Indonesia Research Institute for Decarbonization

Summary

First Meeting of the Board of the Fund for Responding to Loss and Damage (FRLD)

Date: 30 April-2 May 2024 | **Location:** Abu Dhabi, United Arab Emirates

The first meeting of the Board (B1) of the Fund for Responding to Loss and Damage (FRLD) marked the formal start of the Fund's institutional operations. Held in Abu Dhabi from 30 April to 2 May 2024, the meeting brought together Board members from developed and developing countries, observers, and representatives of the interim Secretariat (UNFCCC, GCF, and UNDP). **The session opened with a call to move from commitment to delivery, highlighting the urgency in responding to climate-induced loss and damage and scaling up contributions beyond the initial USD 792 million in pledges.** The Board adopted key foundational decisions, including the election of the Co-Chairs, agreement on interim observer arrangements, the establishment of subcommittees on Rules of Procedures and Executive Director election, and the launch of a formal process for selecting the host country of the Board. Discussion on operationalizing the Fund under the World Bank highlighted **the need for legal clarity, direct access modalities, and continued structured engagement.** The Board also agreed on priorities for its 2024 workplan and set the stage for future decision at its second meeting. The full adopted agenda items of the meeting can be accessed through this link.



Agenda Item 1: Opening of the Meeting



The meeting opened with remarks from the interim Secretariat and a video presentation from the COP28 Presidency, highlighting the origins and objectives of the Fund. The COP28 Presidency welcomed participants and reflected on the difficult negotiations leading to this milestone, referencing the stalled 4th meeting of Transitional Committee in Aswan, Egypt. The session was recognized as historic, coming over 30 years after loss and damage was first introduced to the UNFCCC.

A call was made to move from commitment to delivery, urging those with capacity to scale up contributions beyond the **initial USD 792 million in pledges. The Fund was framed around three pillars: providing direct support to impacted communities, enabling resilient recovery, and improving long-term livelihoods.**

The interim Secretariat—comprising the UNFCCC Secretariat, Green Climate Fund (GCF), and UNDP—formally opened the meeting. GCF highlighted the urgency of climate action and emphasized its commitment to supporting the Fund's operationalization through coordination with other climate finance entities. UNDP reiterated the long-standing need for a loss and damage mechanism and stressed the importance of responsiveness, strong governance, and community-centred implementation. The Board acknowledged the host country's support and formally marked the beginning of the Fund's institutional operations with a shared call to accelerate delivery for vulnerable communities.

Agenda Item 2: Election of Co-Chairs

In accordance with Paragraph 23 of the Fund's Governing Instrument, the Board proceeded with the election of two Co-Chairs—one from a developed country constituency and one from a developing country constituency, to serve a one-year term. The developing country constituency nominated **Richard Sherman,** citing contributions to the Transitional Committee, including development of the Fund's governing instrument and facilitation of consensus. The developed country constituency nominated **Jean-Christophe Donnellier**, highlighting leadership experience in multilateral climate finance and prior roles within the GCF and Transitional Committee. Following their election, both Co-Chairs expressed appreciation and reaffirmed their commitment to collaboration, drawing on past cooperation during the Transitional Committee process. The Co-Chairs emphasized the need for collective focus on implementation.



The Co-Chairs announced the seating of their alternates in line with the Governing Instrument: Sumaya Zakieldeen Hamdan for the developing country Co-Chair and Pierre Marc for the developed country Co-Chair, with both retaining voting rights. The Board acknowledged observer presence and noted remote participation by the Asia-Pacific alternate.

Agenda Item 3(a): Adoption of the Agenda



The Board was invited to consider and adopt the provisional agenda as contained in document FLD/B.1/1/Rev.1. Introducing the item, the Co-Chairs informed members that two proposed agenda items, the official name of the Fund and the travel policy, had been removed, as they were not yet ready for discussion, until further internal consultations within constituencies held.

The Co-Chairs noted that a broad set of proposals had been submitted on the Fund's name and committed to synthesizing options for future consideration. On the travel policy, while its relevance was acknowledged, the item lacked the necessary foundation for informed deliberation at this session.

