

Fund for responding to loss and damage

FLD/B.1/12

24 June 2024

First meeting of the Board

30 April to 2 May 2024

Abu Dhabi, United Arab Emirates

Agenda item 14

Report of the first meeting of the Board of the Fund for responding to loss and damage

Summary

This report presents a summary of the discussions and outcomes of the first meeting of the Board of the Fund for responding to loss and damage, convened from 30 April to 2 May 2024 in Abu Dhabi, United Arab Emirates.

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(a) Agenda item 1: Opening of the meeting

1. The first meeting of the Board of the Fund for responding to loss and damage was opened at 9 a.m. (UTC+4), on Tuesday, 30 April 2024 in Abu Dhabi, United Arab Emirates, by Daniele Violetti, Senior Director of the United Nations Framework Convention on Climate Change (UNFCCC), who presided over the meeting until the Co-Chairs were elected.

2. Prior to the opening, Dr. Sultan Al Jaber, COP 28 President and the United Arab Emirates' Special Envoy for Climate Change delivered remarks on behalf of the host country of the meeting. This was followed by remarks by Cassie Flynn, Global Director, Climate Change, of the United Nations Development Programme and Artur Cardoso de Lacerda, Director of Governance Affairs and Secretary to the Board of the Green Climate Fund (GCF).

(b) Agenda item 2: Election of Co-Chairs

3. Having received nominations from José Delgado (Austria) and Mohamed Nasr (Egypt), the Board elected Jean-Christophe Donnellier (France) and Richard Sherman (South Africa) to serve as Co-Chairs for a period of one year. Mr. Donnellier and Mr. Sherman delivered short statements following their election.

(c) Agenda item 3: Organizational matters

(d) Adoption of the agenda

4. The Board adopted the revised agenda as set forth in document FLD/B.1/1/Rev.1.
1. Opening of the meeting;
 2. Election of Co-Chairs;
 3. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of the work of the meeting;
 4. Workplan of the Board;
 5. Additional rules of procedure of the Board;
 6. Selection of the host country of the Board;
 7. Matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund;
 8. Arrangements for observer participation in the Board meetings;
 9. Administrative budget and the report of the interim secretariat;
 10. Process for selecting the Executive Director of the Fund;
 11. Status of resources;
 12. Dialogue with the civil society;
 13. Dates and venues of future meetings;
 14. Report of the meeting;
 15. Other matters;
 16. Closure of the meeting.
5. In adopting its agenda, the Board agreed to exclude two items from the provisional agenda, namely "Name of the Fund" and "Travel policy". These items would be taken up informally by the Co-Chairs for consultation with their respective constituencies.

(e) Organization of the work of the meeting

6. The Board considered and agreed on interim arrangements for observer participation at its first meeting. The Board decided to invite one representative from each of the nine UNFCCC observer constituencies to join in the meeting room to observe the proceedings of its open sessions. The Board also confirmed that open sessions of the Board would be webcast, unless otherwise decided by the Board, and further confirmed the arrangements for additional observers to follow the proceedings via live webcast from a dedicated room for observers at the event venue.

7. Following the discussion, the Board adopted the following decision:

DECISION B.1/D.2: Interim arrangements for observers

The Board:

(a) *Invites, for the first meeting of the Board, one representative from each of the nine observer constituencies of the United Nations Framework Convention on Climate Change to observe the proceedings of open sessions of the Board meeting in the room;*

(b) *Confirms that open sessions of the Board shall be webcast, unless otherwise decided by the Board.*

(f) Agenda item 4: Workplan of the Board

8. The Board considered document FLD/B.1/2 titled “Background paper on the workplan of the Board for 2024”.

9. Due to time constraints, the Board did not engage in substantive discussions regarding its workplan. The Board considered a proposal by the Co-Chairs outlining issues to be discussed during the second meeting of the Board (B.2). Members of the Board stressed the need to prioritize tasks effectively and highlighted the importance of thorough preparation by the interim secretariat and the Co-Chairs for upcoming discussions. The Board agreed on prioritizing tasks and establishing a clear sequence and milestones for its activities in 2024.

10. Following the discussion, the Board adopted the following decision:

DECISION B.1/D.3: Workplan of the Board

The Board, having considered document FLD/B.1/2 titled “Background paper on the workplan of the Board for 2024”:

(a) *Decides to work on the following issues during its second meeting in 2024:*

(i) *Selection of the Executive Director of the Fund;*

(ii) *Selection of the host country of the Board;*

(iii) *Additional rules of procedure;*

(iv) *Matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund, including consultation with the World Bank on elements of paragraph 20 of decisions 1/CP.28 and 5/CMA.5 and related mandates in the Governing Instrument, including an operations manual;*

(v) *Access modalities, including in relation to the development of relevant indicators and triggers to clarify access, and operational modalities for the Fund, including a functional equivalency framework, in accordance with the Governing Instrument;*

(vi) *Financial instruments, modalities and facilities;*

(vii) *Arrangements for establishing and operationalizing the annual high-level dialogue;*

(viii) *Participation of active observers in the Board meetings and related proceedings;*

(ix) *Issues under consultation by the Co-Chairs;*¹

(b) *Requests the Co-Chairs to present a workplan for 2024 with a clear sequence and specific milestones, for adoption by the Board at the second meeting of the Board, taking into account the views of the Board members expressed during the first meeting of the Board and the work of the ad hoc subcommittees, including via open, inclusive and transparent consultations.*

(g) Agenda item 5: Additional rules of procedure of the Board

11. The Board considered document FLD/B.1/3 titled “Background paper on additional rules of procedure of the Board”.

12. A draft decision on additional rules of procedure was presented by the Co-Chairs, including the proposed terms of reference for establishing an ad hoc subcommittee. A number of questions were raised by Board members, including whether inputs should come directly from members or through the ad hoc subcommittee. Board members emphasized the urgency of the matter and stressed the need for a timeline for conclusion of the work of the ad hoc subcommittee. The Co-Chairs suggested that they present a draft decision and additional rules of procedure at B.2.

13. Some Board members emphasized the need for inclusivity and the active participation of observers in the development of the additional rules of procedure. Although Board members agreed on the importance of seeking views from observers, some cautioned against equating such views with members and alternate members of the Board. On the basis of the discussion, the Co-Chairs proposed language relating to active observers for inclusion in the draft terms of reference for the ad hoc subcommittee. The Board noted that there were separate discussions relating to active observers under agenda item 8, with a dedicated decision establishing a mandate to develop the active observer policy.

14. Following the discussion, the Board adopted the following decision including its annex (see annex I to this document):

DECISION B.1/D.4: Establishment of an ad hoc subcommittee on additional rules of procedure of the Board

The Board, having considered document FLD/B.1/3 titled “Background paper on additional rules of procedure of the Board”:

(a) *Establishes, pursuant to paragraph 22(h) of the Governing Instrument, an ad hoc subcommittee to assist the Board in developing the additional rules of procedure pursuant to paragraph 31 of the Governing Instrument, to be composed of 10 members or alternate members of the Board: 5 from a developing country and 5 from a developed country;*

(a) *Adopts the terms of reference of the ad hoc subcommittee on the additional rules of procedure as set out in the annex to this decision;*

(b) *Appoints as members of the ad hoc subcommittee on the additional rules of procedure:*

Ms. Christina Chan;

Mr. Gholamhossein Darzi;

Mr. Maheshwar Dhakal;

Ms. Claire Holzer Fleming;

Ms. Anna Merrifield;

Mr. Mohamed Nasr;

Ms. Karima Oustadi;

¹ Travel policy, name of the Fund and other items under consultation by the Co-Chairs.

