

9 July 2025

Sixth meeting of the Board

9–11 July 2025

Cebu, Philippines

Provisional agenda item 9

**Report of the Board to the Conference of the Parties at its
thirtieth session and the Conference of the Parties serving as
the meeting of the Parties to the Paris Agreement at its
seventh session**

Summary

This document contains a draft report of the Board for submission to the Conference of the Parties at its thirtieth session (COP 30) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its seventh session (CMA 7), including the proposed response to guidance received at COP 29 and CMA 6. The Board will be invited to consider the draft report and to request the Co-Chairs, assisted by the Secretariat, to update the report based on the outcomes of the sixth meeting of the Board, from 9 to 11 July 2025 in Cebu, Philippines, and to submit the report to the secretariat of the United Nations Framework Convention on Climate Change and the Paris Agreement, as well as to submit an addendum summarizing the outcomes of the seventh meeting of the Board (scheduled to take place from 8 to 11 October 2025).

I. Introduction and background

1. The Governing Instrument of the Fund defines the relationship between the FRLD, the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA). In this regard, it stipulates that the Board will:

- (a) Receive guidance from the COP and the CMA on its policies, programme priorities and eligibility criteria;
- (b) Take appropriate action in response to the guidance received from the COP and the CMA;
- (c) Submit annual reports to the COP and the CMA for their consideration.

2. In describing the roles and functions of the Board, the Governing Instrument also states that the Board will provide recommendations to the COP and the CMA, including information on means to enhance consistency, coordination and coherence with other sources, funds, initiatives and processes under and outside the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. In a related vein, in annex II to decisions 1/CMA.28 and 5/CMA.5, the COP and the CMA stipulated that the Board will report on the high-level dialogue on coordination and complementarity through its annual report to the COP and the CMA, and will include in the report information on actions to implement the recommendations arising from the dialogue, as well as recommendations on new funding arrangements.

3. The Board submitted its first annual report to the COP at its twenty-ninth session (COP 29) and the CMA at its sixth session (CMA 6). COP 29 and CMA 6 considered the report and, in turn, issued the first guidance to the FRLD as contained in decisions 5/CP.29 and 11/CMA.6. The COP and the CMA requested the Board to include in its annual report to the COP and the CMA information on the steps it has taken to implement the guidance provided in those decisions.

4. In addition, COP 29 and CMA 6 approved the arrangements between the COP, the CMA and the Board of the FRLD,¹ and requested the Board to report on the implementation of the arrangements in its annual reports to the COP, starting at COP 30, and to the CMA, starting at CMA 7. The arrangements set out the working relationship between the COP, the CMA and the Board to ensure that the FRLD is accountable to and functions under the guidance of the COP and the CMA, consistently with the Governing Instrument, and receives guidance from the COP and the CMA as stipulated in the Governing Instrument.

5. The arrangements specify that the Board will include the following content in its annual reports to the COP and the CMA:

- (a) Information on the implementation of policies, programme priorities and eligibility criteria, including information on action taken by the Board in response to guidance provided by the COP and the CMA;
- (b) A synthesis of the different activities under implementation and a list of the activities approved, as well as a financial report;
- (c) Information on all activities financed by the Fund;
- (d) Action taken to develop, operate and review the resource allocation system referred to in paragraphs 60–61 of the Governing Instrument;
- (e) Any reports of the independent evaluations of the performance of the Fund referred to in paragraphs 64–65 of the Governing Instrument;

¹ UNFCCC decisions 6/CP.29 and 12/CMA.6. The arrangements are contained in the annex to those decisions.

(f) Information on how it has drawn on expert and technical advice, including from the relevant constituted bodies established under the Convention and the Paris Agreement, as appropriate;

(g) Information on the high-level dialogue referred to in annex II, paragraph 11, to UNFCCC decisions 1/CP.28 and 5/CMA.5, as described in annex II, paragraph 12, to those decisions;

(h) Information on action taken to enhance coordination and complementarity pursuant to paragraphs 51–53 of the Governing Instrument, as well as recommendations to the COP and the CMA pursuant to paragraph 22(s) of the Governing Instrument.

6. Further, the arrangements encourage the Board to include information in its annual reports on how it has established consultative forums for engaging and communicating with stakeholders, pursuant to paragraph 28 of the Governing Instrument, and how it has developed and managed mechanisms to promote the input and participation of stakeholders, pursuant to paragraph 29 of the Governing Instrument. The arrangements also state that the Board will include information in its annual reports to the COP and the CMA on its long-term fundraising and resource mobilization strategy, as appropriate.

II. Recommended action by the Board

7. The Board is invited to consider the draft report contained in annex II and adopt the decision contained in annex I to this document.

Annex I

DRAFT DECISION B.6/DD: Report of the Board to the Conference of the Parties at its thirtieth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its seventh session

The Board, having considered document FRLD/B.6/4, titled “Report of the Board to the Conference of the Parties at its thirtieth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its seventh session”, including the proposed actions in response to the guidance received from the twenty-ninth session of the Conference of the Parties and the sixth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement:

(a) Requests the Co-Chairs, with the assistance of the Secretariat, to finalize the report, taking into consideration the comments made and decisions taken at the sixth meeting of the Board, and to submit the revised report to the secretariat of the United Nations Framework Convention on Climate Change and the Paris Agreement;

(b) Also requests the Co-Chairs, with the assistance of the Secretariat, to develop an addendum to the report, capturing the progress and decisions that will be adopted during the seventh meeting of the Board and to submit the addendum to the secretariat of the United Nations Framework Convention on Climate Change and the Paris Agreement.