Members broadly agreed with the deferral but stressed the importance of defining a clear way forward. In response, the Co-Chairs confirmed that the two items would be revisited procedurally before the meeting concludes. The agenda was formally adopted, with the understanding that the two deferred items would be addressed at a later point during the session.

Agenda Item 3(b): Organization of the Work of the Meeting

The Co-Chairs introduced the provisional schedule for the meeting, noting that an updated agenda for Day 1 had been circulated the previous evening. Tentative schedules for the remaining days would be shared in accordance with the pace of progress. Flexibility was emphasized given the Board's early stage and extensive agenda, with a commitment to timely communication of changes.

The Board also considered and adopted Decision B.1/D.2 on the interim arrangements for observer participation. The decision—based on informal consultations held the day prior—confirmed the use of webcast for open sessions and invited one representative from each of the nine UNFCCC observer constituencies to attend in person. The Co-Chairs clarified that while some civil society groups may regard this step as limited, it demonstrates an initial commitment to operationalizing the Governing Instrument's participation provisions, rather than diluting prior standards. Further consultations with observers were planned, including a dedicated dialogue later in the meeting. Hearing no objections, the Board adopted the decision by consensus.

Agenda Item 4: Workplan of the Board

The Co-Chairs clarified that the Board was not expected to adopt a comprehensive workplan at this stage but rather agree on **key priorities for B2** to guide preparatory work by the Secretariat. It was emphasized that these discussions would initiate substantive engagement, not finalize decisions, and that outputs would inform future meetings.

Several of the developing country Board members supported the proposed priority list but stressed it should not imply a fixed order of importance. They also called for recognition of items not addressed at B1, such as the long-term resource mobilization strategy, to be scheduled for B3. One developing country Board member requested this be explicitly reflected in the decision to ensure continuity of work. Meanwhile, developed country constituencies emphasized the need for a structured and milestone-based workplan for 2024. They objected to referencing internal Secretariat documents in the decision text and instead proposed language that would allow flexibility while ensuring deliverables are clearly sequenced. There were also calls to add new items—such as safeguards, resource allocation frameworks, and the naming of the Fund—to the B2 agenda. The Co-Chairs acknowledged these proposals, noting that some would need to be deferred due to the capacity of the Secretariat, but agreed that the Fund's name could be included at B2.

Boards called for an inclusive, transparent consultation processes to inform the full workplan. Some of the developing country Board members proposed including a reference to paragraph 22 of the Governing Instrument, to ensure the decision reflects the Fund's core mandate. It was also noted that outcomes from the ad hoc subcommittee workstreams should be integrated but not prejudged to ensure the decision reflects the Fund's core mandate. It was also noted that outcomes from the ad hoc subcommittee workstreams should be integrated but not prejudged.



Following real-time textual revisions, the Board agreed to:

- **Finalize a list of substantive issues to be addressed at B2**, including access modalities, FIF arrangements, selection processes, observer participation, and matters under ongoing Co-Chair consultations;
- **Request the Co-Chairs to present,** through open and inclusive consultations, **a sequenced 2024 workplan with clear milestones** for adoption at B2.

With no objections, the decision was adopted by consensus.

Agenda Item 5: Additional Rules of Procedure of the Board



The Board agreed to establish an ad hoc subcommittee to draft additional Rules of Procedure ahead of B2. The developing countries Board members requested stronger language to ensure mandatory Board consultation and clarified that the interpretation of the Governing Instrument should remain with the Co-Chairs. The developed countries Board members proposed minor edits and supported a phased drafting approach.

On Day 2, a compromise was reached on observer participation, a language revised to neutrally invite views on relevant provisions. With no objections, the decision and ToR were adopted.

On Day 3, the subcommittee reported it had begun work, prioritized key issues (e.g., roles of alternates, meeting modalities, observer-related rules), and would be supported by an initial draft from the Secretariat. The agenda item was formally closed and the draft decisions adopted, with updates expected before B2.

Agenda Item 6: Selection of the Host Country of the Board

The Board began discussions on selecting a host country, which will confer legal personality essential for the Fund's full operationalization. The Co-Chairs clarified that this is not immediately

required for interim arrangements with the World Bank, allowing progress on operational tasks to continue.

