



SECOND MEETING OF THE BOARD OF THE LOSS AND DAMAGE FUND | DAILY SUMMARIES

Final High Level Assessment

Date and Time of Next Meetings

- The third meeting **will take place in Baku, Azerbaijan, from Wednesday, September 18 to Friday, September 20.** *[during UNGA!]*
- The **date for the fourth meeting was agreed upon in Abu Dhabi and remains December 2-5**, but a host country for the meeting is still needed [likely in Manila]
- **Also Note: High Level Dialogue** - will take place in 2025, with its launch during COP29, featuring the presence of the UN Secretary-General, Troika [note: they didn't use this word but mentioned the three Presidencies], and other dignitaries. The intention is to bring this decision to B3, where the Secretariat will provide the date and time for the HLD and the high-level launch. The Secretariat will also work on concept notes for both events.

Summary of milestones

- Conclusion and successful exhaustion of consensus for the host country of the board.
- Selection process for the Executive Director (ED), with timeframe and job description set to have an ED by B3, who can hire staff.
- Adopted a work plan for the board, setting out priorities for the coming year.
- Approved governance arrangements between the COP/CMA and the board.
- Adopted interim arrangements for making decisions between meetings.
- Adopted interim Code of Conduct and Ethics (COI).
- Formalised interim active observer participation.
- Adopted process to launch the first High-Level Dialogue (HLD) on Financial Arrangements (FA), to be hosted in 2025.
- Resolved the matter of the name of the fund.
- Adopted an interim set of approaches to the travel policy.
- Dates of next meetings



Strategic Analysis

Scale and Vision of the Fund

Whilst resource mobilisation was not part of the agenda, one of the most strongly articulated points during the meeting was the need for the Fund to operate at a significant scale, reflecting the immense and urgent needs of those affected by climate change. This meeting takes place in the shadows of climate disasters, the historic Beryl, the South Asia heat waves which opened to deadly floods, to continued erosion of coastal ecosystems. The urgency is evident. Clearly, for justice, the scale will need to be in the high billions if not more.

The consensus was that this Fund cannot be 'business as usual', this includes in how to actively hear the voices and solutions of the frontline communities in the deliberations of the Board and design around that. However, as with anything new in this multilateral space, the interpretation of that vision would differ North to South.

Developing countries really stressed the need for the selection of the Executive Director to take the long term vision of scale into account. They must be able to mobilise resources in the high billions. They must do this urgently.

The Governing Instrument which reflects a lot of compromise is really the rudder steering Parties towards the operationalisation of the Fund. In this pivotal year, when the New Collective Quantified Goal (not mentioned at all during this Board meeting) is being decided, anchoring Loss and Damage as a subgoal to ensure scale becomes even more necessary¹.

Developing Countries:

- Strong emphasis on direct access to funds and the need for grants over loans to avoid additional debt burdens.
- Advocacy for the Fund to address the unique vulnerabilities of their countries and to be managed autonomously without excessive influence from developed countries.
- Concerns over the World Bank's historical policies and practices that might not align with the needs of the most vulnerable. Also some noted that this Fund is not a business proposition. As Observers put it: "there is no business here".

Developed Countries:

- Support for the Fund's operationalization but with an emphasis on efficiency, rapid disbursement, cost-effectiveness, and leveraging existing mechanisms.

¹ An interesting point to consider to link the negotiations between Loss and Damage and the NCQG is actually 'voluntary contributions'. Within the NCQG this seems to be one of the consistent arguments presented by Developed countries to open the pool of contributors. The UAE and South Korea, which were 'developing countries' as the principles of the Convention and its annexes were agreed, made significant contributions to the Fund. This is an active reflection that higher income countries in the 'developing country pool' are not dipping into climate funds but are actively contributing to them. It highlights their commitment and responsibility towards addressing climate change without the need to open the contributor base. Opening this discussion also penalises their rights to and achievement of development. You can see more on this and the NCQG in the L&DC's Draft Discussion Paper [here](#).



- Some reluctance to fully endorse direct access mechanisms without stringent fiduciary and administrative controls.
- Emphasis on utilising established frameworks and ensuring that new mechanisms do not undermine existing financial and operational standards and necessity to create a strong business model.

Operationalization of the Fund as a World Bank-Hosted Financial Intermediary Fund

- **Key Messages:** Emphasis on direct access, autonomy, and the Bank's complicity in bad practice (such as investing in Fossil Fuel projects).
 - The World Bank confirmed its willingness to host the Fund, emphasizing roles as trustee and financial manager. Significant questions were raised about the World Bank's policies on direct access, high administrative fees, and continued funding of fossil fuel projects. Legal personality, transparency, and the World Bank's role in administrative matters were also questioned. The Bank highlighted the uniqueness of this Fund as a FIF, including direct access and the speed of setup.
 - **Next Steps:** Draft hosting and trustee agreements to be shared by August 12 with potential endorsement at the third meeting of the Board (B3).

Access Modalities

- **Key Messages:** Streamlined direct access, community-centered approaches, and functional equivalence.
 - Discussions on access frameworks emphasized the need for direct budget support and flexibility, with debates on national budget support and phased approaches to accreditation. The importance of small grants and untangling the complexity of community access were bolstered by examples from observers. Some highlighted the need for direct budget support without intermediary requirements, and the fragmented nature of current access modalities.
 - **Next Steps:** Further development of comprehensive mechanisms for direct access and functional equivalence to be addressed in future meetings. [Request for more case studies.](#)

Participation of Active Observers

- **Key Messages:** Meaningful representation of civil society, Indigenous Peoples, and marginalised groups with effective participation modalities.
 - **We saw the adoption of draft decisions on Active Observers.** Observers and Parties alike emphasised the importance of diverse and inclusive participation. Alpha (Guinea) noted that "This very Fund has been established because of their push. The momentum we got from civil society was very important, particularly for developing countries." A successful model of participation was noted in the Santiago Network for Loss and Damage Board.
 - **Next Steps:** Development of comprehensive modalities for active observer participation to be continued, with input from stakeholders.



Financial Instruments

- **Key Messages:** Emphasis on using grants and concessional loans; Need for equity, speed of disbursement, and complementarity with existing mechanisms; Focus on debt sustainability and avoiding additional financial burdens for vulnerable countries.
 - A comparative analysis of financial instruments used by climate and disaster-related agencies was presented, highlighting the strengths and weaknesses of various options. The presentation emphasized principles such as debt sustainability, equity and fairness, speed of disbursement, data and knowledge integration, and complementarity with other funding mechanisms. Developing countries advocated for grants over loans, stressing the need for financial tools that do not add to their debt burdens. Developed countries supported a programmatic approach tailored to national response plans. Observers highlighted the importance of equity and climate justice, calling for non-debt-creating instruments and community-focused funding.
 - **Next Steps:** It will be on the Board to decide on the most appropriate financial instruments and establish specific windows for rapid response and small grants. Further deliberation on expanding to more complex tools will be undertaken in future meetings and is reflected in the work plan.

Travel Policy

- **Key Messages:** Ensure inclusivity and full participation of all Board members, alternates, and advisors. Observers also raised the need for funding for developing country observer participation; balancing cost-efficiency and environmental impact; addressing challenges of virtual meetings for developing countries.
 - The discussion on the travel policy covered concerns about inclusivity, cost-efficiency, and environmental impact. Developing countries emphasized the need for travel support to ensure full participation (Board members, alternates and advisor) and highlighted the challenges posed by virtual meetings. Developed countries stressed the importance of a balanced approach that supports essential travel while minimising carbon footprints. The adopted travel policy attempts to focus on ensuring equal and fair participation, with considerations for cost-efficiency and environmental impact.
 - **Next Steps:** The travel policy will be implemented, with ongoing monitoring to ensure it meets the needs of all participants while maintaining cost-efficiency and minimising environmental impact.