Annex II

Report of the Board of the Fund for responding to Loss and Damage to the Conference of the Parties at its thirtieth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its seventh session

Summary: highlights for the reporting period

1. In the reporting period, the **Board of the FRLD took decisive steps towards full operationalization of the FRLD, with the primary focus of the Board on balancing laying the institutional foundation of the Fund and delivering finance for responding to loss and damage.** This is particularly evident in the establishment of the Barbados Implementation Modalities (with the acronym BIM), which consists of a first set of interventions to respond to loss and damage, for the calendar years of 2025 and 2026, for a total of USD 250 million.
2. At the same time, the Board **continued to make steady progress in establishing a robust policy framework to underpin its work.** The Board adopted procedures for taking decisions between meetings, additional rules of procedure, a travel policy for the Board and guidelines on the participation of advisers in Board meetings and committee meetings. Further, the Board made progress on its observer-related policies, and established a standing Budget Committee.
3. **The annual high-level dialogue (HLD) on coordination and complementarity, co-convened by the FRLD and the United Nations Secretary-General, was launched on the margins of the World Leaders Action Summit in November 2024, after which the first dialogue took place in April 2025 on the margins of the Spring Meetings of the World Bank Group and the International Monetary Fund.** The HLD gathered over 100 participants representing 44 different entities, including multilateral development banks, United Nations agencies, national governments, civil society and philanthropic actors. It gave rise to commitments to streamline access to climate finance and reduce fragmentation, alongside strong calls for agility, speed and locally led solutions in responding to loss and damage as a result of climate change.
4. Beyond the HLD, **the FRLD also proactively strengthened its strategic partnerships to enhance coordination and complementarity with related institutions.** This included the signing of letters of intent with the Adaptation Fund and the Santiago Network, as well as engagements with other multilateral climate funds.
5. **The transition from the interim secretariat to the new, dedicated and independent Secretariat of the FRLD has accelerated.** Under the leadership of the Executive Director, a smooth transition process was ensured and a draft organizational structure of the independent Secretariat was developed; the capacity of the Secretariat to support key functions of the FRLD has been enhanced, including through hiring long- and short-term staff. The official, stand-alone website of the FRLD was launched in April 2025. It is anticipated that the transition will be completed by the end of the seventh meeting of the Board (B.7), at which point the interim secretariat arrangement will be discontinued.

I. Introduction

A. Mandate

1. The twenty-eighth session of the Conference of the Parties (COP) and the fifth session of the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA) designated the Fund for responding to Loss and Damage (hereinafter referred to as the FRLD) as an entity entrusted with the operation of the Financial Mechanism of the Convention, also serving the Paris Agreement, which will be accountable to and function under the guidance of the COP and the CMA.

2. This second annual report of the Board of the FRLD is submitted to the COP and the CMA in accordance with the Governing Instrument of the Fund² and the arrangements between the COP, the CMA and the Board.³

3. Further, in accordance with the arrangements between the COP, the CMA and the Board, the Board is to report to the COP and the CMA on the following matters in its annual reports:

(a) Information on the implementation of policies, programme priorities and eligibility criteria, including information on action taken by the Board in response to guidance provided by the COP and the CMA;

(b) A synthesis of the different activities under implementation and a list of the activities approved, as well as a financial report;

(c) Information on all activities financed by the Fund;

(d) Action taken to develop, operate and review the resource allocation system referred to in paragraphs 60–61 of the Governing Instrument;

(e) Any reports of the independent evaluations of the performance of the Fund referred to in paragraphs 64–65 of the Governing Instrument;

(f) Information on how it has drawn on expert and technical advice, including from the relevant constituted bodies established under the Convention and the Paris agreement, as appropriate;

(g) Information on the high-level dialogue (HLD) referred to in paragraph 11 of annex II to decisions 1/CP.28 and 5/CMA.5, as described in paragraph 12 of annex II to those decisions;

(h) Information on action taken to enhance coordination and complementarity pursuant to paragraphs 51–53 of the Governing Instrument, as well as recommendations to the COP and the CMA pursuant to paragraph 22(s) of the Governing Instrument.

4. Further, the arrangements encourage the Board to include information in its annual reports on how it has established consultative forums for engaging and communicating with stakeholders, pursuant to paragraph 28 of the Governing Instrument, and how it has developed and managed mechanisms to promote the input and participation of stakeholders, pursuant to paragraph 29 of the Governing Instrument. The arrangements also state that the Board will include information in its annual reports to the COP and the CMA on its long-term fundraising and resource mobilization strategy, as appropriate.

² United Nations Framework Convention on Climate Change (UNFCCC) decisions 1/CP.28, para. 2, and 5/CMA.5, para. 2. The Governing Instrument of the Fund is contained in annex I to those decisions.

³ UNFCCC decision 6/CP.29 and 12/CMA.6. The arrangements are contained in the annex to those decisions.

B. Scope of the report

5. This report provides an overview of the actions to be taken in response to guidance provided in UNFCCC decisions 5/CP.29 and 11/CMA.6 (see the table below) and the overall progress and milestones achieved by the Board in relation to those actions. It covers the period from 21 September 2024 to 31 July 2025, during which the Board held three meetings: B.4 (Manila, Philippines, 2–5 December 2024), B.5 (Bridgetown, Barbados, 8–10 April 2025) and B.6 (Cebu, Philippines, 9–11 July 2025).

6. The report contains the following sections:

- (a) Response to guidance provided by the COP and the CMA;
- (b) Work undertaken by the Board during the reporting period;
- (c) Action taken to enhance coordination and complementarity;
- (d) Stakeholder engagement;
- (e) Transition to the new, dedicated and independent Secretariat of the FRLD.

II. Response to guidance provided by the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

7. UNFCCC decisions 5/CP.29 and 11/CMA.6 contain the guidance to the FRLD, while decisions 6/CP.29 and 12/CMA.6 contain the arrangements between the COP, the CMA and the Board of the FRLD, including a request to the Board.