At the time of the session, four countries had formally submitted expressions of interest: the Philippines, Barbados, Bahamas, and Antigua and Barbuda. The Co-Chairs introduced a draft decision to **establish a Host Country Selection Committee**, outlining a process that included adopting Terms of Reference (ToR), defining evaluation criteria, launching an open call for submissions, and mandating the committee to present a recommendation report for Board consideration at a future meeting.



The developed country Board members supported the proposal and emphasized **the need for a clear, timely, and transparent process**. They requested clarification on whether the decision applied to the Board alone or also the Secretariat, suggested incorporating cost-effectiveness as criteria, and proposed aligning ethics guidance with World Bank standards. The developing country Board members stressed that the committee should act only in an advisory role, with the Board retaining final authority. They called for procedural corrections, inclusion of alternates, clearer reporting lines, and flexibility to avoid gridlock. Concerns were raised about premature restrictions on advisers' roles.

The Co-Chairs confirmed the selection of the committee applied only to the Board, not the Secretariat, and clarified that bidding countries would not serve on the committee. A revised draft was later circulated, reflecting feedback and finalizing committee membership. The decision was adopted by consensus, and **the Host Country Selection Committee was scheduled to begin its work that day**.

Agenda Item 7: Matters Relating to the Operationalization of the Fund as a World Bank-hosted Financial Intermediary Fund



The Board held in-depth discussions on the operationalization of the Fund under the World Bank as interim Trustee and host. The World Bank presented updates on its internal process, confirming that the World Bank's Board had expressed support for assuming the interim roles and was preparing a formal response by June. The World Bank emphasized readiness to establish a tailored "four key principles", distinct from the existing fund, and committed to upholding the 11 conditions outlined by the COP/CMA.

Throughout the three-day discussion, the Board members from both developed and developing countries raised concerns and expectations regarding institutional arrangements. The developing countries Board members strongly emphasized the need for a truly independent Secretariat—functionally accountable solely to the Fund's Board despite staff being contracted under World Bank rules. They underscored that independence must be preserved across all roles, particularly to avoid conflicts of interest due to the World Bank's multiple functions as Trustee, host, and potential implementing entity. The developed countries Board members also echoed the importance of Secretariat independence, while supporting clear governance structures and fiduciary safeguards.

The issue of **direct access** emerged as a central topic. The **developing countries Board members reiterated that direct access must be at the heart of the Fund's architecture to ensure equity, ownership, and responsiveness.** They cautioned against letting the World Bank's fiduciary requirements that could hinder the access of vulnerable communities and small-scale actors to the Fund. Several developing country members referred to the Governing Instrument's language on functional equivalency and requested flexibility in operationalizing access modalities without pre-empting the accreditation systems. The developed countries Board members welcomed this focus and encouraged early clarity on categories of access and risk management, supporting a phased or sequenced approach.

On **financing agreements**, the World Bank confirmed its willingness to sign agreements with implementing entities and direct access recipients. **The World Bank suggested that implementing entities will be designated by the Board and could be incorporated without going through the World Bank's formal accreditation process.** Some of the developing country Board members insisted that the World Bank must sign all financing agreements due to its legal role as Trustee, while acknowledging the associated risks. The developed countries Board members accepted this role in principle, provided fiduciary standards are maintained.

On **privileges and immunities of the Board,** the developing countries Board members pushed for broader application to all fund-related activities—every form of legal process to the Board, its funds, assets and other property in the host country. This condition only applies while Fund still within World

Bank's Trustee. The World Bank reiterated that the internal protocols need to separate the functions of Trustee, host, and implementing entities, along with distinct reporting lines for each function.

The World Bank acknowledged the political mandate set by COP28 and committed to internal flexibility, use of policy waivers if needed, and close engagement with the Board. World Bank confirmed no policy conflicts with the Governing Instrument had been identified so far, and any that may arise would be addressed through internal processes.