Ms. Elena Pereira;

Mr. Simon Stumpf;

Mr. Ahmed Waheed.

15. The ad hoc subcommittee on additional rules of procedure of the Board commenced its work during the Board meeting and reported on progress made in developing the additional rules of procedure for the Board, including identifying the need to elaborate the roles of alternate members of the Board and advisers; rules for work between Board meetings; observer participation; language considerations; and roles of the Co-Chairs. Ms. Merrifield, who facilitated the first meeting of the ad hoc subcommittee expressed the subcommittee's aim to deliver draft additional rules of procedure by mid-June, including through consultations to be conducted by respective constituencies. The interim secretariat would support the preparation of a draft on the basis of guidance provided by the subcommittee and on precedents, experiences and lessons learned from other funds, with a focus on urgent issues. Ms. Merrifield and Ms. Pereira were subsequently elected as co-chairs of the ad hoc subcommittee through a no-objection procedure following its second meeting.

16. Some Board members noted the potential need to extend the mandate of the subcommittee or to propose specific rules for approval at its next Board meeting. The Co-Chairs expressed gratitude to the subcommittee for its efforts and looked forward to further updates. The matter was closed with appreciation for the ongoing work of the ad hoc subcommittee.

(h) Agenda item 6: Selection of the host country of the Board

17. The Board considered document FLD/B.1/4 titled "Background paper on the selection of the host country of the Board".

18. The Co-Chairs presented a draft decision on the establishment of an ad hoc subcommittee of the Board and its working modalities for the selection of the host country of the Board. The Co-Chairs announced that, at the time of B.1, the Board had received four formal offers to host the Board of the Fund, namely from Antigua and Barbuda, the Bahamas, Barbados and the Philippines.

19. During the discussion, some Board members emphasized that the decision regarding the selection of the host country would be taken by the Board as a whole on the basis of the work of the ad hoc subcommittee. Clarification was also requested on the roles of alternate members of the Board and advisers in the ad hoc subcommittee. One Board member highlighted that the ad hoc subcommittee, in developing its recommendations, would take into consideration feedback received from Board members. Another Board member requested clarification on how the ad hoc subcommittee would address potential conflicts of interest in the absence of rules of procedure on the matter.

20. Following the discussions, the Board adopted the following decision including its annex (see annex II to this document):

DECISION B.1/D.5: Establishment of an ad hoc subcommittee on the selection of the host country of the Board

The Board having considered document FLD/B.1/4 titled "Background paper on the selection of the host country of the Board":

(a) *Establishes an ad hoc subcommittee on the selection of the host country of the Board in accordance with paragraph 22(h) of the Governing Instrument, to be composed of 10 members of the Board: 5 from a developing country and 5 from a developed country;*

(a) *Adopts the terms of reference of the ad hoc subcommittee on the selection of the host country of the Board as set out in the annex to this decision;*

(b) *Appoints as members of the ad hoc subcommittee on the selection of the host country of the Board:*

Mr. Mohammad Ayoub;

Mr. Georg Børsting;
Ms. Liliam Beatris Chagas de Moura;
Mr. José Delgado;
Mr. Gerard Howe;
Mr. Atsushi Kato;
Mr. Daniel Lund;
Mr. Mohamed Nasr;
Ms. Ana Paula Rodrigues;
Mr. Adao Soares Barbosa;

(c) *Requests the ad hoc subcommittee, taking into account the inputs provided by the Board during its deliberation on this agenda item, to:*

- (i) *Prepare the draft terms of reference for the selection of the host country of the Board, including the evaluation criteria, for consideration of the Board at its first meeting;*
- (ii) *Prepare the draft selection process of the host country of the Board, including modalities, milestones and indicative timeline for the selection process, for consideration of the Board at its first meeting.*

21. The ad hoc subcommittee on the selection of the host country of the Board commenced its work on the margins of the first Board meeting. The ad hoc subcommittee elected Mr. Gerard Howe (United Kingdom of Great Britain and Northern Ireland) and Mr. Daniel Lund (Fiji) as its co-chairs. Issues discussed by the ad hoc subcommittee included the requirements to be fulfilled by the host country (including evaluation criteria for the assessment of proposals received, and the working modalities and timeline for the work of the ad hoc subcommittee) as well as matters related to the need for transparency and for addressing conflicts of interest, cost-effectiveness, and the interrelation between the selection of the host country and a potential operationalization of paragraphs 21–24 of decisions 1/CP.28 and 5/CMA.5. With regard to the issue of conflicts of interest, the co-chairs circulated to the ad hoc subcommittee a draft document on addressing conflict of interest considerations in the decision-making process.

22. The co-chairs of the ad hoc subcommittee presented a draft decision on the terms of reference for selection of the host country of the Board. The Board adopted the proposed terms of reference, which outline the necessary requirements to be met by the host country: granting legal personality, providing privileges and immunities, and hosting meetings. Furthermore, the Board adopted evaluation criteria against which the proposals received would be assessed. An indicative timeline and process for the host country selection was agreed upon. Board members emphasized the critical nature of selecting the host country in terms of setting the institutional arrangements of the Fund and the need for a timely decision.

23. In this regard, the Board adopted the following decision including its annex (see annex III to this document):

DECISION B.1/D.6: Terms of reference for the selection of the host country of the Board

The Board:

- (a) *Adopts the terms of reference, including evaluation criteria, for the selection of the host country as contained the annex to this decision;*
- (a) *Agrees the indicative timeline, process and next steps for the selection of the host country as outlined in the annex to this decision;*
- (b) *Notes that the terms of reference outlined in the annex to this decision only consider the circumstance where paragraphs 21–24 of decisions 1/CP.28 and 5/CMA.5 are not operationalized.*

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

24. The Board considered documents FLD/B.1/5 titled “Background paper on matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund” and document FLD/B.1/5/Add.1 titled “Addendum to the background paper on matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund”.

25. In the discussions that ensued, Board members stressed the need for an independent secretariat accountable to the Board, highlighting the importance of this issue for developing countries. In that regard, some Board members sought clarity on the ability of the secretariat to function independently within a structure where the employees are under contract with the World Bank but functionally accountable to the Board.

26. A representative of the World Bank responded to concerns from Board members with respect to the independence of the secretariat and potential conflicts of interest within the World Bank, elaborating the organizational structure in place to address these issues. The World Bank representative also requested clarification from the Board on the precise definitions for “direct access recipient” categories.

27. The representative of the World Bank provided an update on the progress of its internal discussions, emphasizing the commitment of the institution to urgency and flexibility in setting up the Fund, highlighting the World Bank’s mission to eliminate poverty and a liveable planet. The World Bank representative further discussed the different roles and responsibilities, with the World Bank acting as an intermediary and ensuring accountability to the Board of the Fund.

28. The Co-Chairs suggested continuing discussions with the World Bank to finalize operational arrangements, direct access modalities and to address governance concerns and conclude on the need for further deliberations. The Co-Chairs further highlighted the importance of providing clarity on the scope or boundaries of the collaboration with the World Bank.