Work Plan

- **Key Messages:** Flexible and responsive work plan aligned with country-driven approaches; safeguards; the need for the prioritisation of resource mobilisation and governance arrangements; and the importance of a strategic results framework.
 - The Board adopted a work plan outlining priorities for the coming years, including resource mobilisation, governance arrangements, and interim decision-making procedures. The work plan emphasizes a flexible, country-driven approach that promotes national responses to loss and damage. The iterative nature of the work plan allows for adjustments and further discussions to ensure effective implementation. It was specifically developing countries that raised the importance of resource mobilisation.



- **Next Steps:** The work plan will be executed with a focus on achieving the outlined priorities. Ongoing discussions will refine and adjust the plan to ensure alignment with the Fund's strategic goals.

Selection of Executive Director (ED)

- **Key Messages:** Importance of selecting an ED capable of mobilising significant resources in alignment with the Fund's long-term vision and goals.
 - Developing countries stressed the need for the ED to have a strong vision for scaling up the Fund and the ability to mobilise resources in the high billions. The role of the ED in supporting resource mobilisation was emphasized, with a focus on aligning their efforts with the Fund's long-term goals.
 - **Next Steps:** The selection process will begin, aiming to finalise the appointment of the ED by [not 100% sure].

DAY 4 : 12 / 07 / 2024

Webcast Link for Day 4:

https://www.youtube.com/watch?v=exh0xuz_Ds4&list=PLBcZ22cUY9RJb2rw0W0ZpMRrM6dYI1t7W&index=5

Relevant documents:

<https://unfccc.int/event/second-meeting-of-the-board-of-the-fund-for-responding-to-loss-and-damage>

Loss and Damage Collaboration (L&DC) Thread from day 3:

<https://x.com/LossandDamage/status/1811379864831680770>

Key points from Day 4:

Selection of Executive Director (ED)

- A compromised text was presented following work by the sub-committee. The language was to resolve the division which was captured in Day 3 of the meeting.
- The decision was decided.
- Ambassador Mo (Egypt) commented: "On the record from this seat, and from many if not all developing countries' views, this Fund will be scaled up, it will be a success story for all of us. It has a very good initial contribution and I am sure it will have a very good process for mobilising further resources. And with the right ED that will be able to manage the Fund, that will be able to manage the Secretariat and support us as Board, in a Fund that is scaled up and is in the scale of our collective expectations which for this seat is beyond the billion, I am sure we will be able to move forward". Mohammad Ayoub (Saudi Arabia) noted that it is a simple sentiment we need to be aligned with, that of scale. And there is an element of shirking



responsibility which is clear in the cover decision of the COP and CMA.

As Executive Director, you will be responsible for supporting the Board in growing the Fund from its foundational stages level at the time of the appointment of the Executive Director towards contributing to a response at scale to respond to climate induced loss and damage, including as part of funding arrangements for responding to loss and damage, from a wide variety of sources to evolve into a channel for scalable and flexible multilateral finance under the auspices of the World Bank-hosted financial intermediary fund for a period of four years on an interim basis, which can be extended or made permanent. In addition to the provision of funding, the Fund will form effective partnerships, and ensure its impact extends to countries and communities on the frontlines of climate change. It will develop new coordination and cooperation

Travel Policy

- A new draft text was presented, various concerns including wellbeing, inclusivity and offsetting emissions were discussed.
- **Developing Countries:** Ambassador Mo (Egypt) raised concerns on the inclusivity of developing country members in their ability to have participation of advisors or alternates. He said a core principle should be the equal and fair participation of all Board members and alternate members and advisors. He raised an important point in that when discussing cost efficiency of developing countries in this travel policy —that he would also like to put on record concerns on the Fees of the FIFS which are in the millions and are very high. Also raised the need to consider the humane nature of travel policy and ways in which to mitigate the carbon footprint. Guinea made clear why equity is important: "For Africa we have three Board members that are not here. I was supposed to be an advisor. If I was not here because of the Travel Policy Africa would be left with one voice...We need each board member and each alternate to have an advisor...To be fair in this process, particularly to the LDCs like Guinea, African countries, all developing countries, we need to have advisors, I think it is not too much to ask for each Board member and each Alternate to be assigned an advisor." These sentiments were echoed by Ambassador Thompson (Barbados). The notion of money being saved is a false notion with diminishing returns on what is being saved here. She also noted the need to be innovative and creative on how to mitigate carbon footprint. Victoria (Argentina) echoed the sentiments. They also noted virtual meetings are not as inclusive to developing country members (various reasons including time zones and connectivity). Elena (Honduras): Reiterated the importance of "What travel represents to us as human beings...Human element of travel needs to be taken into consideration. We are people!". Saudi Arabia however noted that there is no baseline on carbon footprint and it is not at the organisational level so reducing emissions does not make sense here at the Board level. Large support from developing country members.
- **Developed Countries:** Jens (Denmark) was happy with the text as is, noted importance of cost-efficiency, carbon footprint, importance of virtual options (stressed by US - even going as far as seeking out ways to make virtual meetings work for everyone by asking MDBs for use of their offices..), and endorses wellbeing. Developed country members agreed (Ireland, Norway)
- **Observers: Liane (WGC):** **Allowing travel support for observers from developing countries should be included at a bare minimum. There are no references to observers in the travel policy.**
- **Suspended**
- **Resumed and Adopted as follows**



- e) ~~Agrees on the following principle to guide the development of the travel policy~~*Decides* that the Travel Policy will provide ~~travel-related~~*include* measures to:
- i. Ensure full and equal participation in all Board meetings and related proceedings,
 - ii. Manage human well-being,
 - ~~i.iii.~~*ii.* ~~R~~*reducing and mitigate* the environmental impact and carbon footprint ~~related to the implementation of the travel policy,~~ and ~~ensuring~~*ensuring* sustainability of travel,
 - ~~ii.~~*iii.* ~~Address the cost-efficiency of travel, in the context of the cost-efficiency approach across all Fund policies, and the minimize ation of travel costs and travel time;; and~~
 - ~~iii.iv.~~*iv.* ~~equal and fair participation of all Board members;~~
- f) In order to inform the Board's considerations on the Travel Policy, ~~R~~*requests* the Co-Chairs ~~interim secretariat~~*interim secretariat* to prepare a technical paper, for consideration by the Board at its third meeting, setting out options ~~and the scope for formats for various Board and related meetings formats,~~ for consideration by the Board ~~to be adopted at its the third meeting of the Board,~~ including challenges and practical solutions ~~options~~ for in-person, hybrid and virtual meetings; and
- f)g) *Requests* the interim secretariat, in consultation with the ad hoc subcommittee on the administrative budget, pursuant to paragraph (g) in decision B.1/D11, to provide information on the estimated budget for the implementation of the draft Travel Policy in the technical paper referred to in paragraph (f):

Drafts before adoption:

The Board, having considered document B.2/16/Rev.1:

- a) *Requests* the interim secretariat, in consultation with the Co-Chairs, to develop a travel policy for the Board, taking into consideration the inputs provided by the Board on this agenda item, and submit to the Board for its consideration and adoption at its third meeting;
- b) *Decides* that the travel policy shall include the cost of travel and daily subsistence allowance for both members and alternate members of the Board from developing countries as well as one advisor for each member and alternate member of the Board from developing countries for participation in Board meetings to be provided by the Fund;
- c) *Agrees* that the travel policy shall be reviewed every three years following its adoption;
- d) *Further decides* that the approach approved under paragraph (b) above shall apply for participation in the meetings of the Board until the travel policy is adopted and the associated costs shall be provided from the approved administrative budget of the Fund, in consultation with the ad hoc sub-committee on administrative budget;



- e) *Agrees* on the following [~~principles~~][~~elements~~] to guide the development of the travel policy:
1. ~~equal and fair participation of all Board members and alternate members and advisors~~
 2. ~~the wellbeing of the participants~~
 - 1-3. ~~[ways to mitigate environmental impact and carbon footprint]~~reducing the environmental impact and carbon footprint, and ensuring sustainability of[travel],
 - 2-4. ~~cost-efficiency and [minimization of travel costs and] travel time;~~and
 3. ~~equal and fair participation of all Board members;~~
- f) *Requests* the [~~interim secretariat~~][Co-Chairs, supported by the interim secretariat,] to prepare a ~~technical~~ paper setting out options ~~for formats and the scope for various Board-related meetings, including Board Meetings, formats, to for the consideration by the Board~~be adopted- at the third meeting of the Board, including ~~challenges and opportunities~~ options for in-person, hybrid and virtual meetings.