8. The above-mentioned decisions that contain the guidance to the FRLD include welcoming paragraphs with respect to, among other things, the report of the Board for 2024, the rapid progress of the Board in operationalizing the Fund and the confirmation by the Board that the conditions set out in paragraph 20 of UNFCCC decisions 1/CP.28 and 5/CMA.5 can be met by the World Bank during the interim period.

9. The table below summarizes the guidance to the FRLD contained in UNFCCC decisions 5/CP.29 and 11/CMA.6 and the proposed actions by the Board and the FRLD Secretariat in response to the guidance, and the progress achieved under each of the guidance items up to and including actions reported at B.6 (9–11 July, Cebu, Philippines).

Summary of the guidance received from the Conference of the Parties to the United Nations Framework Convention on Climate Change at its twenty-ninth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its sixth session and the proposed actions by the Board and the FRLD Secretariat

UNFCCC decision	Guidance item	Proposed action by the Board/FRLD Secretariat
Decision 5/CP.29, para. 10, and decision 11/CMA.6, para. 10	<i>Notes</i> the importance of converting pledges to contributions in a timely manner, <i>urges</i> the conversion of pledges as soon as possible, and <i>requests</i> the Board to engage with the relevant Parties for the timely conversion of pledges to fully executed contribution agreements or arrangements to increase the predictability of resources for the Fund;	The Board with the support of the FRLD Secretariat continues to engage with relevant Parties on this matter and to report on progress in the annual report of the Board to the COP and the CMA.
Decision 5/CP.29, para. 20, and decision 11/CMA.6, para. 20	<i>Also requests</i> the Board of the Fund to include in its annual report to the Conference of the Parties (Conference of the Parties serving as the meeting of the Parties to the Paris Agreement) information on the	The Board with the support of the FRLD Secretariat to include relevant information in the annual report of the Board to the COP and the CMA.

UNFCCC decision	Guidance item	Proposed action by the Board/FRLD Secretariat
	steps it has taken to implement the guidance provided in this decision.	
Decision 6/CP.29, para. 5, and decision 12/CMA.6, para. 5	<i>Requests</i> the Board to report on the implementation of the arrangements referred to in paragraph 4 above in its annual reports to the Conference of the Parties, starting at its thirtieth session (November 2025), and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, starting at its seventh session (November 2025).	The Board with the support of the FRLD Secretariat to include relevant information in the annual report of the Board to the COP and the CMA.

Abbreviations: CMA = Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, COP = Conference of the Parties to the United Nations Framework Convention on Climate Change, FRLD = Fund for responding to Loss and Damage, UNFCCC = United Nations Framework Convention on Climate Change.

10. Pursuant to the arrangements between the COP, the CMA and the Board, the Board reports on the implementation of the arrangements beginning at COP 30 and CMA 7. The present report provides relevant information in its different sections, as enumerated in the arrangements, and will be further updated, based on the outcomes of B.6 before the final submission of the report for publishing ahead of COP 30 and CMA 7.

III. Work undertaken by the Board during the reporting period

A. Information on implementation of policies, programme priorities and eligibility criteria

1. The Barbados Implementation Modalities

11. As requested by the Board in decision B.2/D.10, the Executive Director of the FRLD, supported by the interim secretariat, presented at B.4 propositions outlining (1) options and choices for the FRLD to further operationalize a bottom-up country-led approach that promotes and strengthens national responses to loss and damage and (2) options for early interventions by the FRLD as early as 2025–2026.

12. Building on the guidance of the Board shared at B.4 and as requested by the Board in decision B.4/D.3, the Executive Director, supported by the interim secretariat and the independent Secretariat, presented at B.5 a proposal for the start-up phase of the FRLD.

13. At B.5, the Board established the Barbados Implementation Modalities (with the acronym BIM) to respond to loss and damage consisting of a first set of interventions, for the calendar years 2025 and 2026, for a total of USD 250 million.⁴ The possibility for a further allocation will be reviewed at B.8 (April 2026).

14. The BIM will support bottom-up, country-led and country-owned approaches to loss and damage that promote and strengthen national responses to loss and damage and deliver results and positive impacts for particularly vulnerable developing countries, including through the building of national responses and systems that includes the effective engagement of all stakeholders, including in particular people and communities in climate-vulnerable situations, in accordance with UNFCCC decisions 1/CP.28 and 5/CMA.5, annex II, paragraph 18, with the aim of testing, learning and refining operational modalities, access modalities, financial instruments and funding structures.⁵

15. The BIM will be implemented in parallel with the development of the longer-term operational policies and procedures of the FRLD, in accordance with the workplan of the Board for 2024–2025, which will be updated on a rolling basis, pursuant to decision

⁴ FRLD decision B.5/D.4.

⁵ FRLD decision B.5/D.4, para. (d).

B.2/D.10.⁶ The FRLD will finance the BIM through grants. Countries may test interventions whereby those grants are subsequently combined with other financial instruments in deploying different funding modalities.⁷

16. The Board further decided to launch a call for proposals and/or funding requests from developing countries and requested the Secretariat, under the guidance of the Co-Chairs, to develop several papers for operationalizing the BIM.

17. According to paragraph 42 of the Governing Instrument, developing countries that are particularly vulnerable to the adverse effects of climate change are eligible to receive resources from the Fund. Further information regarding the funding criteria will be presented in the papers submitted for B.6.

2. Policies developed and implemented in the reporting period

18. In the reporting period, the Board made substantial progress in building its institutional and operational foundation through the adoption of various policies and procedures. At B.4, the Board adopted procedures for taking decisions between meetings, additional rules of procedure of the Board, and the travel policy for the Board.⁸ These decisions laid the groundwork for clear and transparent governance.

19. At B.5 the Board adopted guidelines on the participation of advisers in Board meetings and meetings of committees. These guidelines help to ensure that Board members have technical and policy support during the meeting while clarifying how such advisers are designated, the modalities of their participation in committees, and the accountability of Board members for the conduct of their respective advisers during and in connection with Board meetings.

