Summary

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

Date: 9-12 July 2024 | **Location:** Songdo - Incheon, Republic of Korea

The Second Meeting of the Board of the Fund for Responding to Loss and Damage (FRLD) secured key milestones in operationalizing the Fund. Held in Icheon from 9 to 12 July 2024, the meeting brought together Board members from developed and developing countries, observers, and representatives of the interim Secretariat (UNFCCC, GCF, and UNDP).



The Board adopted key foundational decisions, including 2024 workplan, finalized the Executive Director recruitment process, and advanced interim governance measures (conflict of interest policy, consensus procedures). It endorsed continued interim observer arrangements, initiated work on a formal observer policy, and agreed guiding elements for a travel policy. Engagement with the World Bank (as interim Secretariat and Trustee) progressed toward draft hosting and trustee agreements, to be reviewed at B3. Technical discussions addressed access modalities, functional equivalency, and financial instruments, emphasizing direct budget support, rapid-response mechanisms, and grant prioritization for vulnerable countries. Arrangements with the COP/CMA were approved, and preparations began for the first High-Level Dialogue (launch at COP 29, full event in 2025). Priority actions before B3 include finalizing legal agreements with the World Bank, shortlisting ED candidates, refining country programming concepts, and progressing unresolved policy items. The full decision of the meeting can be accessed through this link.

Agenda Item 1: Opening of the Meeting



The meeting commenced with opening statements from invited guests. Mr. Ji-young Choi, Deputy Minister for International Affairs Ministry of economy and finance of the Republic of Korea, welcomed participants and expressed the honour of hosting the second meeting of the Board. He underlined the undeniable need for financial support, announcing the Government of Korea's voluntary contribution of USD 7 million to support the Fund's inception. He affirmed Korea's commitment to sharing its knowledge and technology on climate change response and green transition with the international community, encouraging other developed countries to contribute. He stressed that beyond financial support, coordinated efforts and the sharing of expertise are essential for the Fund to achieve tangible change, and reaffirmed Korea's readiness to provide all necessary support for the successful conclusion of the meeting.

On behalf of the Board, the Co-Chair expressed deep gratitude to the Republic of Korea for its voluntary contribution.

A video message was delivered by Mr. Mukhtar Babayev, President of COP 29, who recalled the urgent need to make progress in addressing loss and damage, referencing the recent impacts of Hurricane Beryl. He highlighted the COP 29 Presidency's vision, based on enhancing ambition and enabling action, with the goal of keeping the 1.5°C target within reach and leaving no one behind. He underscored the importance of providing support and resources commensurate with the scale and urgency of the challenge, noting that failure would lead to existential threats. He welcomed the Board's decision to engage with the World Bank as interim Secretariat, and the World Bank's acceptance of that role. He expressed expectations that the Board would adopt a 2024 work plan with clear objectives, and make progress on selecting an Executive Director and a host country for the Fund, while operating inclusively and transparently.



The Co-Chairs then delivered their opening statements. Ambassador Thompson (Barbados) expressed gratitude to the host country and to the Co-Chairs, and detailed the catastrophic impacts of Hurricane Beryl in the Caribbean, underlining the urgency for the Fund to act decisively. He stressed that the Board must create a Fund that reflects both the scale of the risk and the urgency required, and that responses must be rapid, as people are living and dying in crises they did not cause.

The Co-Chairs announced changes in Board membership and confirmed the agreement to admit active observers to the meeting in virtual format. Developing country welcomed Armenia as a representative of developing countries not included in the regional groups and constituencies referred to in paragraph 17 b 2f of the Governing Instrument, on the understanding that Armenia is representing this group of developing countries.

The Co-Chairs requested the Board's endorsement of their decision to use the contingency budget, approved at the first Board meeting, to fund support for advisors to developing country alternate members for this meeting. They noted that the Budget Committee had been informed in advance, but sought formal confirmation to avoid using funds without Board approval. A draft decision to use the contingency budget for this meeting only was circulated. As no objections were raised, the decision was adopted. The Co-Chairs expressed hope that a travel policy would be finalized at this meeting to avoid repetition of the issue at the third Board meeting.

Agenda Item 2(a): Adoption of the Agenda



The Co-Chairs informed the Board that a revised version of the provisional agenda (document FLD/B.2/1/Rev.1) had been distributed the previous evening to include an additional agenda item on dialogue with civil society.

The developing country expressed support for adopting the agenda. They echoed Ambassador Thompson's earlier call for effective progress on the Fund, recognizing its importance for people worldwide. They further stressed the need for background documents to be shared well in advance—ideally 21 days prior to meetings—and for draft decisions to be consulted ahead of time to ensure an effective yet agile process that balances both progress and quality.

The Co-Chair concurred that the Board must progressively establish a routine that enables members to have sufficient time to review documentation, thereby allowing for decisions to be taken in an appropriate and efficient manner. The agenda was adopted without objection.

Agenda Item 2(b): Organization of the Work of the Meeting

The Co-Chairs noted that the proposed schedule for the day had been circulated, with possible adjustments depending on the pace of the host country selection process. They indicated that a session with civil society could take place either later that day or the following day.