Active Observer Participation

- Notes work or Secretariat and current practice for B1,B2 remain till policy is developed. The Draft decision was adopted
- The Co-chair noted we have agreed a sequence in three stages - Active observers, accreditation, and consultative forums at the country level.
- Board members expressed appreciation for the diversity and importance of the inputs of Observers. Alpha (Guinea) noted: "This very Fund has been established because of their Push. We have been working hard as governments but the momentum we got from civil society was very important particularly for developing countries. Very much welcome this decision and welcome a very enhanced active observer participation."

DRAFT DECISION B.2/D.X: Participation of active observers in the Board meetings and related proceedings

The Board, having considered document FLD/B.2/14/Rev.1 titled "Background paper on the participation of active observers in Board meetings and related proceedings":

- (a) *Notes* the work of the interim secretariat in preparing the Background paper on the participation of active observers in Board meetings and related proceedings as contained in document FLD/B.2/14/Rev.1;
- (b) *Requests* the interim secretariat to develop a draft policy for participation of active observers in Board meetings and related proceedings ("**Observer Policy**"), and to conduct further consultations with, and seek inputs from, the Board and stakeholders in developing such policy;
- (c) *Requests* the interim secretariat to present the draft Observer Policy to the Board for consideration at its [third] [fourth] meeting;
- (d) *Decides* that the interim arrangements for observer participation adopted in decision B.2/D.XX will apply for observer participation in subsequent meetings of the Board until the Observer Policy is adopted by the Board; and
- (e) *Notes* that the interim arrangements adopted in paragraph (d) above do not prejudice, or pre-empt, the Observer Policy that will be approved by the Board.



High Level Dialogue (HLD)

- A draft decision was presented and adopted agreeing that the High-Level Dialogue (HLD) will take place in 2025, with its launch during COP29, featuring the presence of the UN Secretary-General, Troika [note: they didn't use this word but mentioned the three Presidencies], and other dignitaries. The intention is to bring this decision to B3, where the Secretariat will provide the date and time for the HLD and the high-level launch. The Secretariat will also work on concept notes for both events.

Date and Time of Next Meetings

- The third meeting **will take place in Baku, Azerbaijan, from Wednesday, September 18 to Friday, September 20.**
- The **date for the fourth meeting was agreed upon in Abu Dhabi and remains December 2-5**, but a host country for the meeting is still needed.

Work Plan of the Board

- Draft work plan being considered [here](#) see from page 5 onwards in particular
- Draft decision was presented [*please note this is not a complete summary*] and the emphasis was on country driven process. The work plan was designed to be flexible and responsive allowing for discussions to ensure effective implementation
 - Six paragraphs, including adopting the work plan.
 - Discussion with co-chairs and the Budget Committee on cost recovery methodology.
 - Mandate for co-chairs of the Budget Committee to work on cost recovery before and after August 12.
 - Emphasis on a country-driven approach, requiring potential external sources and initial concept sketches at B3.
 - Chatham House discussion for further definition, aiming for potential adoption at B4.
- **Developed: Generally in agreement in adopting the work plan with flexibility built in** [*please note these are not every intervention just novel elements*]
 - The US suggested the addition of sub-paras that would consider safeguards, and fiduciary principles and standards as well as the addition of results measurement framework. Arguing that it is important to not be piecemeal in the design of the Fund.
 - Gerard (UK) Agreed that we need to think strategically and supports the adoption of the plan. He emphasizes the importance of having a coherent vision and a strategic results framework over time suggesting starting substantive discussions at B3 and finishing at B4, with an illustrative example of a bottom-up approach. He stressed the need for flexible modalities and diverse inputs, including from active observers. He highlights the importance of aligning resources with ambitions and the necessity of starting prompt funding discussions.



- Laurence (Canada) how the fund operationalises country led approaches is really important. Recognising there are a number of additional issues to consider but emerging ideas and issues could be reflected.
- Sebastien (Germany) Need a valued business proposal
- **Developing: Some divergent views on adopting the work plan but widely in support of resource mobilisation point that was raised by Saudi Arabia [please note these are not every intervention just novel elements]**
 - Dan (Fiji) important to adopt the work plan now, and sketch a blueprint that will guide the formal design work and reiterated the bottom-up country driven approach.
 - Ambassador Adao (Timor Leste): noted that safeguard issues we should not rely on the experience of other funds as these will be quite different for this Fund. Pre-arranged finance should not have complicated data in place for access finance. On resource mobilisation he noted that the current pledges are far from the need of developing countries and we need long term planning taking into consideration our actions with regards to the contribution of the board in regards to the HLD. **Need to consider what decision we can take at COP29/CMA 6 on the resource mobilisation issue.**
 - Elena (Honduras) Noted the importance of maintaining focus on the overall vision of the Fund in the long term as we work on access, financial instruments etc. The Fund will be working towards the future and needs to operate at scale.
 - Ambassador Mo (Egypt) noted the critical importance of having a direct budget support matrix as part of direct access, which is vital for all involved. He noted that the operationalisation of the GI on access modalities should involve accepting existing criteria identified by institutions in the GI as the basis for functional equivalency. This would serve as an entry point for identifying functional equivalence.
 - Mohammad (Saudi Arabia) was hesitant on adopting the workplan and noted that safeguards standards etc are not country led. Furthermore in reference to the table under resources - he noted the need to finalise the long term resource mobilisation strategy which is a mandate in the GI. If we don't have it by 2025 (B6), the resource mobilization strategy would be delayed until 2027. This means the Fund will remain at around \$600 million, with \$100 million going to the World Bank in fees, leaving \$500 million for developing countries. This would result in approximately \$3.2 million per country, effectively making it a small grants fund.

Co-chairs proposal for a way forward - Amended decision adopted

- The proposal aims to simplify the paragraph [f] and outline the process for developing the Fund's approach. It suggests that the interim Secretariat, guided by the Co-chairs and utilizing external resources, should develop a proposition with two main points:
 - Options and choices for the Fund to further operationalize a [bottom-up] country-led approach that promotes and strengthens national responses to loss and damage.
 - Options for early interventions by the Fund in 2025 and 2026.
- The proposal further requests that the Co-chairs consider views from Board members and active observers to inform the development of the terms of reference. The steps include summarising discussions, circulating them for feedback, and turning them into a scope of



work for the Secretariat. A timeline will be established, with discussions at B3, proposals for B4, and a fully developed proposal by B5 for the Board to decide on, with the Executive Director executing the plans

- Note an intervention by Jose (Austria): fully aware we are an ambitious board not sure we will finalise the [long term resource mobilisation] by B6
- Ambassador Mo (Egypt): Timeline to deliver on is important.
- Saudi Arabia - if we do not finalise at the latest by 2025 we will not have mobilisation till 2027 with up to 4 years from past precedence that it can take up to 4 years to be converted
- Djibril (Benin) commented on the environmental integrity and social safeguards included in the work plan. He highlighted the urgency of addressing loss and damage for LDCs and noted that complying with stringent criteria, similar to those of the GCF, would be challenging for LDCs. He questioned how LDCs could maintain flexibility while adhering to these standards, especially during extreme events, saying: "For me the GI is clear...we should not repeat the GCF errors, that prevents the LDCs from getting money from this Fund". He really emphasized the need for a country-driven process that considers national priorities and circumstances, without duplicating the complexities of the GCF. He stressed the importance of being realistic and allowing LDCs and developing countries to take concrete actions based on their national contexts to effectively address loss and damage issues.

