

Fund for responding to loss and damage

FLD/B.2/3

4 July 2024

Second meeting of the Board

9 – 12 July 2024

Songdo, Republic of Korea

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 for the period 1 January to 30 April, 2024, and to provide guidance, as needed.

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 (UNFCCC) and the Green Climate Fund (GCF) and invited the United Nations Development Programme (UNDP) to jointly form this secretariat.
2. The COP and the CMA further requested the UNFCCC secretariat to initiate arrangements for convening the first meeting of the Board of the Fund once all voting member nominations have been submitted, but no later than 31 January 2024, and to convene subsequent meetings until the secretariat of the Fund for responding to loss and damage is operational.
3. At the first meeting of the Board, from 30 April to 2 May 2024 in Abu Dhabi, United Arab Emirates, the Board approved the budget for the Board and the administrative budget for the interim secretariat of the Fund (decision B.1/D.11), noting that the approved budget of the Board includes the expenditures incurred for the organization of the first meeting of the Board, and the amount approved for the administrative budget for the interim secretariat of the Fund includes the expenditures and expenses incurred by the interim secretariat since 1 January 2024 up until the date of the decision.
3. The Board also approved a contingency budget for expenditures that may be incurred or planned for by the Board, and authorized the interim secretariat in consultation with the ad hoc subcommittee on the administrative budget of the Fund to execute the contingency budget when the expenditure conditions have been met without seeking approval of the Board.
4. By the same decision, the Board requested 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, and acknowledged 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 requested 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. The Board requested the interim secretariat to report to the Board on the execution of the administrative budget at its second meeting.
5. This document provides a summary of the activities performed by the interim secretariat during the period 3 May to 30 June 2024.
6. It also includes the report of the execution of the administrative budget up until 30 April 2024.

II. Mandates to the interim secretariat

7. The table below 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.

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

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
1/CP.28 and 5/CMA.5, para. 26	UNFCCC, GCF and UNDP to jointly form interim secretariat to provide support to the Board	Interim secretariat jointly initiated by UNFCCC, GCF and UNDP in January 2024
1/CP.28 and 5/CMA.5, para. 10	UNFCCC secretariat to convene meetings of the Board until the secretariat of the Fund is operational	Convened the first meeting of the Board (B.1) in Abu Dhabi, United Arab Emirates. Preparations initiated for B.2 in Songdo, Republic of Korea.
B.1/D.7, para. (c)	Transmit the statement on direct access to the World Bank on behalf of the Board	Transmitted to the World Bank on 4 May 2024
B.1/D.9, para. (a)	Present a paper on the participation of active observers in Board meetings and related proceedings for Board consideration at B.2	Views from UNFCCC accredited observers were solicited and received on 12 June 2024. These inputs, along with those from the Co-Chairs of the Board, were considered during the paper's development. A consultation session with the UNFCCC constituencies and the Co-Chairs was held on 2 July 2024
B.1/D.9, para. (b)	Present a paper on an observer accreditation process for Board consideration at B.3	Not initiated yet
B.1/D.9, para. (c)	Present a paper on the establishment of consultative forums to engage and communicate with stakeholders for Board consideration at B.4	Not initiated yet
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 was consulted and presented with the relevant information to inform approval of the use of contingency funds for Board costs
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	This mandate was well noted by the ad hoc subcommittee
B.1/D.11, para. (h)	Report to the Board on the execution of the administrative budget at B.2	The report on the execution of the administrative budget of the interim secretariat and the Board for the period 1 January–30 April 2024 is published as part of this document
B.1/D.14, para. (d)	Provide status reports on progress (status of resources)	Update on discussions with the World Bank provided in document FLD/B.2/10/Rev.1
B.1/D.15, para. (b)	Consult with the COP 29 Presidency to identify a suitable location in Azerbaijan for B.3, and to conclude the necessary arrangements for the hosting of the meeting, if possible	Consultations are under way with the Government of Azerbaijan; Baku has been confirmed as the host city
B.1/D.15, para. (f)	In consultation with the Co-Chairs, identify suitable venues for hosting the remaining meetings for the year	Ongoing consultations including finalization of host for B2

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
B.1/D.4, annex, para. 4	Support the ad hoc subcommittee on additional rules of procedure	Supported the preparations for and the conduct of two subcommittee meetings between Board meetings, and a session with observers; supported the preparation of input for B.2
B.1/D.5, annex, para. 6	Support the ad hoc subcommittee on the selection of the host country of the Board	Supported the conduct of two subcommittee meetings between Board meetings; supported the preparation of input for B.2
B.1/D.6, annex, para. IV 1(a)	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	A call for proposals from the Co-Chairs was circulated to UNFCCC national focal points on 13 May 2024
B.1/D.6, annex, para. IV 1(c)	Review, evaluation and preparation of the zero-order draft report on the selection of the host country of the Board, in consultation with the Co-Chairs by 14 June 2024	Supported the evaluation of proposals and preparation of the evaluation report to B.2
B.1/D.6, annex, para. IV 1(e)	Obtain additional clarity from potential host countries as necessary, based on comments received by members of the ad hoc subcommittee	Work undertaken to seek additional clarity from potential host countries
B.1/D.11, annex, para. 6	Support the ad hoc subcommittee on the administrative budget	Support has been provided, including administrative arrangements and document drafting
B.1/D.13, annex, para. 6	Support the ad hoc subcommittee on the selection of the Executive Director for the Fund	Supported the conduct of two subcommittee meetings between Board meetings; supported the preparation of input for B.2