On documentation, the Co-Chairs acknowledged the difficulty of meeting the three-week advance circulation policy due to the short interval—8 to 9 weeks—between B1 and B2, and similarly between B2 and B3, which leaves approximately six weeks for document preparation. While recognizing that such delays were understandable at this early stage, they stressed that the Board should aim to meet the three-week target in future meetings. They called for understanding of the interim Secretariat's limited capacity and urged that work mandates for subcommittees take this into account. They further proposed a clear commitment from all members to improve documentation timelines by B3 and B4, and expressed appreciation to the interim Secretariat for their active support and hard work.



Agenda Item 3: Report of the first meeting of the Board

The Co-Chairs presented document FLD/B.2/2 containing the draft report of the first meeting of the Board of the Fund for Responding to Loss and Damage and invited the Board to consider its adoption. A developing country noted that several members had requested the inclusion of their statements in the record, emphasizing that such inclusion was important for future Board members to understand the rationale and spirit behind past decisions. The agenda item was adopted without objection.

Agenda Item 4: Report of the interim secretariat

The Co-Chairs opened the discussion by acknowledging the significant progress achieved since the first Board meeting and invited the interim Secretariat to present the report.



The interim secretariat had worked extensively to support the Co-Chairs and the Board in advancing the full operationalization of the Fund, in accordance with COP/CMA decisions, the Governing Instrument, and decisions of the first Board meeting. He recognized the dedication of the Secretariat team while noting areas requiring further improvement, particularly in coordination, document quality, and consultation processes. The interim Secretariat had facilitated the drafting, editing, and publication of sixteen official documents for the B2, supported pre-meeting observer briefings, and organized two board briefing sessions to promote transparency and engagement. It also provided substantive and administrative support to ad hoc subcommittees on additional rules of procedure, selection of the host country, administrative budget, and recruitment of the Executive Director. Furthermore, the Secretariat supported the development of background papers on access modalities and operational triggers, including drafting a framework for functional equivalence, and initiated work on financial instruments and active observer participation, consulting UNFCCC observer constituencies. Contributions were also made to preparations for the upcoming annual high-level dialogue in coordination with the UN Secretary-General's Executive Office. The Secretariat shared budget execution data transparently, including an annex endorsed by the ad hoc subcommittee on administrative budget. The Secretariat's commit to support the Board and Co-Chairs in preparations for the B3.

A developed country expressed appreciation for the comprehensive report and the Secretariat's ongoing support. They proposed that future Secretariat reports be structured more directly around the Board's approved work plan, reflecting inputs and progress, while ensuring the reporting process does not impose undue burden on the Secretariat.

The interim Secretariat welcomed the suggestion, confirming that following the Board's adoption of the work plan, it would consider ways to enhance the structure of its reporting. It reaffirmed its commitment to align future reports with work plan items to better support the Board.

Agenda Item 5(a): Activities of the Co-Chairs

The Board considered document FLD/B.2/4, the Report of the Co-Chairs, summarizing activities since the first meeting, including participation in the Third Glasgow Dialogue in Bonn and preparation of various proposals.

Agenda Item 5(b): Proposals from the Co-Chairs



Under sub-agenda item 5(b), the Co-Chairs introduced document FLD/B2/5, which included proposals on:

- An interim statement on conflict of interest and ethics
- An interim procedure for exhausting consensus
- An interim procedure for intersessional decisions

The Co-Chairs stressed the need for these interim measures to ensure minimum standards of conduct and governance until definitive policies are adopted. The interim statement on conflict of interest and ethics (draft decision B2/interim statement) was circulated the night before and, seeing no objection, was adopted by the Board.

The interim procedure for exhausting consensus (draft decision B2/D/interim procedure) was circulated the previous night and, seeing no objections, proposal was adopted.

Regarding the interim procedure for decisions without a Board meeting (Document FLD/B2/4), the Co-Chairs introduced it as a precautionary measure with no urgent application during this meeting. Written input was invited by the end of the day, and the item would be revisited on the last day for possible adoption.

A developing country expressed support but clarified the procedure applies only to host country selection. The Co-Chairs agreed and confirmed this.

The Co-Chairs proposed temporary procedures for addressing urgent matters between Board meetings, pending the adoption of permanent rules under agenda item 8. The draft decision (later B.2/D.7) had been circulated earlier with no comments received and was reissued unchanged. Upon request from a developing country member, the draft decision was displayed to confirm reference to the approval of the interim procedures as contained in Annex 10 of the background paper FLD/B.2/5.



During the discussion, a developing country member proposed adding language to specify that the procedures would be applied on a case-by-case basis with a clear justification for urgency, and that they are temporary and do not prejudge permanent procedures to be adopted under paragraph 26 of the Governing Instrument (GI); the Co-Chairs agreed to include this as subparagraphs (b) and (c) of the decision.

Another developing country member sought clarification on paragraphs 5 and 6 of the Annex, highlighting a potential ambiguity who decides if a matter "cannot otherwise be resolved" before the next Board meeting; the Co-Chairs explained that this would be determined in discussion with the member concerned, who would make the final decision on whether to uphold their written request. Following these amendments, the Board adopted the decision as amended.