To advance work, the Co-Chairs presented **two draft decisions. The first draft decision outlined modalities for engagement with the World Bank and preparation of key documents (hosting agreement, Trustee agreement, and FIF documentation).** Debate emerged around the term "endorsement" of the FIF documentation. A developed country Board member objected, stating that COP/CMA decisions only require the Board to ensure the documentation meets the agreed conditions—not to formally endorse it. The Board agreed on the decision, after further consultations. The revised version separates the endorsement of the FIF documentation from formal adoption of the hosting and Trustee agreements and mandated Co-Chairs to lead further consultations with the World Bank.

The second draft decision, a formal statement to the World Bank on the Fund's intention to engage on direct access, was adopted following minor amendments. The developed country Board members supported the statement as a useful step for structured dialogue, while the developing country Board members proposed acknowledging the World Bank's flexibility and requested clarification on naming and terminology, leading to minor editorial changes.

The agenda item was then closed with an agreement to **revisit the operational arrangements upon the World Bank's formal acceptance, anticipated by June.**

Agenda Item 8: Arrangements for Observer Participation in the Board Meetings

The Board considered arrangements for observer participation based on document FLD/B1/6. Observers had presented a proposal to allow two interventions per agenda item—self-coordinated across six major UNFCCC-recognized constituencies. They requested that these interventions to be delivered during discussion.

In response to broad engagement of civil society in the Board meetings, members supported inclusive engagement. Developing country members emphasized ensuring participation from underrepresented groups, avoiding burdensome re-accreditation, and the provision of financial support. **Civil society called for broader and meaningful**



engagement beyond Board meetings, including access to documents and intersessional processes. Furthermore, developed country members endorsed practical modalities such as hybrid participation, focal points in the Secretariat, and written inputs from observers. They supported expanding participation beyond UNFCCC- accredited groups. The decision was adopted with broad consensus. Civil society welcomed the outcome and emphasized the need for sustained financial and procedural support to enable inclusive participation.

Agenda Item 9: Administrative Budget and the Report of the Interim Secretariat

The Board discussed the administrative budget and the interim Secretariat report. A document FLD/B.1/7 on an ad hoc subcommittee on the administrative budget was introduced.

An informal group met the day before to discuss the draft document for establishing an ad hoc subcommittee proposal in B1. The member of the informal group, which consists of six-members working team from both developed and developing countries, highlighted their early work, which discussed the key budget elements together with the Secretariat. A subcommittee member presented further materials, including a Secretariat organogram, refined budget clusters, and a flexible framework allowing contingency for items such as travel policy. **The Board then adopted the decision to establish the subcommittee on the administrative budget.**

The subcommittee presented the draft decision, including a flexible budget framework, contingency funding, and mechanisms for Secretariat requests. The subcommittee applied a stepwise approach that emphasized institutional ownership, gradual development of the budget system, while at the same time neither overspending nor underspending the budget allocated for the Board's functions.

The developed countries Board members welcomed the structure and clarity provided, while developing country Board members stressed the need for budget transparency, flexibility, and provisions for additional meetings and support roles.



The Board then adopted the draft decision, marking a key step in operationalizing financial governance of the Fund.

