budget line have exceeded the budget because the costs incurred during the first and second meetings were significantly higher than expected.

B. Interim secretariat budget

11. The actual expenditure reported for the interim secretariat for 1 January 2024 to 31 July 2024 is shown in table 3.

Table 3

Interim secretariat budget and expenditure from 1 January 2024 to 31 July 2024

(in United States dollars)

No.	Budget category/subcategory	Approved budget for 2024	Expenses (up to 31 July 2024)	Balance	% Spent
2.1	Human resources	1,770,682	660,481	1,110,201	37%
2.2	Consultancies	210,840	73,998	136,843	35%
2.3	Travel	461,312	197,561	263,751	43%
2.4	General operating costs	184,343	45,449	138,894	25%
	Total	2,627,177	977,489	1,649,688	37%

12. The interim secretariat comprises the allocated staff and consultants from the Green Climate Fund, the United Nations Development Programme and the United Nations Framework Convention on Climate Change (UNFCCC). Each entity records the expenses in accordance with its individual policies and consolidates them for reporting purposes. The secretariat expects that these costs will be fully executed by 31 December 2024.

13. The interim secretariat's expenditure includes the costs incurred by the interim secretariat for its staff and consultants allocated to provide technical and operational support services to the Fund, the travel costs incurred for the first and second meetings of the Board, and general operating expenses during the period.

C. Contingency budget

14. The actual expenditure reported under the contingency budget from 1 January 2024 to 31 July 2024 is shown in table 4.

Table 4

Contingency budget expenditure from 1 January 2024 to 31 July 2024

(in United States dollars)

No.	Budget category/subcategory	Approved budget for 2024	Expenses (up to 31 July 2024)	Balance	% Spent
3.1	Board-related contingent items	600,469	360,406	240,063	60%
3.2	Interim secretariat relevant contingent items	313,793	–	–	0%
	Total	914,262	360,406	553,856	39%

15. The above expenses include the travel expenses for the funded Board members and advisers for the first and second meetings of the Board, as requested during the budget preparation as part of the first meeting of the Board.

16. The budget item “Interim secretariat relevant contingent items” was added to cover any additional resource requirement during the year. Currently, no expenses have been incurred or planned for this budget line.

D. Unutilized budget

17. After the initial contribution pledges at COP 28, Japan transferred USD 10 million to the UNFCCC to support the Fund’s operationalization until the new and independent secretariat is established. The expenditure reported under this heading are funded by that contribution.

18. After the establishment of the independent secretariat and the end of the transition period, the unutilized funds would be transferred to the independent secretariat/Trustee of the Fund.

III. Recommendations of the ad hoc subcommittee on the administrative budget

19. The ad hoc subcommittee on the administrative budget recommends that the Board take note of the report on the execution of the 2024 administrative budget as at 31 July 2024.