20. The Board also made progress on its observer-related policies. Specifically, the Board adopted interim arrangements for the accreditation of observers, which allow observer organizations already accredited to the UNFCCC, other operating entities of the financial mechanism of the Convention, the Adaptation Fund, the Special Climate Change Fund and the Least Developed Countries Fund to be eligible to be considered as accredited observer organizations of the FRLD. This decision helps to ensure continued stakeholder engagement, transparency and inclusion of observer perspectives until a comprehensive framework on overall observer engagement is adopted by the Board. The Secretariat, under the guidance of the Co-Chairs, conducted consultations on the draft policy on the participation of active observers in Board meetings and related proceedings and guidelines on the consultative forums for engaging and communicating with stakeholders.

21. At B.5 the Board also established a standing Budget Committee to oversee the administrative budget and approved the Budget Committee's terms of reference.

B. Action taken to develop, operate and review the resource allocation system

22. At B.5 the Board decided that the funding for the BIM will incorporate the elements for a resource allocation parameter in accordance with paragraph 60 of the Governing Instrument, with a minimum allocation floor of 50 per cent for small island developing States (SIDS) and the least developed countries (LDCs) considering the limited resources available, while safeguarding against the over-concentration of support provided by the Fund in any given country, group of countries or region and, in accordance with paragraph 61 of the Governing Instrument, will be dynamic and reviewed by the Board.⁹

⁶ FRLD decision B.5/D.4, para. (e).

⁷ FRLD decision B.5/D.4, para. (i).

⁸ See <https://unfccc.int/sites/default/files/resource/B.4%20Compendium.pdf>.

⁹ FRLD decision B.5/D.4, para. (h).

C. Status of resources and financial report

23. At B.6 the World Bank as interim Trustee of the Fund provided an update on the status of resources in the Fund as at 27 June 2025. Specifically, the total amount of pledges in USD equivalent stood at USD 788.8 million. The amount received in the Fund was USD 361.0 million. The interim Trustee further reported that contribution agreements had been signed with most of the contributors. Of three agreements not yet finalized, one was being drafted and two had not been initiated at the time of reporting. The Secretariat is tracking the conversion of pledges to fully executed contribution agreements or arrangements in accordance with the guidance provided by COP 29 and CMA 6.

24. In addition to the above-mentioned pledges, the Government of Japan, implementing its initial contribution pledge announced at COP 28, disbursed USD 10 million to the UNFCCC, one of the entities of the interim secretariat of FRLD, to support the operationalization of the FRLD during its transitional phase.

25. In addition, the Secretariat continues to report to the Board on the execution of the administrative budget. Such reports are endorsed by the Budget Committee and submitted to the Board as an annex to the reports on the activities of the Secretariat.¹⁰

D. Long-term resource mobilization strategy

26. The Secretariat, under the guidance of the Co-Chairs of the Board, is developing the framework and plan for developing a long-term resource mobilization strategy. The Secretariat shared the initial research with the Board during the B.6 meeting with a view to obtaining feedback from the Board.

E. Other information

27. Pursuant to the arrangements between the COP, the CMA and the Board, the Board was requested to include in its annual reports to the COP and the CMA various categories of information that are not yet applicable given the current level of maturity of the FRLD. Such information includes a synthesis of different activities under implementation and a list of the activities approved; information on all activities financed by the FRLD; and any reports of the independent evaluations of the performance of the FRLD. Information on these aspects will be included in future reports as soon as related progress has been made.

IV. Action taken to enhance coordination and complementarity

A. High-level dialogue on coordination and complementarity

28. The COP and the CMA stipulated that the FRLD will act as the platform for facilitating coordination and complementarity under the funding arrangements for responding to loss and damage by establishing and operationalizing an annual HLD on coordination and complementarity,¹¹ to be co-convened by the FRLD and the United Nations Secretary-General. The annual HLD was launched on the margins of the World Leaders Climate Action Summit in Baku, Azerbaijan, on 12 November 2024.¹²

29. Following this launch event, the first annual HLD took place on 25 April 2025 on the margins of the Spring Meetings of the World Bank Group and the International Monetary

¹⁰ See annex II to document FRLD/B.6/2, available at https://unfccc.int/sites/default/files/resource/FRLD_B.6_2_Report_on_the_activities_of_the_Secretariat.pdf

¹¹ UNFCCC decision 1/CP.28, annex II, para. 8, and decision 5/CMA.5, annex II, para. 8.

¹² A report on the launch event of the high-level dialogue is available here https://unfccc.int/sites/default/files/resource/B4-12_HLD_Launch_report.pdf.

Fund in Washington, D.C., United States of America. Overall, the event gathered almost 100 global leaders and representatives representing 44 different entities, including multilateral development banks, United Nations agencies, national governments, civil society and philanthropic actors to discuss how to overcome fragmentation in the climate finance landscape. The dialogue gave rise to commitments to streamline access to climate finance and reduce fragmentation, alongside strong calls for agility, speed and locally led solutions in climate response. The report of the first HLD is contained in annex II, while the recommendations arising from the dialogue are as follows:

(a) The HLD called for the implementation phase to set agile precedents and demonstrate early impact: With USD 768 million pledged and USD 250 million now being programmed, the FRLD enters its first phase of implementation. This moment offers a critical opportunity to define flexible, needs-driven delivery mechanisms and demonstrate early impact that reflects the ambitious mandate of the FRLD;

(b) Collaboration, local leadership and community access were repeatedly mentioned by stakeholders, who called for prioritizing bottom-up community-driven interventions, protecting human rights and ensuring better access to funding for locally led solutions;

(c) Institutions stressed the role of insurance, guarantees and pre-arranged finance, citing the need to mobilize private and philanthropic capital, subsidize premiums and capitalize regional risk pools. Notably, less than 2 per cent (2%) of current disaster finance is pre-arranged, underscoring the urgency of scaling these tools;

(d) Scientific and anticipatory systems must underpin financial mechanisms, from climate risk indices to early warning platforms. Actors called for aligning credible scientific data with disbursement triggers, emphasizing that anticipatory action not only saves lives but also reduces costs and protects dignity;

(e) Stakeholders urged the FRLD to move from gathering ideas to delivering measurable solutions. Depending on which decisions are made at B.6 and B.7, the first call for proposals might be issued before or at COP 30 in Belém.