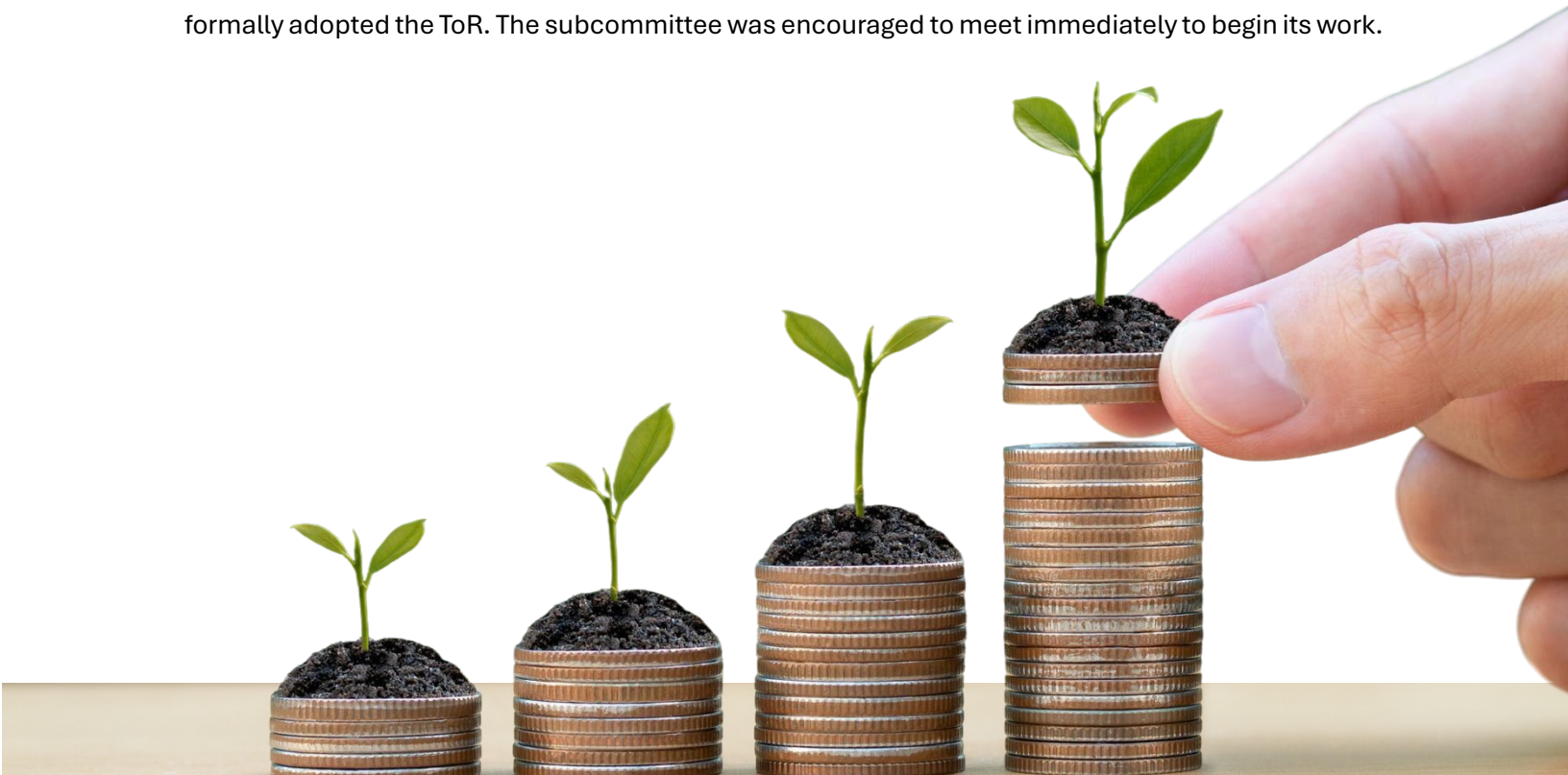
Agenda Item 10: Process for Selecting the Executive Director of the Fund

The Board discussed the process for selecting the Executive Director (ED), a position appointed by the Board under the World Bank contract, as the Fund operates as a Financial Intermediary Fund (FIF). The World Bank presented a "double-key" model for ED selection; the first one, the Board holds the final decision, and the World Bank must verify the process aligns with its HR rules and ensure due process. The second option is the World bank proposed the process for ED selection, including the development of ToRs, the grading process of the position, the engagement of the International Executive Search Firm, forms a panel that consists of the Board and the World Bank which will interview and do the shortlisting process, and the final selection of ED candidate. No formal decision on the ED process be made during this session.

The developing countries Board members raised concerns over (1) the World Bank's senior management, which has a no-objection role in the final nomination, potentially limiting Board authority; (2) lack of prior information and rushed process; and (3) the need for a clear ED seniority level and procedural transparency.

A closed session was scheduled to address concerns. A revised ToR to establish an ad hoc subcommittee to select the Executive Director of the Fund was then presented. The developing countries Board members proposed edits to clarify: (1) the intention of the selection process; (2) stronger engagement with the World Bank; and (3) the appointment of two co-chairs.