Indigenous People Organization (IPO) stressed the need for timely and inclusive observer engagement in between-meeting decisions, allowing adequate consultation time before the no-objection period, and avoiding past shortcomings where observers were informed after decisions had been taken. The Board took note of the intervention and confirmed that observer participation would be discussed under a separate agenda item. The Co-Chairs then closed Agenda Item 5(b)

Agenda Item 6: Selection of the Executive Director for the Fund

The Co-Chair introduced the agenda item and document FLD/B.2/6, containing the ad hoc subcommittee's report on their work. The ad hoc subcommittee emphasized that the report reflected member feedback and was consistent with the Governing Instrument (GI). The report also included the Terms of Reference for the Executive Director (ED), the selection process and timeline, endorsement of the Terms of Reference for an Human Resources (HR) search firm, a request for a shortlist update by B3, and confirmation of the World Bank's role in procuring the HR firm and covering costs while the Board remained in charge.



Under the discussion, Board members raised concern over the removal of language reflecting the scale of the Fund from the background and job description, proposing additions to highlight mobilization of resources "in the scale of billions" and to signal ambition for attracting high-calibre candidates. The ad hoc subcommittee Co-Chairs explained the intention to reflect evolution and scalability without numerically limiting ambition. Following the issue raised, the Co-Chair suspended the session and convened a small huddle between the developing-country proponent, the ad hoc subcommittee Co-Chairs, and the Executive Secretary to seek consensus on the proposed language regarding Fund scale. No agreement was reached, and the matter was referred back to the ad hoc subcommittee for follow-up outside the plenary.

When the discussion resumed, a developing country Board member proposed amending the decision text to explicitly welcome the ad hoc subcommittee's report before proceeding to adopt the ED Terms of Reference (ToR). This proposal was accepted. Another board member highlighted a potential misalignment between the ED's four-year term and the scheduled independent review, suggesting that the issue be noted for future consideration.

YOUNGO calling for the ED ToR to place stronger emphasis on familiarity with the UNFCCC, Paris Agreement, and loss and damage finance; to incorporate commitments to inclusive, equitable, and rights-based approaches; and to ensure that recruitment extends beyond the MDB ecosystem so as to reflect the Fund's values in candidate selection.

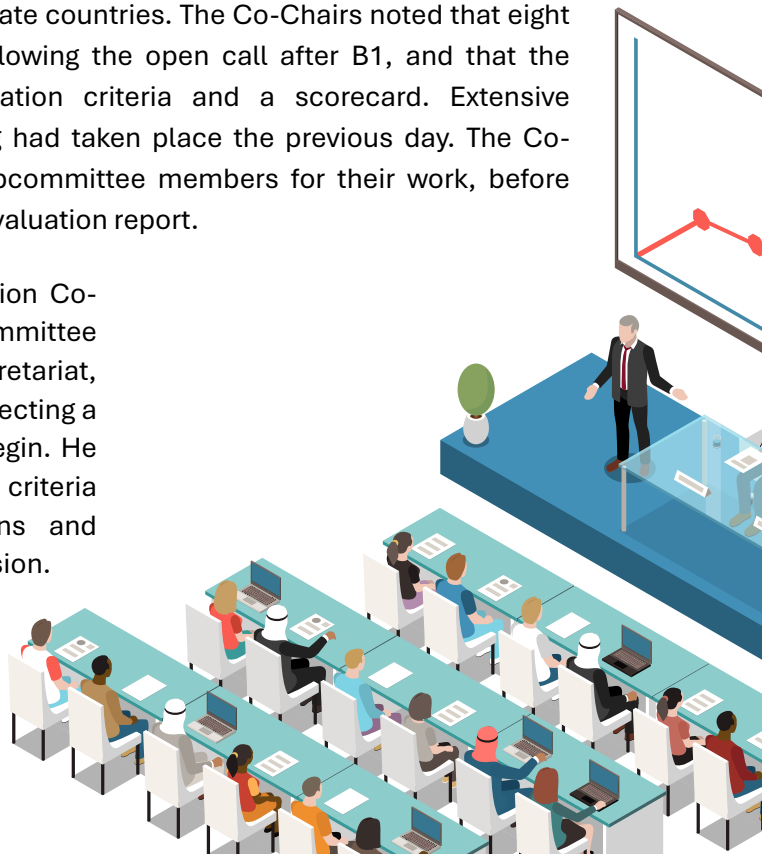
The ad hoc subcommittee presented consensus text outlining the ED's responsibility to grow the Fund from its appointment level towards a scalable and flexible multilateral finance channel under the World Bank-hosted Financial Intermediary Fund for an interim four-year period, with the possibility of extension or permanence. A minor editorial change was made in the Terms of Reference text, which was then adopted without objection. The agenda item closed with appreciation to the ad hoc subcommittee and confirmation for the recruitment process to proceed under the agreed terms.