B. Expert and technical advice

30. Pursuant to the arrangements between the COP, the CMA and the Board of the FRLD, the annual report is required to include information on how the Board has drawn on expert and technical advice, including from the relevant constituted bodies established under the Convention and the Paris Agreement, as appropriate.

31. The Executive Committee of the Warsaw International Mechanism for Loss and Damage (WIM) and the secretariat of the Santiago Network were both represented at the first HLD on coordination and complementarity.

32. In addition, during the sixty-second sessions of the subsidiary bodies under the Convention which took place in Bonn, the Secretariat participated in a special event on the “Full Operationalization of the Santiago network: Advancing a critical pillar of the loss and damage architecture”.

C. Other action taken to enhance coordination and complementarity

33. In the reporting period, the FRLD also proactively strengthened its strategic partnerships to enhance coordination and complementarity with related institutions. A letter of intent was signed with the Santiago Network with the aim of improving access to technological and financial support for vulnerable countries, enhancing coordination and sharing best practices. Similarly, a letter of intent was signed with the Adaptation Fund: it outlines a framework for joint innovation and scalable solutions, while prioritizing inclusivity and sustainability. These partnerships aim to minimize fragmentation, streamline assistance for responding to loss and damage and amplify the impact.

34. The Secretariat engaged with other multilateral climate funds including the Climate Investment Funds, the Global Environment Facility and the African Development Bank, and the Inter-American Development Bank. This involved discussions on enhancing collaboration and partnerships between the FRLD and relevant organizations and agencies. In addition, the FRLD Board Co-Chairs met with the Co-Chairs of the Santiago Network Advisory Board and the WIM Executive Committee to discuss collaboration and complementarity.

V. Stakeholder engagement

35. Work has continued on establishing consultative forums to engage and communicate with stakeholders, and on the development and management of mechanisms to promote the input and participation of stakeholders, pursuant to paragraphs 28 and 29 of the Governing Instrument respectively. Progress has also been made with respect to the development of a policy on active observers, pursuant to paragraph 20 of the Governing Instrument.

36. The work on the development of the framework for the stakeholder engagement has continued in the reporting period. Specifically, at B.4, the Board adopted decisions guiding further work on this matter, as summarized below.

37. The Board requested the Secretariat to further develop the draft policy on the participation of active observers in Board meetings and related proceedings (decision B.4/D.6). Similarly, the Board requested the Secretariat to develop a proposal for guidelines on consultative forums for engaging and communicating with stakeholders (decision B.4/D.8). In accordance with those decisions, in May 2025, the draft policy documents were circulated to the Board and the nine UNFCCC observer constituencies for written comments. In addition, the Executive Director convened an informal virtual consultation on both policy documents with the observer constituencies on 2 June 2025. The draft policy documents were further developed by incorporating written comments from the Board and written and oral comments from observer constituencies, received during the consultation period, and pending the decision of the Co-Chairs will submit the draft documents to the Board for its consideration at B.7.

38. The Board also continually welcomes views and inputs offered by observers, in particular through the “dialogue with civil society” agenda item during Board meetings. At B.4, as part of this agenda item, observers organized a workshop for the Board on mainstreaming community access in the FRLD. Observers shared information on, for example, the principles of community access, different community access modalities, recommendations with respect to operationalizing community access and case studies from different funds and programmes.

VI. Transition to the new, dedicated and independent Secretariat of the FRLD

39. The COP and the CMA established an interim secretariat for the FRLD to provide support, including administrative support, to the Board of the Fund during the transitional period until the establishment of the new, dedicated and independent Secretariat.¹³ This interim secretariat was jointly formed by the secretariats of the UNFCCC and the Green Climate Fund and the United Nations Development Programme. COP 29 and CMA 6 expressed appreciation to the entities forming the interim secretariat, and looked forward to a smooth and cost-effective transition of the interim secretariat’s functions under the new, dedicated and independent Secretariat.¹⁴

40. In the reporting period, the transition from the interim secretariat to the independent Secretariat has progressed steadily and accelerated. During B.4, the Executive Director

¹³ Decision 1/CP.28, para. 26 and decision 5/CMA.5, para. 26.

¹⁴ Decision 5/CP.29, para. 8 and 11/CMA.6, para. 8.

presented a workplan and budget proposal for 1 January to 30 June 2025, which focused on two priorities, one of which was establishing a road map for the transition and accelerating the consolidation of functions from the interim secretariat to the independent Secretariat.

41. The progress of the transition is also reflected in the increase in the number of staff of the independent Secretariat, which now includes the Executive Director, the Deputy Executive Director and three staff members and short-term staff supporting key functions of the FRLD, including governance, programming and policy, administration and operations.

42. The official website of the FRLD was launched during the reporting period. This stand-alone website, administered by the independent Secretariat, increasingly hosts information pertaining to the FRLD and the work of the Board and will soon serve as the central repository of news, documents and other FRLD-related materials.