Observers (cross-constituency):

- "Quick intervention to support and concretize on ensuring that observer views are taken into account: In para 6 of the Annex just to add "and in consultation with observers" [textual suggestion added]
- Ambassador Mo (Egypt) officially proposed the language so it is procedurally correct (proposed by a board member)

Time frame and sequence of actions

6. The Co-Chairs note that the Board decided to schedule four meetings in 2024.¹ The Co-Chairs also note that discussions are ongoing on the format and scope of formal Board meetings under the ad hoc committee on the additional rules of procedure. Without expressing a view on the work of the committee, the Co-Chairs are of the view that reaching the milestone of funding approvals in early 2025 will require several deliberative, non-decision-making meetings of the Board with the purpose of advancing a common understanding of core operational modalities and procedures. These meetings may take several formats, including advanced consultation on proposed documentation and technical briefings from the Interim secretariat. The Co-Chairs will ensure, to the extent possible, full representation and participation of all members and alternate members of the Board and consultation with the observers.



Additional Rules of Procedure

- Interventions by board members, translations and decisions between meetings were discussed by the sub-committee as these were unresolved matters
- The subcommittee will continue to work on the draft rules of procedure and observers can also provide comments. They will continue work till B3.

Conclusion and Milestones

- Conclusion and successful exhaustion of consensus for the host country of the board.
- Selection process for the Executive Director (ED), with timeframe and job description set to have an ED by B3, who can hire staff.
- Adopted a work plan for the board, setting out priorities for the coming year.
- Approved governance arrangements between the COP/CMA and the board.
- Adopted interim arrangements for making decisions between meetings.
- Adopted interim Code of Conduct and Ethics (COI).
- Formalized interim active observer participation.
- Adopted process to launch the first High-Level Dialogue (HLD) on Financial Arrangements (FA), to be hosted in 2025.
- Resolved the matter of the name of the fund.
- Adopted an interim set of approaches to the travel policy.
- Date and venues for the next meetings

DAY 3 : 11 / 07 / 2024

Webcast Link for Day 3:

<https://www.youtube.com/watch?v=wyR-3qohD9c&list=PLBcZ22cUY9RJb2rw0W0ZpMRrM6dYI1t7W&index=6>

Revant documents:

<https://unfccc.int/event/second-meeting-of-the-board-of-the-fund-for-responding-to-loss-and-damage>

Loss and Damage Collaboration (L&DC) Thread from day 3:



Key points from Day 3:

Name of the Fund

- Decision adopted - the name of the fund will be “Fund for responding to Loss and Damage”
- The Cross Constituency Observer statement—which was delivered after the decision was adopted— noted that the name of the Fund should be the Loss and Damage Fund to retain the grounding in its history

Draft Arrangements between the COP and CMA

- The Board’s understanding that there will be two arrangements, to the COP and CMA, was adopted

Report of the co chair of the board and interim decision for making decisions between board meetings

- [...]Adopted interim decision making
- The Cross Constituency Observer statement was heard following the adoption of the decision. The important points raised are therefore not reflected in the decision but should be captured in the meeting report
- The IPO representative noted: “It’s important to learn and avoid the pitfalls observed in the Green Climate Fund (GCF) process, where Active Observers (AO) often lacked a clear understanding of decisions made between meetings, and normally only receive the decision after it was approved. This is a missed-opportunity to gather civil society inputs and contribution, and could lead to a disconnect and inefficiencies in implementation.”

World Bank Financial Intermediary Fund (FIF) Arrangement

- The Co-Chairs of the Board of the Loss and Damage Fund, held a meeting with the World Bank and noted confirmation on June 10th that the World Bank executive Director approved of the conditions laid out in the decision
- The discussion under this agenda item will outline the hosting agreement, the outline of the trustee arrangements and the outline for the contribution agreements for the Trust Fund

World Bank presentation

- Director for Strategy and Operations for the World Bank: Highlighted the 80-year evolution of the World Bank from its first loan to France, remaining committed to peace, prosperity, and adapting to global changes such as climate change.
- Roles of the Bank:



- Trustee: Manages money, ensuring accounting and transfer of funds to recipients. They noted that they do not comingle/mix funds.
- Secretariat: Facilitates board work, defining roles and responsibilities under hosting agreements.
- Implementing Entity: Potential role if requested, focusing on efficient fund use and reporting.
- Hosting and Trustee Agreements:
 - Hosting Agreement: Governs relationships, roles, policies, procedures, cost recovery, and administrative matters.
 - Trustee Agreement: Defines the relationship between the board and World Bank, detailing roles, responsibilities, and financial management.
 - Commitment and Timeline: Draft agreements to be shared by August 12, with the opportunity for feedback and potential endorsement at B3.
- Cost Structure and Management:
 - Direct and Indirect Costs: Direct costs include staff, travel, and contractual services; indirect costs (20% of direct costs) cover general expenses like IT and security.
 - *[Note this was later clarified as follows: The management has decided to subsidize this FIF. The full cost recovery would be a percentage of total costs fully recovered. Originally this would have been at 22 % however they subsidised this to 20.48% of direct costs. [This will be a 20.48% cost on the administrative budget]*
 - *[FIF fees and charges](#) from Transitional Committee meeting and [here](#) is an example from a FIF to help understand this.]*
 - Budget Management: Discussed budget subcommittee discussions and the power of the board to determine secretariat size and costs.
- Articles of the Agreement:
 - Article 2: Framework of hosting arrangements, defining roles, responsibilities, and services of the World Bank as the hosting institution.
 - Article 3: Human resources policies, including staff placement, compensation, and responsibilities under World Bank human resources rules.
 - Article 4: Administrative matters, including communication, representation, and coordination mechanisms.
 - Article 5: Fundraising responsibilities, with potential World Bank assistance for non-traditional sources.
 - Article 6: Conflict of interest management for secretariat employees.
 - Article 7: General provisions for indemnity and liabilities. Audit is done by Deloitte [note [here](#) an article on Deloitte]
- Noted that the World Bank is a Trustee for 27 FIFs, hosting 19 Secretariats



- They manage Fund within larger portfolios transferring these funds per the instruction of boards, ensuring accountability
- Timeline and Future Steps
 - Draft Agreements: Draft trustee and hosting agreements to be shared by August 12, with endorsement and signing planned for B3.
 - Framework for Services: Outlined the overarching framework for trustee services provided to the board.

Grouped Discussion

Direct Budget Support and Access

- Daniel (Fiji): "There was a lot of discussion on direct budget support, performance indicators, and thematic indicators – true innovation the fund is going to provide... Would it require an intermediary? Does not seem to be included here..."
- Adao (Timor Leste): "For The Least Developed Countries (LDCs), the direct access as reflected by the COP decision at COP28 was quite clear with regards to direct national budget support, even sub-national. I don't see how to figure out national direct access to be considered in the draft."
- Alpha (Guinea): "When the direct access - is the liability effectively transferred from the World Bank to the Board? WB obligations for direct access?"

Response:

- Renaud Seligman (WB): "There is no prohibition to have direct budget support. Direct budget support as provided in the decision will be a decision for this Board. Not because there is no arrow, doesn't mean that there cannot be direct budget support."
- Clarified that policies need to be defined by the Board, and direct budget support is flexible. Responsibility for fund use lies with implementing entities or direct access recipients once funds are transferred.