29. Board members enquired about the possibility of transferring contributions to the Fund in the absence of a trustee agreement in the interim period. In response to this concern, the representative of the World Bank clarified that, pending finalization of the arrangements for establishing the financial intermediary fund, the World Bank could accept contributions by using donor balance accounts. Board members suggested obtaining a statement of confirmation from the World Bank regarding its ability to meet the necessary conditions. Some Board members raised specific concerns regarding rules and responsibilities, emphasizing the need to manage the balance between risk and responsibilities across different categories and phases of the Fund’s lifecycle.

30. With respect to direct access, Board members requested clarification on whether the World Bank could provide direct funding to communities as defined in paragraph 49(a) of the Governing Instrument of the Fund for responding to loss and damage.² Members enquired about the flexibility of World Bank rules, citing potential discrepancies between previous statements and the 2022 financial intermediary fund (FIF) rules. Assurance was sought regarding the World Bank’s flexibility and potential updates to the World Bank FIF directive. Some Board members raised concerns about potential internal procedures depending on various categories and risks. The Co-Chairs reiterated the need to conclude agreements, including the host agreement, the trustee agreement and the FIF agreement, in August 2024 and also reiterated that continued dialogue with the World Bank is crucial.

31. The action items raised by members under the agenda item were to initiate discussions on establishing the trustee agreement; seek confirmation from the World Bank on meeting necessary conditions; develop strategies for balancing risk and responsibilities across different categories and phases of the Fund’s lifecycle; obtain assurance from the World Bank

² As contained in annex I to decisions 1/CP.28 and 5/CMA.5.

regarding firewall and independence of the secretariat, as well as flexibility in rules; address concerns regarding internal procedures; provide comprehensive information in a package for the Board to consider, including a draft list of implementing entities; and continue the dialogue with the World Bank leading up to the signing of agreements in August.

32. The Co-Chairs presented two draft decisions, the first outlining the way to move forward on the assumption that the World Bank would accept the invitation from the COP and CMA to host the Fund as a World Bank hosted FIF by the stipulated deadline in June. The proposed decision requested the Co-Chairs to engage with the World Bank and report back to the Board and the Board was invited to consider the draft. The second draft decision proposed by the Co-Chairs included a draft statement signalling the Board's intentions relating to direct access to the World Bank.

33. Some Board members suggested including a sentence reflecting the flexibility and willingness expressed by the World Bank representative to engage with the Board to adapt, which was noted but not reflected in the text. Members sought clarification on the identification title versus the naming of the Fund and the difference between direct and indirect engagement.

34. Based on the discussions, the Board adopted the following decisions, including the annex to decision B.1/D.7 (see annex IV to this document):

DECISION B.1/D.7: Matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund

The Board, having considered document FLD/B.1/5 titled "Background paper on matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund" and document FLD/B.1/5/Add.1 titled "Addendum to the background paper on matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund":

(a) Welcomes the engagement with the World Bank, and the confirmation made by the World Bank that it will, as trustee, enter into financing agreements on behalf of the Fund;

(a) Adopts the statement set out in the annex to this decision;

(b) Requests the interim secretariat to transmit the statement to the World Bank on behalf of the Board.

DECISION B.1/D.8: Matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund

The Board:

(a) Requests the Co-Chairs to engage with the World Bank on the scope, structure and elements of the financial intermediary fund documentation, hosting agreement and the trustee agreement between the Board and the World Bank in accordance with paragraph 19 of decisions 1/CP.28 and 5/CMA.5;

(b) Further requests the Co-Chairs, after each engagement with the World Bank, to report to, and seek input from the Board, in a transparent and inclusive manner through appropriate means, including through virtual meetings, with a view to enabling the Board to:

(i) 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;

(ii) Endorse the hosting agreement and the trustee agreement;

(c) Confirms that the Co-Chairs' engagement with the World Bank will be in full accordance with decisions 1/CP.28 and 5/CMA.5 and the Governing Instrument.

(j) Agenda item 8: Arrangements for observer participation in the Board meetings

35. The Board considered document FLD/B.1/6 titled “Background paper on arrangements for observer participation in the Board meetings”.

36. A draft decision on arrangements for observer participation was proposed by the Co-Chairs for consideration by the Board.

37. In the ensuing deliberations, some Board members stressed the need for an efficient accreditation process for observers, particularly from the Global South, and emphasized the necessity of travel support for observers from developing countries to ensure their presence at meetings. Others advocated for innovative and transparent observer policies, including travel support to amplify voices from developing countries and highlighted the mandate to establish consultative forums as an avenue to engage stakeholders effectively.

38. Observer representatives emphasized the importance of active participation, self-determination of representatives, diversity in representation and access to draft documents concurrently with Board members. They further highlighted the need for multilingual support for Board documents to overcome language barriers and ensure inclusivity.

39. The Board requested follow-up action on the matter, including to refine the draft proposal to incorporate suggestions for enhancing observer participation; explore mechanisms for efficient accreditation of observers without disrupting Board proceedings; investigate possibilities for providing travel support to more observers from developing countries; and to consider observer interventions before Board member speeches to optimize procedural efficiency.

40. The Co-Chairs deferred further discussion on this matter to allow for refinement of the draft proposal, acknowledging the need for collaborative efforts to address the concerns raised. The Co-Chairs also reported having had a dialogue with observers on their desired role and noted that the Board would informally allow observers to speak during sessions without formalizing this through a decision. Observers advocated for increased civil society participation. Members advocated for more representation from developing countries and civil society.

41. The Co-Chairs presented an updated draft decision on the basis of the discussions. Some Board members emphasized the need for broader observer involvement beyond just UNFCCC accreditation and suggested adding a footnote to acknowledge this limitation. One Board member suggested a footnote linking paragraphs in the decision on additional rules of procedure relevant to observer participation.

42. On the basis of the discussions, the following decision was adopted by the Board:

DECISION B.1/D.9 Arrangements for observer participation in Board meetings

The Board, having considered document FLD/B.1/6 titled “Background paper on arrangements for observer participation in Board meetings”:

(a) *Underscores the importance of inviting the views of observers accredited by the United Nations Framework Convention on Climate Change in Board deliberations on matters relating to provisions of the Governing Instrument on the role of stakeholders in the work of the Board;*³

(a) *Requests the interim secretariat, pursuant to paragraph 20 of the Governing Instrument, to present a paper on the participation of active observers in Board meetings and related proceedings for consideration by the Board at its second meeting;*

(b) *Also requests the interim secretariat, pursuant to paragraph 27 of the Governing Instrument, to present a paper on an observer accreditation process for consideration by the Board at its third meeting;*

³ Noting that the deliberations of the Board under other agenda items may expand the scope of stakeholders to be invited to provide views.

(c) Further requests the interim secretariat, pursuant to paragraph 28 of the Governing Instrument, to present a paper on the establishment of consultative forums to engage and communicate with stakeholders for consideration by the Board at its fourth meeting;

(d) Requests the interim secretariat, in preparing the papers referred to in paragraphs (b)–(d) above, to take into consideration the views expressed during the first meeting;

(e) Also requests that the papers referred to in paragraphs (b)–(d) above reflect adequate and enhanced representation of observers from developing countries.

(k) Agenda item 9: Administrative budget and the report of the interim secretariat

43. The Board considered document FLD/B.1/7 titled “Administrative budget and report of the interim secretariat” and document FLD/B.1/7.rev.1 titled “Administrative budget and report of the interim secretariat”.