Annex I

Members and alternate members to the Board of the Fund for responding to Loss and Damage

[Placeholder, to be updated at the date of issuance]

Annex II

Report of the high-level dialogue 2025

I. Summary

1. The Fund for responding to Loss and Damage (FRLD) acts as the platform for facilitating coordination and complementarity under the funding arrangements established by the Conference of the Parties (COP) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).¹ As such, the FRLD has established an annual high-level dialogue (HLD) on coordination and complementarity that includes representatives from the main entities that form part of the funding arrangements.
2. The inaugural HLD, co-convened by the FRLD and the United Nations Secretary-General, took place in April 2025 on the margins of the Spring Meetings of the World Bank and the International Monetary Fund in Washington, D.C., United States of America, under the theme “Strengthening responses to loss and damage through complementarity, coherence and coordination”.
3. The objectives of the HLD include facilitating structured exchange of knowledge, identifying gaps and strengthening synergies among institutions engaged in responding to climate-induced loss and damage, as well as promoting transparency and reinforcing country ownership. The HLD aims to generate practical recommendations to improve cooperation and alignment on operational priorities.
4. The inaugural HLD brought together more than 100 participants representing 44 different entities, including multilateral development banks, United Nations agencies, national governments, civil society and philanthropic actors to overcome fragmentation in the climate finance landscape. By fostering strategic alignment among stakeholders, the event established a shared road map to optimize resource flows and accelerate climate action. This first HLD set a precedent for future engagements, emphasizing actionable ideas and drawing attention to gaps and opportunities across the climate finance system.
5. As the FRLD transitions to its first implementation phase under the Barbados Implementation Modalities (BIM), the HLD was an important step towards operationalizing the Fund and building a unified global response to climate-induced loss and damage. In particular, it generated crucial early momentum and clarified essential coordination needs for effective implementation. Outcomes from the HLD will inform the Board’s future deliberations and reinforce the role of the FRLD as a connector, knowledge hub and catalyst for coherent, community-focused climate action under the funding arrangements.

II. Operational foundations and vision

6. Since its establishment at the United Nations Climate Change Conference in Sharm El Sheikh, Egypt (COP 28), and the decision to operationalize the Fund at COP 28 in Dubai, United Arab Emirates, the FRLD has advanced swiftly, backed by the USD 768 million in pledges from 27 countries. The FRLD is now working towards implementing its initial allocation of USD 250 million under the BIM for 2025–2026. This phase offers stakeholders, who have consistently advocated for flexible and innovative design approaches, an opportunity to shape the long-term modalities of the FRLD.
7. The HLD provided a platform for the diverse stakeholders to share best practices, lessons learned and ideas to enhance global responses to what are undoubtedly escalating needs from climate-induced crises. In addition, the HLD highlighted the way new strategic

¹ UNFCCC decision 1/CP.28, annex II, para. 8, and decision 5/CMA.5, annex II, para. 8.

partnerships among the various actors will enable the FRLD to develop streamlined mechanisms for the effective disbursement of its resources to maximize impact.

III. Key recommendations from the high-level dialogue

8. **Use the implementation phase to set agile precedents and demonstrate early impact.** With USD 768 million pledged and USD 250 million now being programmed, the FRLD enters its first phase of implementation. This moment offers a critical opportunity to define flexible, needs-driven delivery mechanisms and demonstrate early impact that reflects the Fund's ambitious mandate.

9. **Advance strategic complementarity across systems.** Coordination with existing systems is essential. The FRLD must complement support already delivered through climate funds, humanitarian systems and multilateral development banks, with the goal of avoiding duplication, financing gaps and improving efficiency.

10. **Embed local leadership into operational design.** Collaboration, local leadership, and community access were repeatedly mentioned by stakeholders, who called for prioritizing bottom-up, community-driven interventions, protecting human rights and ensuring better access to funding for locally led solutions.

11. **Scale innovative risk financing mechanisms.** Institutions stressed the role of insurance, guarantees and pre-arranged finance, citing the need to mobilize private and philanthropic capital, subsidize premiums and capitalize regional risk pools. Notably, less than 2 per cent of current disaster finance is pre-arranged, underscoring the urgency of scaling these tools.

12. **Anchor decisions on science and anticipatory action.** Scientific and anticipatory systems must underpin financial mechanisms, from climate risk indices to early warning platforms. Participants called for aligning credible scientific data with disbursement triggers, emphasizing that anticipatory action not only saves lives but reduces costs and protects dignity.

13. **Prioritize urgency with clear accountability.** Urgency, accountability and alignment must shape the next phase of the FRLD. Stakeholders urged the FRLD to move from gathering ideas to delivering measurable solutions. As noted, further Board deliberations are planned for the sixth and seventh meetings of the Board (in July in Cebu and in October in Manila), and the first call for proposals is expected before COP 30 in Belém.

IV. Keynote addresses

14. Keynote speakers laid the foundations for the dialogue, stressing the urgency to act collaboratively to ensure the success of the FRLD in addressing climate loss and damage as an imperative for comprehensive global climate action. The following paragraphs summarize their key statements and recommendations.

15. **From pledges to practice: operationalizing the FRLD.** Keynote speakers underscored that addressing the climate crisis remains an urgent global priority, reaffirming the central role of the Convention and the Paris Agreement as foundational frameworks for coordinated action. They called for the integration of loss and damage as a core pillar of climate action, alongside mitigation and adaptation. They acknowledged the historic decisions taken during COP 27 and COP 28 to create the Fund for responding to Loss and Damage, and the subsequent pledges made to support it, as significant in closing the gap in global finance. Speakers highlighted the need to move to implementation with urgency, and welcomed the adoption of the BIM as a key milestone in reaching the most vulnerable, underscoring the need for scaling up funding to meet growing needs.

16. **The climate crisis requires a coordinated unified global response.** The HLD was seen as an opportunity to build stronger links between humanitarian, development and

climate financing actors. There was a strong consensus on the need to strengthen multilateral cooperation, reinforcing that the FRLD cannot work in isolation. The HLD marked a step forward in creating a more effective and interconnected response to loss and damage. There was a resounding call to prioritize cooperation, creativity and coordination through a shared agenda, rather than through competition and fragmented efforts.