Cost Recovery

- Egypt, Benin and Philippines as about insights/clarification on cost recovery methodology
- The Women and Gender Constituency: "The experience of another World Bank FIF, the Global Partnership for Education, is instructive - the Bank unilaterally raised its fees, nearly doubling them (as a percentage of total administrative budget) within a few years. – so is there a consideration for text preventing the escalation of those costs to be anchored in the agreement? We therefore reiterate our call for more public accountability and disclosure, including through the World Bank's engagement with observers on this matter, to secure the full compliance with the 11 conditions set out in the COP/CMA decision."

Response:



- Noted Indirect costs are **20.48% of direct costs**. Methodology audited by Price Waterhouse & Co (PwC). Full cost recovery is required for budget neutrality, reducing from 22% to 20%. Applying a fair and transparent method. Explained that cost recovery includes HR, legal, communication, IT, security, privileges, immunities, and office management.
- Also noted: Transparency is key but some negotiations need to remain confidential. Commitment to work with all contributors and find tailored solutions

Legal and administrative details

- Mohammad (Saudi Arabia): "There are a lot of standard practices for hosting agreements, what are some of the specific issues to the FLD? What is different from the standard practice and why?" Others asked further questions on the legal and administrative details and nuances

Response:

- WB Chief Counsel: Legal personality is essential for final agreements. Interim arrangements can be made. The trustee agreement will include provisions for updates and amendments
- Explained the accountability relationship between the Board and the COP/CMA. Highlighted the uniqueness of the FLD, including direct access and the speed of setup

Trustee Agreement and Processes

- Several countries raised questions about the trustee agreement and processes. Timor Leste asked about the evaluation process for transferring trust fund resources. Philippines questioned the interdependencies between the trustee agreement and the selection of the Executive Director, and transparency provisions. Zambia asked about the World Bank's role in managing risks and the level of risk in associated agreements. Saudi Arabia sought clarification on the relationship between the Board and COP/CMA regarding accountability.

Response:

- In response, the World Bank explained that there will be engagement with co-chairs post-August 12, with potential meetings and a focus on quality control. The WB Chief Counsel, added that amendments to the trustee agreement require agreement from the trustee, Board, and contributors. The World Bank clarified that funds will only be transferred to entities meeting Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) standards, with interim arrangements possible until legal personality is obtained. They emphasized the importance of transparency, though some negotiations will need to remain confidential. The World Bank also highlighted that the Board is responsible for policies ensuring responsible fund use, while implementing entities are accountable once funds are transferred. Finally, they explained that the Board is accountable to the COP/CMA, aligning the fund's operations with international climate goals and commitments.

Active Observers Policy

- FARMERS: Asked to be considered as active observers. "In the farming world, family farms which are operated and managed by a family... compose 90 percent of the farms of in the world; 84 % of family farms in the world are small scale...even if small they produce 34% of the worlds food...these five past months we in South and South East Asia have experienced record breaking heat whilst on the other side in Africa, massive flooding and in Mongolia a



severe cold wave. This extreme weather events are decimating our yields, harvests, livestock and therefore our incomes affecting food security as well. In Philippines alone the agriculture department noted agriculture loss from heatwave was estimated by our government to be 19 million dollars.”

- ENGO Cross Constituency: Noted that having observers come in after the adoption of a decision is not inclusion” Notes several inconsistencies in the document and more coherence on active observers and modalities for representation including the travel policy
- For meaningful participation the prerequisites are: Two active observers per right holder groups plus two alternates, also notes the need for timely notification of meetings and documents including translations of documents in the 6 UN languages, as well as travel support is integral for active participation
- IPO: Shared good practice from the Santiago Network on Loss and damage board meetings and proceedings: “SNLD provides 3 seats as active advisory board members for representatives from our constituencies to sit as active observers” Our contributions are of distinct value of communities affected by the climate crisis. We are all invited to share our thoughts on each agenda item” . Applauded Board co-chair on the SNLD Alpha Kaloga on creating an inclusive environment for active observers.
- The US noted that hearing from Observers can be helpful but notes 4 Observers groups are in the Governing Instrument and asked why some groups were selected over others. The UK also noted the need for coherence across various products but we are not there yet and the draft is a good minimum to further develop. He noted: “Helpful to bring observers in during the debate” and useful to “particularly hear directly from the most vulnerable”. Similar sentiments were expressed by France, Saudi Arabia, Canada Guinea, Fiji (diversify advice board has access too). Timor Leste reminded that Observers “express voice of most vulnerable which is very important for us”. Ireland also noted the need to consider hybrid participation (not as a replacement but addition).
- Interim arrangements will be maintained in the meanwhile with a stepwise approach adopted

Selection of Executive Director (ED)

- Role of the ED in supporting resource mobilisation strategy was discussed. This item became quite contentious as the last item at the end of the day.
- Ambassador Mo from Egypt requested the addition of a para under resource mobilisation that would read as follows to reflect in the job profile of the scale of resource mobilisation need:

- Lead efforts to support the Board in preparing and implementing the long-term resource mobilization strategy and plan for the Fund.
- Lead efforts to mobilize resources in the scale of billions responding to the needs of developing countries.

- He noted: “if you have someone running a board of 100 million, this is totally different from 10 billion, 55 billion, to 100 billion...The scale of this Fund is not confined to where it is - it needs to be billions plus.”
- Amb Thompson from Barbados (co-chair of the sub committee for this item) noted “why should it not read trillions?” She also noted that they had added language to the effect:



for multilateral finance to assist those countries in responding to loss and damage associated with the adverse effects of climate change. The Fund will also endeavour to assist those countries in mobilizing external finance to strengthen their efforts to respond to loss and damage while supporting both the achievement of international goals on sustainable development and the eradication of poverty.

As Executive Director, you will also need to support the Boards long-term resource mobilization strategy.

As Executive Director, you will be responsible for supporting the Fund from its foundational stages to **evolve** into a channel for scalable and flexible multilateral finance under the auspices of the World Bank-hosted financial intermediary fund for a period of four years on an interim basis, which can be extended or made permanent. In addition to the provision of funding, the Fund will form effective partnerships, and ensure its impact extends to countries and communities on the frontlines of climate change. It will develop new coordination and cooperation mechanisms to help enhance complementarity and coherence, and will link with various funding sources and other actors within the loss and damage landscape. The qualified

- The US did not agree with this proposal in that it does not reflect the Governing Instrument (GI). Can have language on scale but should not renegotiate the GI.
- Alpha (Guinea): "This Fund is set-up to respond to the impact of climate change. The resources available currently are a drop in the ocean to the scale needed. Reflecting the necessity of resources at scale is in line with what the GI is saying...very important we send a signal that the ED has the visibility to the resources that is needed"
- Dan (Fiji) noted the contract of the ED is a four year term and could end just before independent review - point to consider and resolve.
- Peter (A&B): Emphasized - On day one we all say we want to get things started and move quickly but we are behaving like we have 25 years. Stop kicking things down the can. "We are being watched world wide by people who are being affected. I make no apologies for it. Our constituencies are being affected, I watched an update by the Prime Minister in [Grenada] this morning. He has a 1000 homes he has to rebuild. Initial costs are just 200 million. That's just to put the roof back home...let us remember why we are here.
- Gerard (UK) agreed with Peter and expressed strong support for the text as is.
- YUNGO (Cross constituency): "In reading through the draft terms of reference proposed for adoption here, we feel there should be a stronger reference to the new ED having more than just a passing knowledge of the UNFCCC and Paris Agreement and, particularly in the context of delivering climate finance to developing countries, and a strong understanding of, and commitment to, addressing loss and damage through equitable, transparent, and inclusive processes.This is why the Executive Director should have experience and a clear commitment to serving affected communities, including through strong direct access and devolved funding decision-making modalities, rooted in the knowledge and commitment to implementing a human-rights-based and gender-responsive approach."
- Further noted: "To find the best candidates to fit these criteria, and not just ones on management and development finance skills, it is important that the search firm to be hired, which comes from the pre-selected World Bank service providers, looks outside the 'MDB-bubble of candidates' that seem to dominate the candidate pools for multilateral climate funds these days."
- Meeting closed for sub-committees to continue working



DAY 2 : 10 / 07 / 2024

Webcast Link for Day 2:

<https://www.youtube.com/watch?v=TiMsjGe1N4A&list=PLBcZ22cUY9RJb2rw0W0ZpMRrM6dYI1t7W&index=5>

Revant documents:

<https://unfccc.int/event/second-meeting-of-the-board-of-the-fund-for-responding-to-loss-and-damage>

Loss and Damage Collaboration (L&DC) Thread from day 2:

<https://x.com/LossandDamage/status/1811011365106004227>

Key points from Day 2:

Agenda Item: Access Modalities

- In a presentation, the Interim Secretariat of the Loss and Damage Fund outlined the [Background paper on access modalities in accordance with the Governing Instrument of the Fund for responding to loss and damage](#).