44. The Co-Chairs acknowledged with gratitude the work of a group of Board members who had advanced work on this the matter on an informal basis and invited the informal group to present their proposal to establish an ad hoc subcommittee aiming to support the Board in taking informed decisions on matters related to the administrative budget, including the preparation of a detailed budget breakdown.

45. The Board requested the group of Board members to finalize the draft document for establishing the ad hoc subcommittee on the administrative budget; obtain additional detailed information, including an organogram and a budgetary system; address travel policy concerns; continue collaboration between the interim secretariat and Board members to refine budgetary documents; anticipate further discussions on budgetary matters including the World Bank policy in future meetings; and consider the establishment of a contingency budget line for uncertain expenses.

46. On the basis of the proposal by the group of Board members, the Board adopted the following decision including its annex (see annex V to this document):

DECISION B.1/D.10: Establishment of an ad hoc subcommittee on the administrative budget

The Board, having considered document FLD/B.1/7 titled “Administrative budget and report of the interim secretariat” and document FLD/B.1/7.rev.1 titled “Administrative budget and report of the interim secretariat”:

(a) Establishes an ad hoc subcommittee on the administrative budget to support the Board in discharge of its functions pursuant to paragraphs 22(n) and 35(e) of the Governing Instrument, to be composed of six members or alternate members of the Board, three from a developing country and three from a developed country;

(a) Adopts the terms of reference of the ad hoc subcommittee on the administrative budget as set out in the annex to this decision;

(b) Appoints as members of the ad hoc subcommittee on the administrative budget:

Mr. Peter Abraham;

Mr. José Delgado;

Mr. Mark Dennis Y.C. Joven;

Mr. Atsushi Kato;

Ms. Karoline Kjeldsen;

Mr. Jaime Tramon;

(c) Requests the ad hoc subcommittee, in line with its terms of reference outlined in the annex to this decision, to provide information and recommendations to the Board with

a view to enabling the Board to take an informed decision on the administrative budget of the Fund, including the administrative budget of the interim secretariat, at its first meeting.

47. The co-chairs of the ad hoc subcommittee on the administrative budget, Mr. Abraham and Mr. Delgado, presented the draft decision. Members expressed gratitude to the subcommittee but emphasized the need for more detailed information in the future. Members also thanked the ad hoc subcommittee, reinforced confidence in the management of the budget and highlighted clarity on available resources.

48. On the basis of the discussions, the Board adopted the following decision including its annex (see annex VI to this document):

DECISION B.1/D.11: Administrative budget of the interim secretariat and of the Board

The Board, having considered document FLD/B.1/7 titled “Administrative budget and report of the interim secretariat” and document FLD/B.1/7.rev.1 titled “Administrative budget and report of the interim secretariat”:

(a) Approves the budget for the Board in the amount of USD 162,168 as set out in table 1 of the annex to this decision;

(a) Approves the administrative budget for the interim secretariat of the Fund for responding to loss and damage as set out in table 2 of the annex to this decision for 1 January 2024 to 31 December 2024 in the amount of USD 2,627,177;

(b) Notes that the budget for the Board approved under paragraph (a) above includes the expenditures incurred for the organization of the first meeting of the Board, and the amount approved under paragraph (b) above includes the expenditures and expenses incurred by the interim secretariat since 1 January 2024 until the date of this decision;

(c) Approves a contingency budget of USD 914,262 as set out in table 3 of the annex to this decision for expenditures that may be incurred or planned for by the Board;

(d) Authorizes the interim secretariat in consultation with the ad hoc subcommittee on budget to execute the contingency budget approved in paragraph (d) above when the expenditure conditions have been met without seeking approval of the Board;

(e) Requests the interim secretariat in consultation with the ad hoc subcommittee on 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;

(f) Acknowledges that any decisions that the Board may adopt at subsequent meetings of the Board may have budget implications associated with the implementation of the relevant decisions, and therefore requests the interim secretariat in consultation with the ad hoc subcommittee on the administrative budget to provide estimated budget requests in the relevant decision for the consideration of the Board;

(g) Requests the interim secretariat to report to the Board on the execution of the administrative budget at the second meeting of the Board.

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

49. The representatives of the World Bank provided an opening statement, emphasizing its commitment to supporting the Board’s decisions regarding the selection and recruitment of the Executive Director. The representatives of the World Bank highlighted the importance of functional independence and accountability to the Board.

50. Members of the Board raised concerns about the alignment of the selection process with World Bank policies and sought clarification on reporting lines and governance. Members enquired about the timeline for launching the process and about the engagement requirements. Members expressed concerns about commencing the process before the host secretariat invitation is accepted and sought flexibility from the World Bank in conforming to the needs of the Board. Members suggested including human resource issues in the hosting agreement and sought clarification on the World Bank’s acceptance of the selected candidate.

Members raised legal concerns about lines of authority and requested written clarification to avoid ambiguity.

51. Members appreciated the open approach from the World Bank and proposed maintaining a strategic supervision role for the Board and operational management through a committee. Members supported two options for the composition of such a committee and proposed engaging the assistance of the World Bank's human resource specialists immediately. Members suggested constituting a committee to draft the terms of reference for the Executive Director and inviting the World Bank to provide technical input; they also suggested an additional committee for the selection process and suggested a time-bound task for the first committee.

52. Members emphasized the crucial need to start the selection process and supported moving forward with the committee. Members supported proceeding with the committee's work and drawing from the support and understanding of the World Bank.

53. On the basis of this discussion, the Board adopted the following decision:

DECISION B.1/D.12: Establishment of an ad hoc subcommittee on the selection of the Executive Director for the Fund

The Board, having considered document FLD/B.1/9 titled "Background paper on the process for selecting the Executive Director of the Fund" and document FLD/B.1/9/Add.1 titled "Addendum to the background paper on the process for selecting the Executive Director of the Fund":

(a) *Establishes an ad hoc subcommittee for the selection of the Executive Director of the Fund in accordance with paragraph 22(h) of the Governing Instrument, to be composed of 10 members of the Board: 5 from a developing country and 5 from a developed country;*

(b) *Appoints as members of the ad hoc subcommittee for the selection of the Executive Director of the Fund:*

Mr. Peter Abraham;

Mr. Abdulla Ahmed Balalaa Al Harthi;

Ms. Laurence Ahoussou;

Ms. Antonella Baldino;

Mr. Jens Fugl;

Mr. Djibril Ibila;

Mr. David Kaluba;

Ms. Rebecca Lawlor;

Mr. Sebastian Lesch;

Ms. Elizabeth Thompson;

(c) *Requests the ad hoc subcommittee, taking into account the inputs provided by the Board during its deliberation on this agenda item, for consideration and approval by the Board at this session, with World Bank input, as appropriate, to:*

(i) *Prepare the draft terms of reference of the Executive Director of the Fund;*

(ii) *Prepare the draft selection process for the Executive Director of the Fund, including the timeline for the advertisement for and shortlisting of candidates and for the selection of the Executive Director;*

(iii) *Prepare the draft terms of reference for a human resources search firm to support the work of the subcommittee;*

(iv) *Prepare the draft terms of reference of the ad hoc subcommittee for its work after the first meeting of the Board.*

54. The chair of the ad hoc subcommittee on the selection of the Executive Director for the Fund Ms. H Elizabeth Thompson (Barbados) proposed preparing draft terms of reference for the Executive Director and the selection of a human resources search firm, with all elements brought back to the Board for approval. Members requested that text be included in the decision regarding World Bank support and expressed support for the proposal, particularly regarding hiring a search firm.