17. **Climate impacts are escalating, especially in vulnerable countries.** The experiences shared during the HLD illustrated the growing toll of climate events on education systems, health infrastructure, food security and livelihoods. Speakers noted the devastating effects of recent storms, floods and heatwaves, particularly in countries such as the Philippines. These impacts are not hypothetical or long-term projections; they are a present and escalating reality. The urgent need to close the funding gap was strongly felt, as was the need to ensure support reaches the communities already living through the worst effects of climate change with urgency.

18. In their addresses, the FRLD Co-Chairs made the following concluding remarks.

Richard Sherman, FRLD Co-Chair, said:

“We are here to listen to you, to your ideas, to hopefully come out with a greater sense of common purpose and how we can work together to maximize our purpose [which] is to support developing countries, to respond and address loss and damage events, and minimize the impact on vulnerable communities and help the process of rehabilitation and reconstruction.”

Jean-Christophe Donnellier, FRLD Co-Chair, said:

“We have been quite busy this last year with setting up the institutional foundation of this Fund. Now we are moving resolutely towards the concrete operationalization of the Fund, and this depends not only upon ourselves. It depends on you. And why is that? Our common purpose is the global response to loss and damage, and how to make sure that this global response is timely, adequate, comprehensive and efficient. I am completely convinced that to achieve that it is crucial that we are working together, within our mandate, in a complementary manner, answering with coherence and coordination to streamline the global response to loss and damage across all our organizations.”

V. First round-table discussion

19. The first round-table session, moderated by the Executive Director of FRLD, Ibrahima Cheikh Diong, addressed climate finance coherence to enhance the response to loss and damage, noting persistent fragmentation, the need for clearer roles, and strengthened collaboration among institutions. Stakeholders called for improved coordination between climate and humanitarian actors, better use of existing instruments and greater transparency in financial flows, emphasizing country ownership, locally led responses through inclusive engagement with affected communities. They stressed that the FRLD should complement rather than replicate other mechanisms, and promote agility and innovation in its design. The FRLD Co-Chairs outlined immediate concrete actions: presenting entities for accreditation at the next Board meeting (July) and completing the investment framework by October. The BIM offers an opportunity to test collaborative approaches, and partnership will be essential for the long-term success of the FRLD.

A. Country perspectives

20. Representatives from countries emphasized the disproportionate impacts of climate change on those who can least afford the cost of recovery and rebuilding, underscoring the urgent collective climate efforts. While appreciating the progress made since the establishment of the FRLD, and welcoming the initial pledges to support the Fund, countries pressed for the mobilization of additional resources through new innovative ways of

financing. They hailed the adoption of the Climate Finance Bill at COP 29, which calls for scaling up climate finance to USD 1.3 trillion per year by 2035, as another landmark decision that requires swift action.

21. Importantly, countries expressed their expectations for meaningful impacts from the FRLD, highlighting the need for critical checks and balances while ensuring simplicity and agility in processes. They also reaffirmed the need for coordination and collaboration among funds, mechanisms and stakeholders to address loss and damage.

B. Multilateral development banks: scaling institutional collaboration

22. The multilateral development banks reaffirmed their commitment to advancing the objectives of the FRLD, stressing the need for urgent, coordinated action as climate impacts intensify. They pledged to leverage their technical expertise to complement FRLD efforts, prioritizing private sector engagement, climate action scaling, and mobilization of blended finance and philanthropic resources. They called for collaboration among themselves, and with the United Nations system as well as philanthropies and member Parties, including sharing their resources, towards strengthening institutional capacities and project delivery through enhanced project preparation, technical assistance and data-driven support to incorporate loss and damage into national climate strategies. They also emphasized shifting from reactive to preventative approaches, leveraging blended finance and accelerating access to early warning systems and innovative financial tools.

23. The multilateral development banks also detailed regional climate impacts, highlighting the acute vulnerabilities of small island developing States, Africa and the Caribbean where impact will also worsen food insecurity and child malnutrition. They showcased their contributions in supporting climate responses and in implementing other development programmes, calling for stronger partnerships, expanded access to insurance, and greater use of guarantees and philanthropic capital. They reiterated the importance of country-led, bottom-up approaches to promote project ownership, and urged actors to also include cities in their response – where 80 per cent of people live.

C. United Nations system: leveraging technical expertise for anticipatory action

24. United Nations entities committed to supporting the FRLD through evidence-based and locally informed strategies that prioritize the most vulnerable communities and promote the use of early warning systems and anticipatory action. They stressed the need to ground early responses in credible science and to align technical capacity with financial mechanisms for faster, more effective interventions, calling for a three-point sequential approach to loss and damage – averting, minimizing and addressing loss and damage – to ensure financial prudence.

25. The United Nations called for the deployment of resources where vulnerability is greatest, with calls for more child-focused finance, data tools such as risk indices, and the integration of child-centric and conflict-sensitive metrics into climate strategies. Emphasis was placed on prevention over response, leveraging social protection systems, and allocating resources strategically amid funding constraints. Speakers noted that the success of the FRLD will depend on its ability to attract capital, catalyse additional finance and demonstrate tangible results, with United Nations entities offering technical assistance and platforms to help operationalize these goals.

VI. Second round-table discussion

26. The second round-table discussion, moderated by Omar Ben Yadder, Managing Director of IC Publications, focused on perspectives from civil society organizations, humanitarian agencies and other partners working directly with affected communities. Discussions emphasized the critical importance of local action, preventative approaches and

inclusive financing mechanisms that reach vulnerable populations. Key themes included the need for simplified access to funding for local organizations, child-centric approaches, anticipatory action, insurance mechanisms and addressing climate-induced displacement. Speakers called for the FRLD to transform climate finance by prioritizing bottom-up, community-driven initiatives while leveraging existing mechanisms rather than creating parallel systems.