Agenda Item 7: Selection of the host country of the Board

The Co-Chairs recalled that the Governing Instrument provides for a process to grant the Board legal capacity and personality, and that the COP/CMA had requested that this process be expedited. At B1, the Board had established an Ad Hoc Subcommittee on Host Country Selection.

The Board considered document FLD/B.2/7, containing the report of the Ad Hoc Subcommittee and two annexes with confidential responses from candidate countries. The Co-Chairs noted that eight countries had submitted expressions of interest following the open call after B1, and that the Subcommittee had developed and applied evaluation criteria and a scorecard. Extensive constituency consultations and an informal meeting had taken place the previous day. The Co-Chairs thanked all candidate countries and the Subcommittee members for their work, before inviting the Subcommittee Co-Chairs to present the evaluation report.

The Ad Hoc Subcommittee on Host Country Selection Co-Chairs , expressed appreciation to the Ad Hoc Subcommittee on Host Country Selection members, the interim Secretariat, and all applicants, and stressed the importance of selecting a host country at B2 to allow formal negotiations to begin. He noted that the report compared proposals against the criteria adopted at B1, included all original submissions and clarifications, and aimed to support an informed decision.



Ad Hoc Subcommittee on Host Country Selection Co-Chairs elaborated on the methodology, explaining that the criteria focused on granting the Board legal personality and immunity, and on hosting its official business. Additional questions were sent to applicants, and responses included in the report. The interim Secretariat also provided independent data on post-adjustment indexes, air connectivity, universal health coverage, and ICT development to inform the assessment.

Following two and a half hours of closed session, the Co-Chairs reported that consensus had been reached. **The Board adopted, without objection, a decision to:**

- **Select the Philippines as the host country of the Board of the Fund;**
- Mandate the Co-Chairs, with Secretariat support, to **engage with the Government of the Philippines to negotiate the Host Country Agreement;**
- Request the Co-Chairs to report progress prior to signing; and
- Authorize the Co-Chairs to sign upon satisfactory conclusion of negotiations.

Board members congratulated the Philippines, welcomed the decision as a milestone in operationalizing the Fund, and pledged support in finalizing legal arrangements. Several board members highlighted the competitiveness of other proposals and the solidarity among the seven developing country candidates. Many reiterated the urgency of delivering finance for loss and damage, citing recent extreme events in countries including Nepal and the Caribbean.



Agenda Item 8: Additional rules of procedure of the Board

The Board resumed consideration of Agenda Item 8, with the Chair inviting the Co-Chairs of the ad hoc subcommittee to present the addendum to document FLD/B.2/8, reflecting developments since the start of B2. The member of ad hoc subcommittee, outlined the background, noting three in-person meetings held during B2 and highlighting progress on certain provisions, including removal of the section on interventions, deletion of the single Co-Chair presiding clause, and introduction of measures to ensure continuity during Co-Chair transitions. Outstanding issues included definitions under paragraph 2(r), delegation of rights under paragraph 17, and procedures for transmitting decisions between meetings under paragraph 53. The Co-Chair of ad hoc subcommittee on the

additional rules of procedure of the Board requested the Board to extend the subcommittee's mandate to B3 to allow for further consultations, including with civil society.

The Co-Chair of ad hoc subcommittee on the additional rules of procedure of the Board acknowledged the contributions of members, the interim Secretariat, and active observers, and encouraged continued engagement to resolve the remaining issues. The Chair noted that the addendum had been circulated only shortly before the session, reaffirmed the subcommittee's mandate, and proposed continuation of its work until B3. The board agreed to extend the ad hoc subcommittee's work up to B3.

Agenda Item 9: Workplan of the Board



The Co-Chair opened the discussion on the Workplan of the Board for 2024, highlighting the annex tables on institutional arrangements and policy mandates. Key milestones before the B3 include the Executive Director's submission of documentation by 12 August 2024, Board decisions at B3 on the Hosting Agreement and Trustee Agreement, and the first report to the COP/CMA confirming the World Bank's capacity to meet agreed conditions.

The Board reviewed the policy mandates set out in the workplan. Items for B3 include observer accreditation, further work on the rules of procedure, an updated administrative budget reflecting earlier decisions, and trustee arrangements, including the ability to collect pledges from COP28. Some matters were postponed to B4 due to time constraints, such as potential discussions on funding arrangements with the Santiago Network. The Co-Chair emphasized that the workplan is intended to be a rolling document, updated at each meeting.

The draft decision text was then introduced. Paragraphs B–D tasked the Co-Chairs of the ad hoc subcommittee on the administrative budget to engage with the World Bank before 12 August on cost recovery matters and report back with recommendations. Paragraph E focused on developing a

bottom-up, country-driven programming approach, with an initial concept sketch to be presented at B3 and further work towards possible adoption at B4. Developed country members supported keeping a detailed list of elements in the text to guide future discussions, suggesting specific clarifications, while others—including developing country members—preferred moving these details to an annex or footnote to avoid pre-empting policy debates.