Developed Country Perspectives

- Developed countries, including the US, France, and the UK, emphasized the need for a streamlined and efficient access framework for the Loss and Damage Fund (LDF). They highlighted leveraging existing models from MDBs and UN agencies for financing and supported a phased approach to accreditation with fast-track processes.
- The US stressed structuring the conversation by considering types of events, such as slow onset events and rapid responses. "We cannot tackle the low hanging fruit of accredited entities here until we have agreed on the whole picture," remarked one representative. France emphasized coordination and coherence of national plans across government sectors and suggested utilising insurance mechanisms in collaboration with national risk pools. "We need to think outside of the box, but part of the business model or mode of operation," stated a French delegate. The UK supported a broader strategic conversation about access modalities, advocating for country ownership and programmatic approaches. Developed countries also discussed the importance of a business model that ensures both effectiveness and efficiency and suggested using functional equivalency frameworks to guide policy papers and decision-making processes.

Developing Country Perspectives

- Some developing countries, including Fiji, Zambia, and Egypt, highlighted the fragmented nature of current access modalities and called for a cohesive, nationally-owned approach. Fiji emphasized the importance of direct access through budget support and the flexibility within budget support regimes, particularly for slow-onset events. "Direct budget support should not



be based on pre-existing World Bank standards," stressed a Fijian representative. They stressed programmatic approaches that include small grants without intermediary requirements. Zambia supported utilising existing accredited entities and adopting flexible Environmental and Social Standards (ESS) and fiduciary standards to avoid barriers to accessing funds. "There is a clear gap in the arrangements where this paper fits in," noted the Zambian delegate. Egypt emphasized that functional equivalency should be practical and not overly burdensome, ensuring more entities can access the fund efficiently. "We are not questioning these entities or re-accrediting them," insisted an Egyptian representative. Fiji for Pacific SIDS stressed the importance of direct budget support not based on pre-existing World Bank standards, allowing for tailored national programmatic approaches. On the role of insurance mechanisms and their potential to provide rapid support in the aftermath of extreme events, this was discussed with caution against over-reliance due to past inefficacies.

Shared Views

- There was broad consensus on the need for diverse and flexible access modalities tailored to different contexts and events. Both developed and developing countries supported leveraging existing accredited entities and ensuring streamlined accreditation processes. There was agreement on the necessity for a phased approach to implementing access modalities, with a focus on rapid disbursement mechanisms and programmatic approaches. Capacity building and national ownership in ensuring effective fund deployment were reiterated across various interventions. There was a shared understanding that access mechanisms should be inclusive, covering all developing countries, and that translation into all UN languages is essential to facilitate broader access.

CSO/Observer Contributions

- **Observers stressed there is no business model here.** They largely focused on community access and ownership. They emphasized the importance of direct and community access to funding, advocating for funding decisions to be made at the lowest possible level to empower stakeholders. Examples included the [Pawanka Fund](#), which ensures cultural and environmental appropriateness while maintaining transparency and accountability, and the [GASFP?], which evolved to include farmer organisations as main recipients, reducing transaction costs and enhancing community engagement. "Direct access empowers stakeholders to have greater control, ownership, and participation," highlighted a CSO representative. These contributions underscored the need for mechanisms that respect and integrate Indigenous knowledge and practices, ensuring that funding reaches the most vulnerable and is used effectively at the community level.

Travel Policy

- Discussions then turned to the Travel Policy for the Board of the Loss and Damage Fund. Where there were differing views on the travel policy among Board members. There is no background paper for this agenda item, however, there is a report from consultations in the [Note by the Co-Chairs on matters under consultation by the Co-Chairs](#).
- **Developed countries**, including representatives from Japan and Denmark, emphasized the need for a balanced approach that ensures equal and fair representation while being mindful of cost-effectiveness and environmental impact. They advocated for a travel policy that supports essential travel, minimises carbon footprints, and uses resources efficiently. They also stressed the importance of understanding the cost implications of travel and ensuring that the policy is transparent and justifiable to external stakeholders.



- **Developing countries** and representatives highlighted the critical need for inclusiveness and accessibility. They argued that travel support is essential for full participation and emphasized that developing countries should not be subjected to need-based questioning for travel funds. They pointed out the positive impact of in-person meetings for developing countries and the double standards in environmental concerns. There was a call for a travel policy that ensures all board members, alternates, and advisors can participate fully and that the policy should consider the unique challenges faced by developing countries, such as internet access for virtual meetings.

Financial Instruments

- In a presentation, the Interim Secretariat outlined the background paper on the development of [financial instruments, modalities and facilities](#) for the Loss and Damage Fund (LDF) under the mandate of paragraph 22 of the Governing Instrument (GI). The document consolidates information from existing climate and non-climate funds, highlighting the strengths and weaknesses of various financial instruments and considering the needs of the most vulnerable countries. It aims to initiate deliberation on policy development for grants, concessional loans, and other financial instruments.
- The presentation included a comparative analysis of financial instruments used by climate and disaster-related agencies, summarised in a table. The analysis covered nine different instruments, detailing their advantages and disadvantages and providing lessons for the LDF context. The paper identified:
 - **General Principles for Financial Instruments**
 - Debt Sustainability: Emphasized the need for grants over loans for highly indebted countries to avoid additional financial burdens.
 - Equity and Fairness: Ensuring proper distribution of funds, considering regional equity.
 - Speed of Disbursement: Differentiating rapid and slow onset events, with rapid events requiring fast access and slow onset events benefiting from a programmatic approach.
 - Data and Knowledge Integration: Utilising databases and tapping into the Santiago Network for technical support and capacity enhancement.
 - Complementarity and Coherence: Ensuring the LDF operates synergistically with other bilateral, regional, and global funding mechanisms.
 - **Recommendations and Next Steps**
 - Deliberation on Financial Instruments: The Board needs to discuss and decide on the most appropriate instruments considering their advantages and disadvantages in the LDF context.
 - Establishing Windows: A window for rapid response and a small grants window for communities and Indigenous Peoples should be considered.



- Phased Approach: Initially focusing on grants and concessional loans, with a step-wise expansion to more complex tools later.