Abbreviations: COP = Conference of the Parties, GCF = Green Climate Fund, UNDP = United Nations Development Programme, UNFCCC = United Nations Framework Convention on Climate Change.

III. Activities of the interim secretariat from 3 May to 30 June 2024

8. Following the invitation and mandate from the COP and the CMA, the UNFCCC and GCF secretariats along with UNDP jointly formed the interim secretariat and commenced preparations to provide support, including administrative support, to the Board of the Fund during the transitional period until the establishment of the independent secretariat. In parallel, the UNFCCC secretariat initiated the preparations for the first meeting of the Board, driven by the objective of supporting the Board in making fast progress in operationalizing the Fund. Information on the activities of the interim secretariat up until the first meeting of the Board is summarized in document FLD/B.1/7.

9. During the reporting period, the interim secretariat supported the Board in implementing its 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

10. The ad hoc subcommittee has met three times during the reporting period (including twice between Board meetings) and the co-chairs of the ad hoc subcommittee have also met with observers and the Co-Chairs, virtually. During the meetings, the elements of the work were prioritized based on high-level approach and an indicative timeline for the development of the document on draft additional rules of procedure was developed. Committee members provided their views on matters they considered relevant to the Draft, on the basis of

compilation texts prepared by the interim secretariat. At its second meeting, the ad hoc subcommittee considered the zero draft compilation text prepared by the interim secretariat which reflected written submissions from three committee members, and provided reflections on the substance of the draft. The co-chairs, with the support of the interim secretariat, developed a co-chairs' proposal for the draft additional rules of procedure. This was circulated to the ad hoc subcommittee on 11 June 2024, with an invitation for written comments from the members of the ad hoc subcommittee. At B.2 the Board will consider the Draft additional rules of procedure and, in particular, the open items set out in the zero draft in order to resolve all pending issue and adopt the additional rules of procedure.

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

11. During the reporting period, the interim secretariat provided continuous support to the ad hoc subcommittee on the selection of the host country of the Board. This included issuing a call for proposals on 13 May 2024 on behalf of the Co-Chairs of the Board to the UNFCCC National Focal Points, preparation of the evaluation of the eight submissions received under the guidance of the co-chairs of the subcommittee, and further engagement with the respondents, and obtained additional information regarding the proposed hosts to inform the evaluation report. During this reporting period the interim secretariat also organized two i virtual meetings of the subcommittee between Board meetings and prepared the meeting summary.

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

12. During the reporting period, the interim secretariat provided continuous support to the ad hoc subcommittee on the administrative budget, including through coordination of two meetings that led to the adoption of standardized procedures and documentation. The ad hoc subcommittee noted its interest in making its discussions available to all members and alternate members of the Board, and noted its intent to share minutes of all meetings when requested. The members of the ad hoc subcommittee also, after consultation, authorized the interim secretariat to execute the contingency budget in relation to Board meeting costs.

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

13. During the reporting period, the interim secretariat provided continuous support to the ad hoc subcommittee on the selection of the Executive Director for the Fund. This included support for the drafting of three documents under the guidance of the co-chairs of the ad hoc subcommittee, namely the draft terms of reference of the Executive Director of the Fund for responding to loss and damage for consideration of the Board; 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 by the Board; and the draft terms of reference and the criteria for the selection of the search firm. In this context, the interim secretariat and the co-chairs of the ad hoc subcommittee also engaged with the World Bank human resources office to obtain information on process and timelines.

14. The interim secretariat organized two meetings of the ad hoc subcommittee between Board meetings, one of which was held in hybrid format at the margins of the UNFCCC intersessional meetings in Bonn, and prepared meeting summaries.

5. Background work on 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

15. During the reporting period, the interim secretariat developed the background paper on 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. The paper is based on an analysis of existing relevant funds and mechanisms and provides key considerations for Board discussions based on the foundational analysis.

6. Background work on financial instruments, modalities and facilities

16. During the reporting period, the interim secretariat developed the background paper on financial instruments, modalities and facilities, taking into account the provisions of the Governing Instrument, including its paragraphs 22 and 57–59. The paper provides a comprehensive analysis of financial instruments, modalities and facilities that could be utilized by the Fund for responding to loss and damage to effectively respond to the growing challenges of climate-induced loss and damage, drawing on examples from existing climate and non-climate funds and examining the strengths and weaknesses of various financial instruments.