Further interventions raised points on the use of external resources, separation of discussions on access modalities and financial instruments, and the need to prioritize a long-term resource mobilization strategy. There was broad support from both developed and developing country members to adopt the workplan at B2, recognizing its flexibility. Members also agreed to develop the country programming concept paper for B4, with an initial presentation at B3.

The Board adopt the workplan, recognizing it as a rolling document. Next steps include revising the decision text to reflect this status, updating the scope for the country programming paper, and potentially annexing or footnoting the detailed elements raised. The Co-Chairs will circulate the propositions on country programming and early interventions to members at least 14 days before B4.

Agenda Item 10: Matters relating to the operationalization of the Fund as a World Bank-hosted financial intermediary fund

No decision was taken under this item. This session focused more on the operationalization of the Fund as a World Bank–hosted financial intermediary fund (FIF) by the World Bank. The Co-Chairs opened the agenda item, referring to document FLD/B.2/10/Rev.1 and their report on engagement with the World Bank since the B1, including confirmation from the World Bank's Board of Executive Directors of its roles as interim Secretariat and Trustee. They outlined the matters under discussion—operational policy provisions, trustee and hosting arrangements, contribution agreements, Secretariat setup, Executive Director selection, and cost recovery—noting further work ahead on the outline of the hosting and trustee agreements and COP28 pledge contribution agreements.



The World Bank presented its commitment to operationalizing the Fund in line with Annex I of the Decision 1/CP.28 on the Governing Instrument, describing its three roles—Trustee, Secretariat, and potential Implementing Entity. The hosting arrangement would define Secretariat functions, applicable internal policies, functional independence, and cost recovery, with two cost categories: direct (e.g., staff, travel, services) and indirect (20% of direct costs). The trustee agreement would establish and manage the FIF, set terms for contributions, investment management, and transfers, and end responsibilities upon fund transfer to Implementing Entities, while upholding high fiduciary standards. Draft agreements would be shared with the Board by 12 August for review at B3.

Key interventions included calls from developing country members for clarity on direct budget support and trustee discretion in recipient selection, with the World Bank confirming that direct budget support is permissible under paragraph 49(a) of the Annex I of the Decision 1/CP.28 and that the Trustee does not determine recipient eligibility but conducts Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) checks using standard databases. Developed country members sought assurance that agreements could be amended as the Fund evolves; the World Bank confirmed amendments are possible with agreement of the Board, Trustee, and Contributors. Concerns over cost recovery rates and transparency were met with clarification that the approach is standardized across FIFs, fully disclosed to the Board, and has been independently reviewed.

Further interventions emphasized the need for legal clarity, liability arrangements, and full Board participation in reviewing drafts. The developing country board member called for multiple engagement points before B3, pre-alignment of drafts with Board expectations, interim Secretariat legal review, and timely circulation of documents. The Co-Chairs agreed, committing to engage with the World Bank before 12 August, report back to the Board, consolidate comments, and seek legal advice if necessary. The World Bank reaffirmed its aim to deliver a COP/CMA-aligned draft with minimal disagreement, enabling disbursements in 2024.



Agenda Item 11: Access modalities, including in relation to the development of relevant indicators and triggers to clarify access and operational modalities for the Fund, including a functional equivalency framework

The Board opened agenda item 11 as an initial discussion on the forms and mechanisms for accessing the Fund, the use of indicators and triggers, as well as the framework for "functional equivalency" under the Governing Instrument, with background document FLD/B.2/11 as the basis. The interim Secretariat presented possible access options— including direct access through governments, national/subnational/regional entities, partnerships with entities accredited to other funds, international access, small grants, and fast-disbursing mechanisms—along with lessons from both climate and non-climate funds. The presentation also covered country ownership, the role of intermediaries, simplified or fast-track accreditation, direct budget support, small-grants facilities, and the flexible use of indicators and triggers.



In interventions, the board members underscored the need for close alignment between access modalities and the Fund's operating model, differentiation according to event types (rapid onset, slow onset, non-economic loss), and coherence with financial instruments. Many supported direct recognition of entities already accredited by the GCF, Adaptation Fund, or GEF without re-accreditation, applying "functional equivalency" for new entities to ensure simpler, context-appropriate processes. There was strong support for direct budget support to national treasuries for rapid response, followed by programmatic approaches for longer-term needs, in ways that strengthen national capacity and avoid fragmentation.

The developing countries called for nationally-programmatic, single-window approaches with flexible use of funds, including community grants. The board members also stressed the importance of clear indicators and disbursement triggers, while a developing country proposed a approach system combining automatic triggers with Board confirmation to ensure accountability. Members agreed that further work was needed to define access modalities in coordination with discussions on triggers, financial instruments, and institutional arrangements before decisions could be taken at future meetings.



Agenda Item 12: Financial instruments, modalities and facilities



The Board considered document FLD/B.2/12, prepared under the mandate of the Governing Instrument, reviewing a range of financial instruments, modalities, and facilities used in climate and non-climate funds, their applicability to the Loss and Damage Fund, and principles for selection. The Secretariat presented two parts: (a) comparative analysis of nine instruments — grants, concessional loans, guarantees, direct budget support, equity, insurance, risk-sharing mechanisms, pre-arranged financing, and performance-based programmes — with strengths, weaknesses, and lessons learned; and (b) principles such as debt sustainability, equity, fairness, rapid disbursement for rapid-onset events, programmatic approaches for slow-onset events, data integration, and complementarity with other mechanisms. Initial proposals included establishing rapid-response and long-term windows, small grant facilities, and prioritising simple instruments such as grants in the early phase.