Discussion following the presentation

- **The Developing country co-chair posed an important question:** Richard Sherman (South Africa) offered a “Reflection based on the access conversation reminded of sitting in the same room a decade ago in the GCF. This ended up with a top-down system which is not about accreditation but be responsive to the challenges. We face the same challenge with the paper/issue in front of us. We can go down the path of a top down Board where we define how we use grants, guarantees, may have to define the levels of concessionalities, because there is a range (highly concessional, less concessional) but that would be an academic conversation with no relation to the needs on the ground. What we would develop as a policy is relevant to the needs of developing countries responding to L&D. Happy for you to have that conversation now - not sure you will progress. Or we could stop and ask ourselves, if we really want this fund to be different, how?”
- **Developed countries:** Developed countries emphasized the importance of a country-driven, programmatic approach centered on national response plans and tailored to the needs of the most vulnerable. They supported the use of grants as the essential financial instrument, with potential for innovation in risk-sharing and blended finance. So for instance, France highlighted the need for a mode of operation focused on the most vulnerable and the importance of preparing loss and damage plans. Denmark suggested using existing national programs and social protection networks as models for the fund's business model. Ireland stressed the need for gender-responsive and locally-led principles, and Canada underscored the importance of avoiding simplistic allocations, instead integrating country needs with regional and community-based actions to ensure impactful and timely responses.
- **Developing countries:** Generally developing countries were clear that this Fund cannot be the same as others as the challenge is not the same as others. Grants are foremost at the core of the Fund and a bottom-up, country driven, needs based approach is needed.
- Ambassador Adao (Timor Leste) made a powerful point noting that we: “Don’t need...debt instruments. This is an additional burden. We would say that our contribution to GHGs is very low from LDCs - 45 LDCs are contributing less than 2%. We need to have **solidarity and climate justice issues in place that are grant-based** for LDCs. This is our priority.” Whilst, Alpha Kaloga (Guinea) asked we should look at: “Ways in which we restore our development loss for climate impacts we did not cause”..“we need to keep things simple, grant and in highly exceptional circumstances concessional loans”.
- **CSO/Observer views:** noted that it is crucial to frame the discussion on financial instruments through principles of equity, climate justice, and human rights, including gender-responsiveness. The LDF should not replicate the approach of MDBs but should prioritize grants, which offer the highest flexibility and concessionality, especially for vulnerable communities and Indigenous Peoples. Grants should be the primary financial instrument, focusing on social protection and support programs.
- Examples provided included Ethiopia's Productive Safety Net Programme (PSNP) and Kenya's Hunger Safety Net Programme (HSNP), which provide emergency cash transfers to vulnerable groups in anticipation of droughts or floods. Additionally, employment guarantees and asset-building programs in South Asia offer legally guaranteed rights to work linked to public infrastructure projects. Social protection systems addressing gender-specific



vulnerabilities, such as maternity and unemployment benefits, can support women in informal work sectors impacted by climate change

High-Level Dialogue

- Discussions on the annual high level dialogue to be convened by the Loss and Damage Fund and the UN Secretary General, then took place responding to the three proposals detailed in the [paper on arrangements](#) for the dialogue. The three proposals currently on the table are:
 - An in-person meeting scheduled for 2025, with the exact date and time to be determined;
 - An in-person meeting scheduled for October 2024 in Washington D.C., on the margins of the Annual Meetings of the International Monetary Fund and the World Bank Group to be held from 25 to 27 October 2024.
 - A virtual meeting to be held in 2024, with the exact date and time to be determined.
- **Countries** expressed the importance of having the Dialogue but that this must be well thought out. Generally developed countries noted the importance of having this Dialogue in 2024 [for signalling]. This could be a light touch virtual Dialogue with a deeper Dialogue on the margins of the Finance for Development Conference in 2025. However, some developing country members such as Egypt, UAE, Zambia noted that we need to keep in mind why we are having the Dialogue instead of an empty conversation. They expressed concern that we are not ready for a substantive High Level Political Dialogue as yet. Egypt and Honduras also pointed to the mandate that it should be co-convened with the UNSG which may not be feasible this year. Furthermore, the Board as co-conveners will not be able to bring something of value to the table. Barbados noted that it is very necessary to have the Dialogue but far more beneficial post-COP next year, early in the Philippines, with a hybrid format that includes the newly elected Executive Director to bring leadership to the Dialogue.
- **Observers:** Noted that the High-Level Dialogue is an opportunity to step back and set-out the vision of the Fund. Resource mobilisation must be led by developed countries and a scale of needs of developing countries. If trillions can be found for COVID and Military spending then we are aware this is an issue of political will. Noted that there are many instruments and options out there that are based on polluter pays principles. Reiterated that finance needs to be in the form of grants. Finance should not be voluntary and this obligation is not a matter of charity but justice.
- **Way forward:** The Co-Chairs indicated, having heard the views of Board members, that they will come back with a proposal.



DAY 1 : 09 / 07 / 2024

Webcast Link for Day 1:

<https://www.youtube.com/watch?v=9OMOCjCX-7o&list=PLBcZ22cUY9RJb2rw0W0ZpMRrM6dYI1t7W&index=7>

Revant documents:

<https://unfccc.int/event/second-meeting-of-the-board-of-the-fund-for-responding-to-loss-and-damage>

Loss and Damage Collaboration (L&DC) Thread from day 1:

<https://x.com/LossandDamage/status/1810653027948192055>

Key points from Day 1:

Opening of the session

- Ji-Young Choi, the Deputy Minister for International Affairs at the Ministry of Economy and Finance of the Republic of Korea, highlighted COP28 as a significant milestone in climate action.
- He emphasized the undeniable need for financial support and announced **South Korea's voluntary contribution of USD 7 million to the Loss and Damage Fund**. Choi also expressed Korea's willingness to share its knowledge on climate change response and green transitions.
- **In a video message, Mukhtar Babayev, the COP29 President-designate**, underscored the importance of adopting a work plan for 2024 with clear objectives during the B2 meeting. He stressed the critical steps of selecting the Executive Director and the host country for the board, highlighting the urgency of making the fund operational to ensure that those affected by climate impacts receive resources as soon as possible.
- While acknowledging the initial pledges to the fund, Babayev called for significantly more contributions to protect the most vulnerable populations.
- **Ambassador Thompson of Barbados** provided a stark account of the recent devastation caused by Hurricane Beryl in Latin America and the Caribbean, which affected 13 countries, resulting in 12 deaths and billions of dollars in damage. She stressed that the fund must reflect the magnitude and urgency required to respond to such disasters, calling for actions that go beyond small community grants.
- She also urged for substantial and rapid responses to meet the needs of the most vulnerable, emphasizing that discussions cannot continue while people are suffering and living in crisis.



- Further early points of discussion included Armenia's new board member, Nona, and the replacement of Christina Chan by Alexandria Miskho from the US

Board Discussions and Decisions

Host Country Selection

- The Philippines was selected as the host country for the board of the Loss and Damage Fund.
 - **Mark Dennis Joven (Philippines):** Expressed gratitude and commitment to moving quickly with the LDF.
 - **Members appreciated the collective approach and emphasised the urgency of operationalizing the LDF** to meet the needs of developing countries noting that this decision was key milestone adopted.
 - **Ambassador Adou from Timor Leste highlighted the recent tragedy in Nepal**, where 74 people lost their lives due to climate-related disasters, stressing the need for the fund to be dispersed soon to address such urgent needs. These discussions and decisions reflect the collective commitment to operationalizing the Loss and Damage Fund and addressing the needs of vulnerable communities affected by climate change.

Interim Arrangements and Procedures

- Adopted an interim code of conduct and ethics for the board.
- Adopted interim procedures for decisions between meetings, including a voting procedure if consensus is not possible.
- Agreed to use the contingency budget to provide funded support for developing country alternate members for this meeting, with the hope of resolving this with a travel policy.

Adoption of Agenda and Reports

- Adopted the revised agenda to include a dialogue with civil society.
- Adopted the report of the first meeting of the board, acknowledging improvements in the reporting process.
- Discussed the need for better communication and coordination, particularly the timely sharing of documents.



Interim Secretariat Report

- The interim secretariat presented its report, highlighting efforts to support the co-chairs and the board, the preparation of documents, and engagement with observers.
- Agreed to structure future reports around the adopted work plan to improve efficiency.

Dialogue with CSOs

Active Observers were given the floor at the end of the day.