55. The subcommittee co-chairs presented a draft of the terms of reference of the ad hoc subcommittee on the selection of the Executive Director for the Fund, inviting comments. In considering the draft, some members advocated for appointing two co-chairs for the subcommittee, while others supported keeping one chair, highlighting efficiency and the practices established by other committees (e.g. the practice of the GCF). The Board members supporting the proposal for two co-chairs emphasized the need for balance between constituencies. Some members remarked that the edits they had shared via email were not reflected in the draft.

56. Some members highlighted the extensive workload involved and the need for flexibility in adopting terms of reference between meetings in order to avoid delays in the selection of the Executive Director. Some members expressed that the subcommittee should not have the ability to shortlist candidates and expressed concerns regarding engaging the World Bank procurement process for selecting the Executive Director.

57. Members stressed the importance of conducting work between Board meetings to ensure that an Executive Director has been selected by the twenty-ninth session of the Conference of the Parties to the Convention (COP 29). Some members expressed concerns regarding the difficulties with virtual meetings, stressing the need for in-person discussions for effective decision-making.

58. On the basis of the deliberations, the Board adopted the following decision including its annex (see annex VII to this document):

DECISION B.1/D.13: Terms of reference for the ad hoc subcommittee on the selection of the Executive Director for the Fund

The Board, having considered document FLD/B.1/9 titled "Background paper on the process for selecting the Executive Director of the Fund" and document FLD/B.1/9/Add.1 titled "Addendum to the Background paper on the process for selecting the Executive Director of the Fund":

(a) *Adopts the terms of reference of the ad hoc subcommittee on the selection of the Executive Director of the Fund established under decision B.1/D.12, as contained in the annex to this decision;*

(b) *Requests the ad hoc subcommittee on the selection of the Executive Director of the Fund, taking into consideration input provided by members of the Board at its first meeting to prepare, with the support of the interim secretariat and with the engagement of the World Bank, for consideration and approval at its second meeting:*

(i) *The draft terms of reference for the Executive Director of the Fund;*

(ii) *The draft selection process for the Executive Director of the Fund;*

(iii) *The draft 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.*

(m) Agenda item 11: Status of resources

59. The Board considered document FLD/B.1/10 titled "Status of resources".

60. During the discussion, some Board members underscored the need for expediting work in relation to receipt of contributions to the Fund.

61. On the basis of the deliberations, the Board adopted the following decision under this agenda item:

DECISION B.1/D.14: Status of resources

The Board, having considered document FLD/B.1/10 titled “Status of resources”:

- (a) *Notes the information contained in document FLD/B.1/10;*
- (a) *Acknowledges and welcomes the pledges received to date, acknowledges the role of the COP 28 Presidency in this regard, and welcomes the contribution by the Government of Japan for the operations of the interim secretariat;*
- (b) *Notes the information provided by the World Bank regarding options for transforming pledges into contributions;*
- (c) *Requests the interim secretariat to provide status reports on progress in this regard.*

(n) Agenda item 12: Dialogue with the civil society

62. The Co-Chairs acknowledged the significance of civil society engagement and expressed anticipation for constructive collaboration.

63. The observer representative from the Women and Gender constituency appreciated the opportunity provided by the Board and expressed that they looked forward to furthering this. They emphasized the need for robust civil society engagement and encouraged collaboration and exchange during upcoming discussions. They highlighted forthcoming policies for observer participation as the next focus area and acknowledged the energy and commitment in the room, expressing hope for meaningful collaboration moving forward.

64. The observer representative from the environmental non-government organizations (NGOs) constituency emphasized cooperation and civil society involvement in climate justice. They advocated for abolishing observer quotas and ensuring equal access to documents, and referenced the need for transparency and accessibility of information. Another representative from the same constituency highlighted the responsibility of the Fund to address vulnerability comprehensively and referenced the importance of monitoring, evaluation and transparency structures for effective implementation of the Fund.

65. The observer representative on behalf of the Indigenous Peoples Organizations emphasized Indigenous perspectives and the importance of Indigenous knowledge in addressing climate impacts.

66. The observer representative from Children and Youth NGOs advocated for equity and multilateralism and emphasized the need for inclusive representation, particularly of youth voices.

67. Board members acknowledged the observer contributions and thanked them for their participation. Members noted the pending decision on observer policy, with a focus on participation at the first Board meeting and encouraged intervention and discussion among members and observers.

68. In the ensuing discussions, observers raised concerns about vulnerability and local community leadership and urged the removal of restrictions on observer participation. They further presented recommendations for financial instruments and youth engagement and advocated for grants instead of loans, emphasizing equity and justice.

69. Board members expressed support for meaningful engagement with civil society and further highlighted the importance of inclusivity and engagement with vulnerable groups and emphasized transparency and collaborative decision-making.

70. The Co-Chairs encouraged continued collaboration with and input from civil society and expressed the Board’s commitment to enhancing observer engagement and inclusivity. The Co-Chairs further welcomed written submissions on good practices from civil society organizations and emphasized the need for accessibility and facilitation of discussions.

(o) Agenda item 13: Dates and venues of future meetings

71. Board members considered document FLD/B.1/12 titled “Background paper on the workplan of the Board for 2024”

72. Board members acknowledged and welcomed offers from the governments of the Philippines and Azerbaijan to host meetings of the Board.

73. Some members requested consultation for additional in-person meetings in 2024 and exploration of dates for convening the high-level dialogue on coordination and complementarity.

74. Some members suggested hosting the second Board meeting in Songdo, Republic of Korea, with the dates aligned with the thirty-ninth meeting of the Board of the GCF. Some members advocated for virtual meetings and considered Bonn as a potential venue.

75. Follow-up actions requested by the Board under this item include mandating the Co-Chairs and the interim secretariat to undertake arrangements with the government of Azerbaijan for hosting the third meeting of the Board.

76. On the basis of the discussions, the following decision was adopted:

DECISION B.1/D.15: Dates and venues of upcoming Board meetings

The Board, having considered document FLD/B.1/2, titled “Background paper on the workplan of the Board for 2024”:

(a) *Welcomes the offers from the Philippines and the COP 29 Presidency to host meetings of the Board;*

(a) *Requests the interim secretariat to consult with the COP 29 Presidency to identify a suitable location in Azerbaijan for the third meeting of the Board, and to conclude the necessary arrangements for the hosting of the meeting, if possible;*

(b) *Decides that the second meeting of the Board will take place from Tuesday, 9 July to Friday, 12 July 2024;*

(c) *Also decides that the third meeting of the Board will take place from Sunday, 15 September to Thursday, 19 September 2024;*

(d) *Further decides that the fourth meeting of the Board will take place from Monday, 2 December to Thursday, 5 December 2024;*

(e) *Requests the interim secretariat, in consultation with the Co-Chairs, to identify suitable venues for hosting the remaining meetings for the year;*

(f) *Requests the Co-Chairs to consult with members and alternate members of the Board on the possibility for additional meetings in 2024, as needed;*

(g) *Also requests the Co-Chairs to explore, in consultation with members and alternate members of the Board, potential dates for the high-level dialogue.*

(p) Agenda item 14: Report of the meeting

77. The Co-Chairs noted that in light of the absence of an agreed procedure for the preparation and adoption of meeting reports, a simple report would be prepared, subject to future changes to the format of meeting reports, and circulated by the interim secretariat for adoption at the second meeting of the Board.