The Co-Chair cautioned against replicating restrictive models from other funds and suggested a bottom-up, country-programming approach with pre-arranged financing packages tailored to national vulnerabilities, linking instrument choice to country context and avoiding additional costs of traditional accreditation.

Developing countries largely favoured prioritising grants, especially for LDCs, with concessional loans used only in special cases, citing debt sustainability, climate justice, and the Governing Instrument's provisions. They supported direct budget support, simple access modalities, functional equivalency for entities, and flexibility in triggers. Concerns were raised about safeguards, conditionalities, and private sector entry through facilities. Several underscored the need to define the Fund's vision, scope, and business model before finalising instruments.

Developed countries supported a country-driven, programmatic approach, with "form following function" and instruments chosen according to clearly defined goals. A Developed country stressed the need for a "North Star" target, programmatic national response plans, and avoiding first-come, first-served disbursements. Some supported using budget support modalities and leveraging existing social protection systems.

ENGO and IPO urged that instruments be equity-based, gender-responsive, and avoid debt creation, with full-cost grants as the primary mechanism. They advocated incorporating social protection

schemes, community-based knowledge, and participatory assessments, and leveraging existing national programmes for rapid delivery.

The Secretariat clarified that direct budget support depends on donor-defined criteria and can strengthen national ownership, and that pre-arranged financing includes mechanisms such as contingency funds, parametric insurance, catastrophe bonds, and regional risk pools, which should remain flexible and context-specific.

The Co-Chair concluded by requesting the Secretariat to prepare operational paragraphs for inclusion in the decision on the work plan, integrating inputs from the current and previous discussions, for consideration at B3, and noted proposals for a possible Chatham House-style retreat.

Agenda Item 13: Arrangements between the Conference of the Parties, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and the Board of the Fund for responding to loss and damage

The Board considered document FLD/B.2/13 containing the draft arrangements between the COP, CMA, and the Board, prepared by the Standing Committee on Finance (SCF) in line with mandates from the COP and CMA decisions in Dubai. The SCF Co-Chairs transmitted the draft. It was clarified that the SCF's role was to prepare the draft, which would then be taken forward by the Board, COP, and CMA, with two separate decisions expected—one under the COP and one under the CMA—similar to previous adoptions of the Governing Instrument and Transitional Committee outcomes. Based on constituency discussions, the Co-Chair confirmed members were ready to proceed without reopening the draft. An editorial amendment was agreed to clarify the title and preambular paragraph. With this amendment, the Board approved the draft Arrangements, agreed to include them in the Fund's annual reports, and requested the Co-Chairs to inform the SCF Co-Chairs of the decision. No objections were raised, and the decision was adopted as amended.



Agenda Item 14: Participation of active observers in Board meetings and related proceedings

The Board considered document FLD/B.2/14/Rev.1 and its addendum summarizing consultations with civil society. The Co-Chair noted that while the paper set out options for the number and constituencies of active observers based on the Governing Instrument, related issues were still under discussion in other ad hoc subcommittees, including the Rules of Procedure, Travel Policy, and Conflict of Interest policy. The focus at this stage was to reach agreement on the number of active observers and the constituencies they represent, with other provisions to be addressed in future policies.

Observer constituencies proposed expanded representation and stronger participation rights, including access to all Board proceedings, alternates for each group, comprehensive travel support, and translation in all UN languages. Board members from both developed and developing countries supported a stepwise approach, with some calling for more institutionalized arrangements and cautioning against overreliance on the Co-Chairs. Proposals also included hybrid participation and innovative engagement formats. The Co-Chairs clarified that current practice allows one observer per constituency with rotation, though formal policy is not yet in place.

The Co-Chairs proposed continuing the interim arrangements from B1 and B2 until a formal policy is adopted, and requested the Secretariat to develop a draft policy for active observer arrangements (Stage 1), followed by accreditation (Stage 2) and consultative forums (Stage 3). The draft policy would be considered no later than B4, with flexibility to advance to B3 if consultations conclude early. This interim practice would not pre-empt the final policy.

On the final day of the meeting, the Board adopted the decision without objection. The Secretariat will begin consultations and prepare the draft policy, with related financial and procedural support for observers to be addressed under the travel policy. The Co-Chairs confirmed continuation of civil society dialogue during Board meetings and encouraged completion of consultations ahead of B3 to enable earlier adoption.



Agenda Item 15: Arrangements for establishing and operationalizing the annual high-level dialogue

The Co-Chairs introduced the agenda item, recalling earlier discussions and presenting a draft decision developed as a compromise between differing views on timing. A hybrid approach was proposed: the High-Level Dialogue would take place in 2025, at a date and venue to be determined by the Board, while its launch would occur during COP 29. The Co-Chairs noted discrepancies in terminology within the draft decision and clarified alignment with UNFCCC editorial convention. The launch event may include participation by the UN Secretary-General, the COP29 Presidency, the COP28 Presidency, the President of the Philippines, heads of independent secretariat funds, and possible presentations from countries implementing funding arrangements.