In contrast, the developed countries Board members initially preferred the single-chair model but showed flexibility. Other different views among others are using the intersessional or virtual decision making, with the developing countries opposed virtual Board-level decisions. After extensive discussion, including flexibility shown by developed countries and developing countries, the Board formally adopted the ToR. The subcommittee was encouraged to meet immediately to begin its work.



Agenda Item 11: Status of Resources

The Board took up agenda item 11 based on document FLD/B.1/10, focusing on the acknowledgment of pledges, encouragement of further contributions, and the facilitation of fund disbursement through the World Bank's interim arrangements.

The developing countries Board members underscored the importance of acknowledging pledges from both developed and developing countries, emphasizing the need for voluntary and grant-based contributions that are consistent with the Fund's Governing Instrument. Japan was commended for being the first to convert its pledge into a contribution.

Discussions on the draft decision centred on paragraph that contained language urging financial contributions. The developing country Board members strongly objected to the phrasing, arguing that it was inconsistent with paragraphs 12 and 13 of the COP28 cover decision and failed to maintain differentiation principles. Several Board members supported the compromised language proposed by the developing country Board members, aiming to soften the language to ensure broader acceptability. However, consensus could not be reached.

To preserve agreement and avoid a protracted drafting process, the Co-Chair proposed the full deletion of the paragraph, which was supported by the developed country Board members and met with no objection.



Paragraph 12:

"Also urge developed country Parties to continue to provide support and encourage other Parties to provide, or continue to provide support, on a voluntary basis, for activities to address loss and damage"

Paragraph 13:

"Invite financial contributions with developed country Parties continuing to take the lead to provide financial resources for commencing the operationalization of the Fund"

Agenda Item 12: Dialogue with the Civil Society

The Board held a dedicated session with civil society observers, allowing one representative per organization to engage directly in the discussion. The Co-Chair highlighted the significance of this exchange ahead of decisions on the observer participation policy and invited interventions from five civil society constituencies, including Women & Gender Constituency (WGC), Environmental Non-Governmental Organization (ENGO), Indigenous Peoples Organization (IPO), Fossil Fuel Non-Proliferation Treaty Initiative (FFNTP), and YOUNGO (Youth and Children Constituency).

Civil society observers urged the Board to institutionalize inclusive, rights-based, and gender-responsive approaches in the Fund's operations. They called for direct access for affected communities, including through a flagship small grants window; independent safeguards not solely based on World Bank standards; and formal mechanisms for Indigenous Peoples and youth participation. Concerns were raised about the limitations of current observer models, and the need for improved access, transparency, funding, and accountability mechanisms.

In response, the developed country Board members expressed collective support for enhanced and structured civil society engagement. They emphasized the importance of transparency, effective sequencing, and ensuring that the future Secretariat is equipped to meaningfully interface with stakeholders. They also encouraged the submission of concrete policy examples to inform future standards and frameworks, reaffirmed long-standing support for observer involvement, and requested clarity from observers on their preferred modes and timing of engagement.

The developing country Board members broadly welcomed the contributions of civil society, recognizing their essential role in reaching the most vulnerable communities and strengthening the Fund's inclusiveness and responsiveness. They **underscored the importance of meaningful partnership between CSOs and the Board, particularly in design, implementation, and local delivery.** Several stressed the urgency of resource mobilization at scale and the need to ensure geographic diversity and representation from Indigenous Peoples, youth, and grassroots communities. The developing countries Board members further called for **clear, institutional mechanisms for sustained CSO participation in transparency, monitoring, and access modalities.**



In closing, the Co-Chair reiterated that the dialogue was intended to inform real-time Board decision-making. Civil society representatives responded with further recommendations, including **streamlined accreditation for grassroots groups, mechanisms such as Indigenous Peoples' Advisory Groups and dedicated focal points in the Secretariat, and diversified funding streams**. They underscored that communities are already experiencing the realities of climate finance and should be co-designers of solutions. The Co-Chair concluded by encouraging continued informal exchanges during the session, positioning the Observer Participation Policy as the next key institutional milestone for inclusive governance.