78. A draft compendium of decisions would be circulated to the Board within two weeks, with a one-week period for Board members to send back any comments.

79. The Co-Chairs further highlighted that a paper would be prepared on how to handle agenda items in the future.

(q) Agenda item 15: Other matters

80. The Co-Chairs noted that Board members did not raise any matters under this agenda item.

(r) Agenda item 16: Closure of the meeting

81. The Co-Chairs expressed gratitude for fruitful discussions and the cooperative spirit during the meeting and acknowledged the progress made and the readiness of the Board to make substantive strides. The Co-Chairs further emphasized the need for ongoing collaborative efforts to ensure swift operationalization of the Fund and invited stakeholders to maintain close cooperation in advancing the agenda in the coming weeks and months.

82. The Co-Chairs thanked the World Bank for joining the meeting in person and enlightening the Board on relevant matters. The Co-Chairs further thanked the interim secretariat for their support.

83. The Co-Chairs concluded the meeting by thanking the Government of the United Arab Emirates for the outstanding organization and enthusiasm displayed in hosting the meeting.

84. The Co-Chairs closed the first meeting of the Board of the Fund for responding to loss and damage at 6.51 p.m. (UTC+4), on Thursday, 2 May 2024, in Abu Dhabi, United Arab Emirates.

Annex I

Terms of reference of the ad hoc subcommittee on additional rules of procedure

(a) Role and functions

1. The role of the ad hoc subcommittee on additional rules of procedure (the “ad hoc subcommittee”) is to support the Board in the development and adoption of the additional rules of procedure of the Board pursuant to paragraph 31 of the Governing Instrument (“rules of procedure”). The ad hoc subcommittee will carry out 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 United Nations Framework Convention on Climate Change on relevant provisions of the draft rules of procedure; and

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

(b) Working modalities

2. Members of the ad hoc subcommittee will serve for its duration as set out in paragraph 6 below.

3. Each member of the ad hoc subcommittee may be supported by one of their advisers, which adviser can attend meetings of the ad hoc subcommittee without the right to intervene.

4. The ad hoc subcommittee will be supported by the interim secretariat.

5. The members of the ad hoc subcommittee shall elect two co-chairs of the ad hoc subcommittee.

(c) Duration

6. The ad hoc subcommittee shall function until the conclusion of the mandates referred to in paragraph 1 above.

Annex II

Terms of reference of the ad hoc subcommittee on the selection of the host country of the Board

A. Mandate of the host country of the Board

1. In line with paragraph 15 of decision 1/CP.28 and decision 5/CMA.5, the Board of the Fund will be conferred with the 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.

2. The Board of the Fund is to select the host country of the Board through an open, transparent and competitive process, with the host country of the Board conferring to the Board the legal personality and the legal capacity as necessary for discharging its roles and functions, in line with paragraph 16 of decision 1/CP.28 and decision 5/CMA.5.

B. Role and functions

3. The role of the ad hoc subcommittee on the selection of the host country of the Board (the "ad hoc subcommittee") is to support the Board in the selection of the host country of the Board, in accordance with the terms of reference and pursuant to paragraph 15 and 16 of decisions 1/CP.28 and 5/CMA.5. The ad hoc subcommittee shall carry out the following functions:

(a) Prepare the draft terms of reference for the selection of the host country of the Board, including the evaluation criteria, for consideration of the Board;

(b) Prepare the draft selection process of the host country of the Board, including modalities, milestones and indicative timeline for the selection process, for consideration of the Board;

(c) Manage the selection process adopted by the Board with a view to provide a report of the ad hoc subcommittee's deliberations, including a recommendation on potential host countries for consideration by the Board;

(d) Conduct consultations with members and alternate members of the Board between meetings of the Board to obtain further inputs and guidance in carrying out its functions;

(e) Regularly report to the Board on the progress of its work.

C. Working modalities

4. Members of the ad hoc subcommittee will serve for its duration as per paragraph 8 below.

5. Each member of the ad hoc subcommittee may be supported by one of their advisers, which adviser can attend meetings of the ad hoc subcommittee without the right to intervene.

6. The ad hoc subcommittee will be supported by the interim secretariat.

7. The members of the ad hoc subcommittee shall elect two co-chairs of the ad hoc subcommittee.

D. Duration

8. The ad hoc subcommittee shall function until the conclusion of the mandate referred to in paragraph 3 above.

Annex III

Terms of reference for the selection of the host country of the Board

A. Terms of reference

1. Introduction

1. The twenty-eighth session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) and the fifth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) decided that the Board of the Fund referred to in decisions 1/CP.28 and 5/CMA.5 will be conferred with legal personality and the legal capacity 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.

2. COP 28 and CMA 5 requested the Board to select the host country of the Board through an open, transparent and competitive process, with the host country of the Board conferring to the Board the legal personality and the legal capacity as necessary for discharging its roles and functions.

2. Call for proposals

3. Parties to the UNFCCC and the Paris Agreement interested in hosting the Board are invited to submit a proposal of not more than 10 pages, accompanied by documentary evidence describing how they would meet the below requirements.

4. Proposals should be received by the interim secretariat to the Fund by 7 June 2024.

5. Proposals should be sent electronically to the interim secretariat [insert mail address] and receipt of each proposal will be confirmed by the interim secretariat.

3. Hosting requirements

(a) Countries proposing to host the Board must be able to provide the following:

(i) *Legal personality and capacity of the Board*

6. The ability to confer to the Board the legal personality and the legal capacity in the host country as necessary for discharging its roles and functions in line with the Governing Instrument.

7. The ability to confer privileges and immunities from every form of legal process to the Board, its funds, assets and other property in the host country.

8. Information on the timeline [expected number of days] after conclusion of a host country agreement with the Board, to take the necessary legal measures, including to conclude any domestic requirements, to confer the legal personality and legal capacity and necessary privileges and immunities for the Board to discharge its functions.

(ii) *Hosting official business of the Board*

9. The ability, commitment, process and timeline of the host country to provide immunity from legal process for all members, alternate members and other attendees invited to participate in the official business of the Board from all legal process in the host country of the Board, with the understanding that such immunity shall continue after termination of their business, and shall apply to the papers and documents, in respect of words spoken or written and all acts performed by them in their official capacity.

10. Simplified and expeditious entry visa procedures and other relevant approvals for Board members and other attendees of all nationalities for the purposes of attending meetings of the Board and related activities.

11. Information on facilities for the official business of the Board, allowing for cost-effective organization of meetings, including with regard to:

- (a) Meeting facilities and the conditions for their use;
- (b) In-country transport options;
- (c) Accommodation;
- (d) Health and emergency services, safety, security;
- (e) Ease of financial transactions;
- (f) Digital services and infrastructure (tele- and video-conferencing, web-based interactive platforms, etc.).

12. Information on international transport availability and accessibility.

13. Information on possible city/ies for hosting meetings of the Board.

14. Information on diplomatic representation coverage in the host country.

15. Any financial and/or in-kind support that the host country would be willing to offer.

(b) Any other information that the host country candidate wishes to provide.