A concept note to be presented at B3 will outline the 2025 Dialogue concept, the structure and content of the 2024 launch event, and proposed themes and agenda. The Forum on Financing for Development Follow-up (FfD) in New York, previously considered as a venue, was found unsuitable and has been cancelled. The Secretariat will return to the Board with the concept note, a proposed date for early Q1 2025, and an overview of the COP29 launch. Developing country member raised concerns about references to the “high-level segment” and the “United Nations Climate Change Conference in Baku,” resulting in agreed amendments to ensure accuracy, including phrasing the launch as “alongside the high-level segment” to reflect its status as a side event. With these adjustments and editorial refinements to be finalized by the Secretariat, board members confirmed readiness to adopt. Developed country members welcomed the decision, underscoring its importance for engaging the wider funding landscape and strengthening complementarity across loss and damage finance. With no objections, the decision was adopted.



Agenda Item 16: Matters under consultation by the Co-Chairs

(a) Travel policy

The Co-Chairs recalled that, as agreed on Day 1, the contingency budget would be used to fund advisors for alternate Board members to ensure equitable participation. They noted the absence of convergence on the substantive elements of the travel policy and stated that the objective at this meeting was to agree on guiding principles for its development, with a focus on ensuring participation of developing country Board members, alternate members, and their advisors.

During the discussion, developed countries stressed the need for cost-efficiency and a needs-based approach, noting that coverage for all members, alternates, and multiple advisers would be excessive. They proposed benchmarking against comparable institutions and considering environmental sustainability. Developing countries strongly opposed any additional eligibility criteria such as Gross National Income (GNI) thresholds, underscoring that equal and fair participation is essential and rejecting selective application of environmental concerns. They emphasized the role of advisers in enabling effective engagement, particularly for LDC and SIDS members, and pointed to persistent challenges in virtual participation.

Developed country called for more detailed financial and emissions data to inform decisions. The Co-Chairs acknowledged the request but highlighted the Secretariat's limited capacity and reiterated that the issue should be addressed on the basis of principle, with a dedicated budget line for travel in future Board budgets.



Further interventions reaffirmed the importance of equal participation, well-being, and sustainability, with developing country advocating the use of "elements" instead of "principles" in the draft decision to avoid legal implications. Divergence remained on references to environmental measures and adviser eligibility. The Board did not reach consensus in the morning session, and the item was suspended for further consultations.

In the resumed session, the Co-Chairs presented a compromise proposal, noting no substantive changes to paragraphs A–D and revisions to paragraphs E–G to reflect the discussions. Paragraph E sets out that the travel policy will: ensure full and equal participation in all Board meetings and related proceedings; manage human well-being; reduce and mitigate environmental impact and ensure sustainability of travel; and address cost efficiency and minimize travel time. Paragraph F requests a technical paper from the Secretariat, for consideration at B3, on options for meeting

formats, including challenges and solutions for in-person, hybrid, and virtual meetings. Paragraph G requests the interim Secretariat, in consultation with the ad hoc subcommittee on the administrative budget, to provide budget estimates for implementing the draft travel policy in the same technical paper.

The Co-Chairs urged the Board not to reopen discussion. With no objections, the decision was adopted.

(b) Name of the Fund

The Board considered document FLD/B.2/16/Rev.1 under matters for consultation by the Co-Chairs. The Co-Chairs recalled that the issue of the Fund's name, originally listed at B1, had been deferred for further consultation, following the COP28 President's request for the Board to determine a final name. Since then, the term "Fund for responding to Loss and Damage" had been consistently used in official decisions, including the host country agreement, and reflected in materials such as the logo, badges, and documentation. While some members had shown interest in alternative names, there was no convergence on new proposals, and the Co-Chairs concluded that retaining the current name was the most logical and consensual approach. With no objections, the Board adopted the name "Fund for responding to Loss and Damage," to be formalized in writing as Decision B.2/D.15.

(c) Other matters discussed by the Board at its first meeting

There was no discussions under this agenda item



Agenda Item 17: Dialogue with the civil society

Under this item, the Co-Chairs recalled the multi-step approach to active observer participation, noting the interim arrangements used at B1 and replicated for B2. At this meeting, the Board was expected to deliberate on a formal policy, with future steps to include developing an accreditation process and a structured forum for engagement.

Representatives of civil society constituencies delivered interventions highlighting sectoral vulnerabilities, principles for the Fund's operation, and recommendations on access modalities. The Farmers' constituency underscored agriculture's disproportionate share of climate-induced loss and damage, especially in low- and lower-middle-income countries, and urged that responses reflect differentiated needs of farmers by gender and age, and provide direct access to organized farmer structures. The Indigenous Peoples' Organization called for a human rights-based, community-oriented Fund, direct access for vulnerable countries, and a dedicated community access window, while stressing the need for resource mobilization grounded in developed country obligations, and safeguards including an independent grievance mechanism and dedicated policies on Indigenous Peoples, gender, youth, and information disclosure.