They raised the following points and their full statements can be seen in the webcast:

- **The participation of active observers in the governance of the Loss and Damage Fund (LDF)** is crucial for ensuring transparency, accountability, and inclusiveness. Civil society organizations (CSOs) emphasize the need for coherent and comprehensive participation modalities that go beyond established practices in other climate funds. Active observers should represent rights holders and marginalized groups, with a focus on meaningful participation at all levels, from policy-making to implementation and monitoring. This includes self-selection procedures, equal footing in discussions, timely and complete access to documents, and financial support for participation. CSOs advocate for prioritizing representation from the Global South and providing capacity building and technical assistance to Indigenous Peoples, youth, women, and other members of civil society. Additionally, local communities should be actively involved in project design and implementation through community consultations and needs assessments.
- **The development of a robust travel policy** is essential to support the effective participation of active observers, particularly from developing countries. It was noted that many developing country observers were excluded from attending due to the cost constraints CSOs highlight the undue burden caused by the lack of travel support, which prevents many from attending important meetings. The travel policy should provide financial support for travel and capacity-building activities, ensuring that those from affected communities, Indigenous Peoples, youth, and marginalized groups can participate fully in the Board's proceedings. This support should be reflected as a dedicated line item in the administrative budget to ensure consistency and reliability.
- **Access modalities** are a critical area where CSOs call for a clear and holistic definition of direct access, allowing entities in developing countries to receive and manage climate funds directly, without intermediaries. This approach should prioritize community consultations and flexible, adaptive grant-making processes. CSOs strongly support the establishment of a community access window to ensure funds serve community-centered approaches, with devolved decision-making and small grants funding. Direct access should be integrated into a broad framework across the fund, emphasizing community ownership and streamlined disbursement mechanisms to enhance the fund's impact.
- **Regarding financial instruments**, CSOs express concerns about the appropriateness of certain financial modalities for addressing loss and damage. They advocate for grants and non-debt-creating instruments, emphasizing that the fund should not impose further harm through debt. The analysis of financial instruments should consider climate justice principles and the community context, avoiding complex and inappropriate instruments like guarantees and blended finance. The fund should prioritize traditional project/programme support, direct



budget support, and community direct access to ensure effective and equitable distribution of resources.

- **The additional rules of procedure for the Board** should enhance transparency, accountability, and inclusiveness, aligning with active observer procedures and broader stakeholder engagement. All meeting documents should be publicly available and shared with observers simultaneously with Board members. Additionally, hybrid meetings should be established as the standard procedure to allow meaningful virtual participation, ensuring broader accessibility and engagement.
- **Finally, the operationalization of the Loss and Damage Fund as a Financial Intermediary Fund (FIF) under the World Bank** raises significant concerns. CSOs highlight the World Bank's existing policies and support for fossil fuel funding as incompatible with the LDF's mandate. They stress the need for the fund's full autonomy, protection of eligibility for all developing countries, and the establishment of direct access as the dominant access modality. Accountability and public disclosure are essential to ensure the fund's independence and compliance with COP/CMA conditions, with full transparency in the FIF documentation and hosting agreements.

Responses from board members and answers by observers:

Mohammad Ayoub (Saudi Arabia)

- Thanks CSOs for their substantive interventions and emphasizes the importance of concrete examples and case studies to guide the Board.
- Highlights the need for more coordinated preparation and response time for documents and to think of creative ways to include inputs.
- Asks how the fund can best address the needs of those on the frontlines
- Also noted importance of resource mobilisation strategy
 - FARMERS: "We are ready to share substantive stories about how we are impacted and dealing with climate change. For example, in Indonesia, farmers are dealing with a heatwave and flooding, which prevents them from crossing rivers. We help our farmers grow from scratch using agroecology, enabling them to harvest quickly despite challenges."

Gerard Howe (UK)

- Describes the interventions as extraordinarily rich and suggests turning them into a richer dialogue.
- Emphasizes the importance of localization and working with local communities and households.
- Supports the idea of a community access window and the need for an inclusive vision of the fund.
 - Isatis Cintron - ENGO-CAN: "We want to be seen as your partners. This dialogue is one of the few chances we have to share our thoughts. We have examples and lived experiences that we would like to share. It would be great to hear what has worked



and what could be done better, ensuring that the fund addresses the needs of people on the ground."

Djibril Ibila (Benin)

- Appreciates the relevant statements and asks about the operationalization of the direct access window, specifically how to define/select communities to benefit from the LDF.
 - Harjeet Singh - Fossil Fuels Non-Proliferation Treaty, ENGO-TUNGO: "Direct access is essential to avoid conflicts of interest and self-interest seen with intermediary organizations. We advocate for national and community-based organizations to have direct access, ensuring planning, monitoring, and implementation are effective and centered on the needs of those affected."
 - Adrian Martinez - La Ruta del Clima, ENGO-DCJ: "We need to ensure the participation of vulnerable communities, involving them not only in conditions but also in proactive outreach. This will generate benefits in process and implementation. Communities dealing with loss and damage have invaluable knowledge and experience."

Laurence Ahoussou (Canada)

- Asks about ensuring safeguards before disbursement and how to make progress on implementation.
- Seeks examples of successful small grants and trade-offs.
 - Grace Balawang - IPO: "Integrating local knowledge and examples of successful community-led initiatives is key. For instance, applying the principle of free, prior, and informed consent ensures safeguards and effective community engagement in planning, implementation, and monitoring."
 - Harjeet Singh - Fossil Fuels Non-Proliferation Treaty, ENGO-TUNGO: Shared an example from the Pacific: In the Pacific, the Pacific Conference of Churches (PCC) has taken significant steps on behalf of regional civil society organizations by supporting the Kioa Declaration and taking the Kioa Pledge. This initiative aims to establish the Kioa Finance Mechanism, which supports Pacific Island communities affected by climate change. The PCC is actively reaching out to partners to support local communities in small to medium-scale adaptation projects. The PCC has existing safeguard policies in place. PCC can receive funds and be a reganter.

Rebecca Lawlor (USA)

- Inquires about including affected communities like climate migrants and thoughts on the AO paper's nomination process.
 - Harjeet Singh - Fossil Fuels Non-Proliferation Treaty, ENGO-TUNGO: "Flexible active observer representation is vital to include diverse community voices. We need to ensure that those affected, including climate migrants, are represented and heard."

Alpha Kaloga (Guinea)

- Recognizes the critical need to address immediate and long-term loss and damage.
- Supports integrating local knowledge, greater transparency, and inclusivity, and emphasizes the fund's focus on grants or highly concessional loans.



Jens Fugl (Denmark)

- Finds the interventions useful and suggests receiving detailed comments in advance.
- Questions the practicality of direct access without intermediaries and seeks practical ideas for operationalization.
 - Harjeet Singh - Fossil Fuels Non-Proliferation Treaty, ENGO-TUNGO "Direct access is crucial to avoid conflicts of interest and ensure community ownership. We've seen intermediaries turn this into a business model. Direct access should include national and community-based organizations to ensure effective and equitable implementation." Highlight successful examples and initiatives like the Kioa Finance Mechanism in the Pacific.
 - Liane Schalatek - Heinrich Böll Foundation, WGC: "Access modalities should ensure direct and practical pathways for communities. Looking at existing models like the GCF readiness program can provide valuable insights. We need to bring people from the frontlines into the discussion, encouraging early submission and virtual participation to gather diverse perspectives."

This was the end of day 1 of the Second Meeting of the Board of the Loss and Damage Fund.

Looking to Tomorrow:

Tomorrow sees discussion turn to Access modalities; Financial instruments, modalities and facilities; the annual high-level dialogue; participation of active observers; selection of the Executive Director of the Fund and Travel Policy.

Find the provisional agenda for the second day of the second meeting of the Board of the Loss and Damage Fund here: https://unfccc.int/sites/default/files/resource/Schedule_day_2.pdf