Note:

These terms of reference have been prepared by the Board in the context of current circumstances, which may be subject to change, and if so, the Board will inform countries that submitted proposals.

B. Evaluation criteria against terms of reference

Terms of reference	Evaluation criteria
<i>Legal personality and capacity of the Board</i>	
The ability to confer to the Board the legal personality and the legal capacity in the host country as necessary for discharging its roles and functions in line with the Governing Instrument.	Necessary condition [Official statement from the relevant and appropriate level of authority]
The timeline [expected number of days] after conclusion of a host country agreement with the Board, to take the necessary legal measures, including to conclude any domestic requirements, to confer the legal personality and legal capacity and necessary privileges and immunities for the Board to discharge its functions.	Expected number of days [Official statement and evidence from the relevant and appropriate level of authority]
The ability to confer privileges and immunities from every form of legal process to the Board, its funds, assets and other property in the host country.	Necessary condition [Official statement from the relevant and appropriate level of authority]
<i>Hosting official business of the Board</i>	
The ability, commitment, process and timeline of the host country to provide immunity from legal process for all members, alternate members and other attendees invited to participate in the official business of the Board from all legal process in the host country of the Board, with the understanding that such immunity shall continue after termination of their business, and shall apply to the papers and documents, in respect of words spoken or written and all acts performed by them in their official capacity. Such	Necessary condition; evidence for ability, commitment, process and timeline [Official statement from the relevant and appropriate level of authority]

immunity shall continue to be accorded after termination of their business.	
Simplified and expeditious entry visa procedures and other relevant approvals for Board members and other attendees of all nationalities for the purposes of attending meetings of the Board and related activities.	Necessary condition [Official letter from Foreign Affairs, including process description and information on timeline for visa process]
Facilities for the official business of the Board, allowing for cost-effective organization of meetings, including with regard to: a. Meeting facilities and the conditions for their use; b. In-country transport options; c. Accommodation; d. Health and emergency services, safety, security; e. Ease of financial transactions; f. Digital services and infrastructure (tele- and video-conference, web-based interactive platforms, etc.).	Description, including information on pricing, of: - Capacity of available meeting facilities; - Average rate and different accommodation options; - Description of hospital beds per capita, emergency capacities, availability of multilingual doctors; - Description of banking services and other relevant information related to financial transactions; - Description of digital services coverage, average bandwidth, cyber security related considerations, availability of IT service companies; - Any other information being relevant.
International transport availability and accessibility.	Distance of international airport(s) from proposed cities that may host Board meetings.
Diplomatic representation coverage in the host country.	Description of diplomatic coverage.
Any financial and/or in-kind support that the host country would be willing to offer.	
Possible city/ies for hosting meetings of the Board.	
<i>Other information that the host country candidate wishes to provide</i>	

C. Indicative timeline

Milestone	Time frame (Board meeting)			
	B.1	B.2	B.3	B.4
Adoption of terms of reference	X			
Issuance of call for proposals	X			
Deadline for submission of proposals		X		
Evaluation of proposals received and preparation of the report for the Board		X		
Decision on selection of host country by the Board			X	
Completion of domestic legislative processes by selected host country and communication of the legal status in writing to the Board				
Signing of host country agreement between the Board and host country				

D. Process and next steps

1. The process and next steps are as follows:

(a) Interim secretariat to issue, upon conclusion of the first Board meeting, a public invitation to Parties to submit proposals for the hosting of the Board in line with the terms of reference;

(b) Proposals to be received by 7 June 2024;

(c) Review, evaluation and preparation of the zero-order draft report by the interim secretariat in consultation with the Co-Chairs by 14 June 2024;

- (d) Written comments by members of the ad hoc subcommittee regarding the zero-order draft report by 21 June 2024;
- (e) Interim secretariat to obtain additional clarity from potential host countries as necessary, based on comments received by members of the ad hoc subcommittee;
- (f) Ad hoc subcommittee to review the first draft report by 28 June 2024, and to conduct further consultations with Board members;
- (g) Submission of the final draft report by the ad hoc subcommittee to the Board for its consideration in time for the second Board meeting;
- (h) During the second meeting of the Board, the ad hoc subcommittee will be invited to present its report to the Board for its consideration;
- (i) Board decision on the host country during its second meeting.

Annex IV

Statement of the Board on direct access to the World Bank

The Board of the Fund welcomes the engagement with World Bank management during the first meeting of the Board with regards to the operationalization of the Fund as a World Bank-hosted financial intermediary fund and notes that the World Bank has confirmed that it is willing to be flexible to accommodate the needs of the Fund with regards to direct access.

Country ownership, and direct access, lie at the heart of the Fund. They are crucial to the success of the Fund. The Board recognizes that some of the types of entities through which direct access modalities will be operationalized as envisaged in the Governing Instrument are non-traditional partners for the World Bank, and the Board is happy to provide some initial reflections on the Board's expectation regarding direct access in the light of the Governing Instrument.

Paragraphs 49(a) and (b) of the Governing Instrument provide the broad categories of entities through which direct access modalities will be operationalized including, through non-traditional partners for the World Bank such as subnational, national and regional entities (which may include those accredited by GCF, the Adaptation Fund and the Global Environment Facility). Paragraph 49(d) also envisages access to small grants that support communities, Indigenous Peoples and vulnerable groups, and their livelihoods. The activities to be financed by the Fund are set out, in general terms, in paragraphs 6–9, as well as in paragraph 47, of the Governing Instrument.

At this early stage of the Fund's evolution, the Board still has to determine, beyond what is already in the Governing Instrument, the specific types of entities that might access resources from the Fund under direct access modalities or the small grants modality and, in any event, this will need to remain an evolving definition over time. The Board will also in due course need to define in greater detail the access modalities, including in respect of small grants.

Notwithstanding that these matters may only be defined more clearly in due course, the Board will naturally seek to build out the Fund in an orderly manner and in accordance with principles of good governance.

The Board draws the attention of the World Bank to the safeguards and standards that have been built into the Governing Instrument in order to manage the risks associated with entering into financing agreements with non-traditional partners. In particular, the Board draws the World Bank's attention to paragraphs 22(f), 22(m), 49(a), 50, 67 and 68 of the Governing Instrument which highlights the key fiduciary, integrity and environmental and social principles that need to be upheld as well as the functional equivalency that needs to be met by direct recipients and other implementing entities. The Board is committed to adopting the necessary decisions to ensure that these safeguards and standards are in place as soon as possible.

The Board would welcome further engagement with the World Bank on how these safeguards and standards can be developed in a way that meets the needs and risk tolerances of both the Fund and the World Bank.

Annex V

Terms of reference of the ad hoc subcommittee on the administrative budget

A. Mandate

1. The mandate of the ad hoc subcommittee on the administrative budget of the Fund (the “ad hoc subcommittee”) is to review the administrative budget and work programme of the Fund and make recommendations to the Board in the discharge of its functions pursuant to paragraphs 22(n) and 35(e) of the Governing Instrument.