7. Preparatory work including liaison with the office of the United Nations Secretary-General on arrangements for establishing and operationalizing the annual high-level dialogue

17. During the interim reporting period, the interim secretariat liaised regularly with the office of the United Nations Secretary-General to develop a background paper on the first annual high-level dialogue on coordination and complementarity, including information on objectives, participants and outcomes as well as options on potential dates and venues option for Board consideration.

8. Background work on the participation of active observers in the Board meetings and related proceedings

18. The interim secretariat developed a paper on the participation of active observers in Board meetings and related proceedings, in accordance with decision B.1/D.9, paragraph (b). The paper incorporates inputs received from the UNFCCC observer constituencies on 12 June 2024,¹ and from the Co-Chairs of the Board. The document also takes into consideration information contained in the report *Loss and Damage Fund: A Participation Blueprint*, published by the Loss and Damage Collaboration.² Further consultation with the UNFCCC observer constituencies and the Co-Chairs took place on 2 July 2024.

9. Consultation with the COP 29 Presidency to identify a suitable location in Azerbaijan for the third meeting of the Board and identification of suitable venues for hosting the remaining meetings for the year

19. The interim secretariat lead by the UNFCCC secretariat undertook consultations with the Government of Azerbaijan regarding hosting of the third meeting of the Board in September.³ As such, the location of the meeting was confirmed as Baku and negotiations commenced between the two parties on hosting arrangements.

10. Arrangements with the Government of the Republic of Korea for hosting the second meeting of the Board

20. During the reporting period, the three institutions of the interim secretariat undertook preparations for hosting the second meeting of the Board in Songdo, Republic of Korea. This includes logistical arrangements such as organizing the venue; registration, air ticket, daily subsistence allowance and visa arrangements for participants; and preparation of the documentation including conducting two briefing sessions for Board members.

¹ Submissions from observers are available at https://unfccc.int/sites/default/files/resource/20240627_LDF%20Active%20Observer%20Participation_UNFCCC%20Cross-Constituency%20Input.pdf.

² Further information is available at <https://us.boell.org/en/2024/04/25/loss-and-damage-fund-participation-blueprint>.

³ Decision B.1/D.15, paras. (b) and (f).

IV. Execution of the administrative budget

22. The table in the annex to this document provides detailed information about the execution up until 30 April 2024 of each of the budgets approved by the Board.

23. The figures in this document are unaudited.

1. Board budget (logistics of the Board and other related meetings)

24. From 1 January 2024 to 30 April 2024 USD 128,845 have been executed. This amount corresponds to travel (tickets and related travel expenses) and daily subsistence allowance for funded members and alternate members of the Board and primary advisers as agreed by the Board for the first meeting of the Board (decision B.1/D.11).

2. Administrative budget for the interim secretariat

25. The table in the annex to this document provides only the actual expenses for the category "Travel and DSA". This corresponds to expenses incurred by travel of staff (and consultants) to support B.1.⁴ As the meeting ended after the end of the reporting period, the final figure for expenses will only be provided in the equivalent report to B.3.

21. The execution of the budget for the rest of the categories corresponding to the administrative budget for the interim secretariat cannot be reported yet. Since 1 January 2024 each of the three entities has assigned staff to the support of the interim secretariat according to their internal proceedings. However, the final staffing arrangements have not been completed in each entity. Once each of the entities finalizes the staffing arrangements, information about the execution of the budget corresponding to the rest of the items under the administrative budget of the interim secretariat will be presented.

3. Contingency budget

26. No expenditure has been incurred from the contingency budget during the reporting period.

⁴ GCF will report its data in the next report on the execution of the administrative budget.

Annex

Budget execution report of the administrative budget of the interim secretariat and the Board for the reporting period, 1 January–30 April 2024

Execution of the administrative budget of the interim secretariat and the Board, 1 January to 30 April 2024

	<i>Budget (USD)</i>	<i>Total executed budget (USD)</i>
1. Board budget (logistics of Board and other related meetings)	162 168	128 845
2. Administrative budget for the interim secretariat		
Human resources	1 770 682	–
Consultants	210 840	–
Travel and DSA	461 312	90 531
General operating costs (office space, equipment, supplies, communications, information technology)	184 343	–
Subtotal (interim secretariat)	2 627 177	90 531
TOTAL (before contingency)	2 789 345	219 376
3. Contingency budget		
Board-related contingency items (travel and DSA for Board meetings and related meetings between Board meetings)	600 469	–
Interim secretariat relevant contingent items (staff cost for policy items)	313 793	–
TOTAL (contingency)	914 262	–
GRAND TOTAL	3 703 607	219 376

Abbreviation: DSA = daily subsistence allowance.