A. Civil society and community actors: from principle to practice

27. Civil society organizations called on the FRLD to move from “business as usual” by working with local actors and ensuring that funding responds directly to the needs of those most affected communities. They urged the FRLD to work with established institutions and minimize the use of intermediaries while driving for locally led initiatives (e.g. 25 per cent of FRLD support directed to local levels) and community participation, including decision-making roles for affected populations. They stressed that the FRLD must act as a coordination hub rather than a gap filler, backed by substantial grant-based resources. They welcomed the BIM as a substantial step towards operationalization, urging the FRLD to adopt simplified processes by learning from pioneering climate finance mechanisms. Six criteria were proposed to define effective loss and damage finance:

- (a) Recognize and comprehensively address loss and damage;
- (b) Be obligatory and compensatory with non-debt-creating instruments;
- (c) Be new, additional, predictable and adequate;
- (d) Prioritize direct access for developing countries and affected communities;
- (e) Ensure meaningful participation of affected local communities;
- (f) Acknowledge and promote intersectional human rights.

28. Actors stressed the need for home-grown initiatives and equitable fund allocation, recommending that a defined share of resources be channelled to the local level. They raised concerns about access barriers for grass-roots organizations, including complex compliance requirements and lack of representation in governance structures, calling for simplified access procedures and inclusive governance. The role of pre-arranged finance was highlighted, with strong support for mechanisms that allow funds to be deployed before disasters strike.

29. Actors also called for finance systems that address overlapping vulnerabilities and urged the FRLD to:

- (a) Integrate climate-driven displacement (e.g. planned relocation from high-risk areas) into loss and damage responses;
- (b) Integrate issues of climate mobility into loss and damage, including promoting planned relocation from high-risk areas;
- (c) Establish a dedicated funding mechanism for fragile states, recognizing the intersection of climate impacts and fragility;
- (d) Incorporate disease outbreaks in climate response (e.g. cholera and malaria, which are exacerbated by climate change).

B. Insurance and risk transfer: bridging the protection gap

30. Stakeholders highlighted insurance and pre-arranged finance as essential tools for reducing the impact of climate-related disasters and utilizing critical initial response capital. They called for expanded investment in risk transfer systems, including capacity-building, premium subsidies and regional risk pool capitalization. These mechanisms were praised for enabling rapid disbursement of funds (sometimes within days), to help maintain food security and restore infrastructure.

31. Concerns were raised about the low insurance coverage across vulnerable countries, which limits institutional capacity to respond effectively. Stakeholders urged the integration of insurance into national strategies and broader resilience plans, sharing examples of how risk pooling has helped deliver swift relief after extreme weather events. They stressed the importance of pairing insurance with other pre-arranged finance tools to ensure timely and effective responses.

32. It was suggested that the FRLD embed insurance into its operational model and explore links to credit enhancement for local banks, protection of critical public assets and the strengthening of disaster risk management systems.

C. Governance, access and future steps

33. Speakers underscored sound governance, equitable access and forward planning as essential for the success of the FRLD, calling for a clear, agile and accountable operational structure, supported by strong institutional capacity across the Secretariat and delivery partners. Country ownership and subsidiarity were emphasized, along with the importance of simplifying access processes without sacrificing integrity to enable faster responses.

34. Looking ahead, stakeholders called for access modalities that address the characteristics of loss and damage, including non-economic and slow-onset impacts. Proposals included piloting multi-track or multi-window approaches to balance readiness with rapid response. Emphasis was placed on consulting affected communities, testing early operational models and ensuring the governance of the FRLD evolves through feedback and practical experience.

VII. Conclusion

35. The HLD on complementarity, coherence and coordination served as a critical milestone in shaping a more collaborative and inclusive global response to climate-induced loss and damage. Having convened diverse partners across institutions, the HLD provided a platform to align expectations, exchange practical insights and reinforce the importance of working together as the FRLD transitions from set-up to delivery.

36. The FRLD Co-Chairs highlighted several key operational priorities. Jean-Christophe Donnellier called on partners to contribute to shaping the long-term operational modalities of the FRLD under the BIM, pledging that a Board-level follow-up would consider all ideas raised.

37. Richard Sherman reiterated the importance of country ownership and reminded actors that the success of the FRLD will hinge on collaboration: “We need to be at a fund operational level, and we need you to be [the Fund’s delivery partners] at the local level, with the country governments [and local authorities]. We are not a fund with country offices, so we effectively hire you to do that work for us.” He added, “We do not intend on replicating things that were important but have proven to have failed,” noting that even with financial commitments, “having money doesn’t mean we can spend it easily, but it means putting systems in place to develop effective impact. That onus sits with all of us.”

38. A central theme running through the HLD was the importance of ensuring that the FRLD delivers at the community level, through timely, accessible and needs-based support. This will require speed, simplicity and active engagement from all stakeholders. The Secretariat confirmed that all contributions would inform the Secretariat’s engagement strategy, and the upcoming Board discussions in July and October.

39. Looking ahead, the impact of the FRLD will rest not only on institutional design, but on the commitment of partners to coordinate, act and deliver. As shared intent now shifts towards implementation, the ability of the FRLD to align flexible delivery with local needs and mobilize diverse resources will be crucial in positioning it as a cornerstone of global climate resilience.

Appendix

Agenda for the 2025 high-level dialogue

Time	Session
08:00 – 08:45	Opening Session Opening Remarks Keynote Address
08:45 – 08:55	Scene setting: Joint statement by funding arrangements and other relevant climate actors on “Complementarity, Coherence, and Coordination”
08:55 – 10:15	Round table discussion 1: Theme: New partnerships for enhanced responses to loss and damage
10:15 – 11:30	Round table discussion 2: Theme: Additional recommendations and strategic partnerships for loss and damage, Asian Infrastructure Investment Bank (AIIB)
11:30 – 11:45	Closing session: Summary of key takeaways and way forward Key takeaways Closing remarks and way forward
11:45 – 12:00	Refreshments and networking