Agenda Item 13: Dates and Venues of the Future Meetings

The Co-Chairs introduced the draft decision on dates and venues for the next Board meetings (B2, B3, and B4). No venues had been confirmed, although a formal offer to host B3 had been received from the COP29 Presidency.

The Board members agreed on the need for early planning but diverged over the specific dates. Several of the developing countries Board members called for adjusting B2 by one week to align with the Green Climate Fund's July meeting in Songdo and improve travel efficiency. Others—also from the developing country group—opposed the shift due to overlapping regional meetings and G20 events. The developed countries Board members largely supported rescheduling B2 to 8–12 July, while also noting the need for practical alignment with the broader UN climate calendar.



On B3, many of the developed countries strongly advocated moving the dates to 15–19 September to allow sufficient time ahead of COP29, citing operational and fiscal planning needs. Several of the developing country Board members objected, arguing that such a shift would constrain options for the High-Level Dialogue and overlook the invitation from the COP29 host. Concerns were also raised regarding the process of the selection of future meeting dates and whether the proposed changes reflected the majority's preferences.

To address the divergence, the Co-Chairs proposed a compromise:

- **B2** would remain on its original dates (9–12 July);
- **B3** would shift to 15–19 September;
- **B4** would remain on 2–5 December.

This sequencing was designed to support the timely finalization of the Trustee agreement and preserve document preparation timelines between sessions. The compromise was accepted by most of the Board members.

The Board also agreed to include new paragraphs—proposed by the developing countries Board members—requesting the Co-Chairs to consult on possible additional meetings in 2024 and to explore dates for the High-Level Dialogue as mandated by COP decisions. The Co-Chairs then confirmed the adoption of the decision by consensus.

Agenda Item 14: Report of the Meeting

The Co-Chair introduced the item by noting that, as this was the Board's first meeting, there was no established precedent on how to approach the reporting process of the meeting. A provisional method was proposed, drawing from the practice of the Green Climate Fund, and was presented as non-binding for future sessions.

Under the agreed approach, the interim Secretariat, in coordination with the Co-Chairs, will prepare a draft report and circulate it to the Board members for written comments. The final version will be presented for formal adoption at the B2. In the meantime, a draft of decisions adopted at B1 will be circulated within two weeks for verification. The Board also agreed that a paper outlining options for formalizing this agenda item in future meetings will be developed to be considered at B2. The approach was accepted without objection, and the Secretariat was requested to proceed accordingly.



Way Forward

Looking ahead to B2 and B3, the following priority actions and deliverables were identified:

For **B2,** the Board is expected to consider and adopt the following:

- Adoption of the **2024 Workplan** with sequenced deliverables and clear milestones;
- Review and approval of:
  - Draft **hosting agreement**, **Trustee agreement**, and **FIF documentation** developed in consultation with the World Bank;
  - **Revisit the operational arrangements** upon the World Bank's formal acceptance, anticipated by June;
  - **Draft Terms of Reference and selection process for the Executive Director**;
  - **Draft** R**ules of Procedure** as prepared by the ad hoc subcommittee;
- Selection of the **host country** of the Board based on the report of the ad hoc subcommittee on the selection of the host country of the Board.

Preparatory Work by Interim Secretariat and Co-Chairs:

- Conduct **inclusive consultations with constituencies** to finalize the workplan and advance technical drafting;
- Issue a public call for **host country proposals** and facilitate subcommittee evaluations;
- Continue engagement with the **World Bank**, ensuring transparency and Board oversight.

Subcommittees' Deliverables (Due on B2):

- Ad hoc subcommittee on **additional Rules of Procedure of the Board** to submit a refined draft addressing meeting modalities, alternates, observers, and other procedural gaps;
- Ad hoc subcommittee on **the selection of the Executive Director for the Fund** to present recruitment documentation and a proposed timeline;
- Ad hoc subcommittee on **the selection of the host country of the Board** to submit final recommendations.

Further Issues to be Addressed at B2 (tentatively):

- Long-term **resource mobilization strategy**;
- Safeguards and **resource allocation frameworks**;
- Finalization of the official **name of the Fund**;
- Review of potential **direct access** pathways under FIF modality.