B. Role and functions

2. The role of the ad hoc subcommittee is to review and make recommendations to the Board in its deliberations pursuant to paragraphs 22(n) and 35(e) of the Governing Instrument. In fulfilling this role, the ad hoc subcommittee will:

(a) Review and make recommendations on the proposed administrative budget of the Fund and the interim secretariat, including the budget implications of the staffing structure of the interim secretariat and of the meetings of the Board;

(b) Review and make recommendations on the execution of the expenditures of the administrative budget of the Fund and the interim secretariat;

(c) Review the work programme of the interim secretariat and proposed annual budget of the interim secretariat;

(d) Consider any other matters related to the administrative budget and work programme as referred to the ad hoc subcommittee by the Board.

C. Working modalities

3. Members of the ad hoc subcommittee will serve for its duration as set out in paragraph 5 below.

4. The ad hoc subcommittee will be supported by the interim secretariat.

D. Duration

5. The ad hoc subcommittee shall function until 31 May 2025.

Annex VI

Proposed administrative budget of the interim secretariat and the Board for the period 1 January–31 December 2024⁴

	<i>Budget (USD)</i>
Table 1: Board Budget (Logistics of Board and other related meetings)	
TOTAL Board Budget	162 168
Table 2: Administrative Budget for the interim secretariat	
Human Resources	
Director/Global Specialist/Manager (3 staff)	74 502
Senior Adviser, Programme Specialists, Programme Officers, Associate Programme Officers, Technical Support, Administrative Officer and Specialists (18 staff)	1 612 932
Administrative/Operational/Team Assistants (9 staff)	83 248
<i>Subtotal (Human Resources)</i>	<i>1 770 682</i>
Consultants	
<i>Subtotal (6 Consultants)</i>	<i>210 840</i>
Travel and DSA	
<i>Subtotal (Travel and DSA)</i>	<i>461 312</i>
General operating costs (office space, equipment, supplies, communications, information technology)	
<i>Subtotal (General operating cost)</i>	<i>184 343</i>
TOTAL Interim secretariat	2 627 177
TOTAL before contingency	2 789 345
Table 3: Contingency budget	
Board-related contingency items (Travel and DSA for Board meetings and related intersessional meetings)	600 469
Interim secretariat relevant contingent items (Staff cost for policy items)	313 793
TOTAL contingency	914 262
TOTAL	3 703 607

Abbreviations: DSA = daily subsistence allowance, GCF = Green Climate Fund, UNDP = United Nations Development Programme.

⁴ Each organization will apply its own policies and procedures concerning travel, human resources and general services, and logistical-related activities and associated costs.

Annex VII

Terms of reference of the ad hoc subcommittee on the selection of the Executive Director of the Fund

A. Role and functions

1. The role of the ad hoc subcommittee for the selection of the Executive Director of the Fund (the “ad hoc subcommittee”) is to support the Board in the selection of the Executive Director for the Fund in accordance with these terms of reference and pursuant to paragraph 11 of decisions 1/CP.28 and 5/CMA.5 and paragraphs 22(q) and 33 of the Governing Instrument. The ad hoc subcommittee is to carry out the following functions, with input from the World Bank, as appropriate, taking into consideration the requirements and skills needed for the Executive Director to facilitate the operationalization of the Fund in a visionary manner:

- (a) Prepare the draft terms of reference of the Executive Director of the Fund for consideration of the Board as soon as practicable;
- (b) Prepare the draft selection process for the Executive Director of the Fund, including the selection criteria, the timeline for the advertisement and shortlisting of candidates, for consideration of the Board as soon as practicable;
- (c) Develop the draft terms of reference and the criteria for the selection of the search firm as soon as practicable;
- (d) Make recommendations to the Board on the above points for consideration and approval no later than at its second meeting;
- (e) Implement the selection process adopted by the Board, with the aim of providing eligible candidates for the consideration of the Board.

B. Working modalities

2. The ad hoc subcommittee will work during meetings. The ad hoc subcommittee will work intersessionally, either in person or virtually as may be necessary.
3. The ad hoc subcommittee will engage with the World Bank to obtain the necessary input as appropriate.
4. Members of the ad hoc subcommittee will serve for its duration as per paragraph 8 below.
5. Each member of the ad hoc subcommittee may be supported by one of their advisers, who can attend meetings of the ad hoc subcommittee without the right to intervene.
6. The ad hoc subcommittee will be supported by the interim secretariat.
7. The members of the ad hoc subcommittee will select two co-chairs of the ad hoc subcommittee.

C. Duration

8. The ad hoc subcommittee shall function until the conclusion of the mandate referred to in paragraph 1 above.

Annex VIII

List of members and alternate members of the Board participating in the meeting

A. Members of the Board

<i>Constituency</i>	<i>Board member</i>
Developed countries	Laurence Ahoussou (Canada)
Developed countries	Antonella Baldino (Italy)
Developed countries	Georg Børsting (Norway)
Developed countries	José Delgado (Austria)
Developed countries	Jean-Christophe Donnellier (France) (Co-Chair)
Developed countries	Jens Fugl (Denmark)
Developed countries	Gerard Howe (United Kingdom)
Developed countries	Sebastian Lesch (Germany)
Developed countries	Marjeta Jager (European Union)
Developed countries	Atsushi Kato (Japan)
Developed countries	Rebecca Lawlor (United States)
Developed countries	Ana Paula Rodrigues (Portugal)
Asia-Pacific States	Abdulla Ahmed Belala Al Harthi (United Arab Emirates)
Asia-Pacific States	Mohammad Ayoub (Saudi Arabia)
Asia-Pacific States	Mark Dennis Y.C. Joven (Philippines)
African States	David Kaluba (Zambia)
African States	Mohamed Nasr (Egypt)
African States	Richard Sherman (South Africa) (Co-Chair)
Latin American and Caribbean States	Lilium Beatris Chagas de Moura (Brazil)
Latin American and Caribbean States	Elena Pereira (Honduras)
Latin American and Caribbean States	Henrietta Elizabeth Thompson (Barbados)
Small island developing States	Peter Abraham Jr (Antigua and Barbuda)
Small island developing States	Daniel Lund (Fiji)
Least developed countries	Djibril Ibila (Benin)

B. Alternate members of the Board

<i>Constituency</i>	<i>Board member</i>
Developed countries	Ben Abraham (New Zealand)
Developed countries	Christina Chan (United States of America)
Developed countries	Georges Gehl (Luxembourg)
Developed countries	Claire Holzer Fleming (United Kingdom)
Developed countries	Tsuyoshi Hyokai (Japan)
Developed countries	Karoline Kjeldsen (Norway)
Developed countries	Gaizka Malo (Spain)
Developed countries	Pierre Marc (France)
Developed countries	Anna Merrifield (Finland)
Developed countries	Ronan Sweeney (Ireland)
Asia-Pacific States	Gholamhossein Darzi (Iran)
Asia-Pacific States	Ali Tauqeer Sheikh (Pakistan)
Asia-Pacific States	Didar Temenov (Kazakhstan)
African States	Tosi Mpanu Mpanu (Democratic Republic of Congo)
African States	Sumaya Zakiideen Hamdan (Sudan)
Latin American and Caribbean States	Anthony Ferguson (Bahamas)
Latin American and Caribbean States	Victoria Gandini (Argentina)
Latin American and Caribbean States	Jaime Tramon (Chile)
Small island developing States	Laura Elizabeth Agathine (Seychelles)
Small island developing States	Ahmed Waheed (Maldives)
Least developed countries	Maheshwar Dhakal (Nepal)
Least developed countries	Madelieine Diouf Sarr (Senegal)