The ENGO welcomed the draft active observer policy but noted gaps in fulfilling the Governing Instrument's provisions, recommending expanded rights for observers—including speaking on all agenda items, equal access to documents, participation in closed sessions, and visa and financial support for developing country observers. YOUNGO emphasized that direct access must bypass intermediaries, proposing a Community Direct Access Window alongside national modalities, with streamlined mechanisms for rapid, flexible disbursement, and meaningful local decision-making. RINGO stressed programmatic approaches based on national loss and damage assessments, inclusive multi-stakeholder engagement, and in-country partnerships. TUNGO rejected debt-creating instruments, advocating for grants and community direct access as default, and called for innovative public finance sources such as levies on fossil fuel extraction and financial transactions. The Women and Gender constituency reiterated concerns over the World Bank-hosted FIF arrangement, emphasizing autonomy, transparency, and direct access as dominant modalities, and called for hybrid meeting formats, equal document access, multilingual translation, and active observer participation in intersessional work.

YOUNGO further highlighted the absence of a formal travel policy, citing cases where lack of financial support prevented youth participation, and urged institutionalizing travel assistance for active observers and affected community representatives from developing countries.

Agenda Item 18: Dates and venues of future meetings

The Co-Chair highlighted that the current timeline for B3 in mid-September was too short for adequate preparation, including the finalization of pending items from B2 and the development of documentation for substantive decisions.

Co-Chairs advised that, while progress could be made on certain items at B3—such as endorsing the hosting arrangement, trustee agreement, and possibly selecting the Executive Director—many substantive matters might not be ready. They invited informal feedback on possible rescheduling, with revised timelines to be proposed following consultations.

Presenting Draft Decision, the Co-Chair outlined its key elements:

- Decided to hold B3 in Baku, Azerbaijan, with adjusted dates—18–20 September 2024 for the formal Board meeting—due to logistical constraints posed by a Formula 1 race.
- Confirming the fourth Board meeting (B4) from 2–5 December 2024, with the Interim Secretariat to identify a suitable venue in consultation with the Co-Chairs and host country.

A developing country member suggested holding a virtual pre-meeting briefing if documentation is delayed, citing past successful practice, and stressed the importance of sustaining high-level political momentum.

A developed country member expressed concern over the revised dates, noting that the change from the original agreement created conflicts with other major events, including the UN General Assembly, and could affect participation. The Co-Chair acknowledged the concern and stressed the importance of readiness to work within existing constraints and to continue advancing priority matters, including the work of the Executive Director selection committee and negotiations on FIF documentation.



Philippines reiterated its proposal to host B4. The decision B.2/D.16: Dates and venues of future meetings was adopted without objection.

Agenda item 19: Other Matters

The discussion focused on the report of the meeting. The Co-Chair proposed following the same process as B1: the Secretariat, under Co-Chair guidance, will prepare a Compendium of Decisions within 10 days for Board review, with members invited to flag any errors. This will serve as the main outcome of B2, while a full report will be circulated later for comment and formal approval at B3.

In summarizing key milestones, the Co-Chair noted agreement on a total of 16 adopted decisions. Board members emphasized the urgency of operationalizing the Fund for the most vulnerable, citing recent disasters in LDCs. Furthermore, Board member appreciate the Co-Chairs' leadership and requested that the host country's contribution be recognized in the meeting record.



Way Forward

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

Hosting and Trustee Agreements (World Bank)

- World Bank to provide draft Hosting Arrangement and Trustee Agreement by **12 August 2024**.
- Co-Chairs to engage with the World Bank before/after 12 August, seek legal advice, assess consistency with the Governing Instrument (GI) and COP/CMA decisions, and report to the Board after each engagement.
- Board members to review drafts and provide consolidated comments; one virtual engagement planned due to time constraints, with possible in-person meeting in late August/early September.
- Target for Board to consider drafts at **B3**.

Executive Director Recruitment

- Selection process finalized, including timeline, job description, and target appointment by **B3 (September)** with onboarding in **January 2025**.
- Forms part of the transition towards establishing an independent Secretariat and recruiting core staff.
- Ad Hoc Subcommittee to follow up on proposed language regarding **fund scale** outside plenary.
- Shortlist update on Executive Director Candidates to be presented by B3.

High-Level Dialogue

- Process launched for the first **Annual High-Level Dialogue on Funding Arrangements**.
- First dialogue scheduled for **2025**.

Observer Participation Policy

- Interim observer arrangements from B1 and B2 to remain in place for B3.
- Board members to submit comments on the forthcoming draft **active observer policy**.
- Forthcoming **Conflict of Interest policy** for B3 to include elements relevant to observers.
- Draft policy on active observers to be published at B3 or B4; Board encouraged to aim for completing consultations before B3 for earlier resolution.

Meeting Scheduling

- Co-Chairs to consult informally on possible rescheduling of **B3** in view of short preparation time.