

2 April 2026

Eighth meeting of the Board

22–24 April 2026

Livingstone, Zambia

Provisional agenda item 5

Report on the activities of the Secretariat

Summary

The Board will be invited to take note of the report on the activities of the Secretariat from 22 September 2025 to 27 March 2026, including the execution of the administrative budget from 1 January to 31 December 2025.

I. Introduction

1. This document provides a summary of the activities performed by the Secretariat from 22 September 2025 to 27 March 2026. Annex I contains the report on the execution of the administrative budget from 1 January to 31 December 2025.

2. At its seventh meeting (B.7) the Board approved, by decision B.7/D.1, the workplan of the Secretariat and the administrative budget of the FRLD for 2026, which were guided by three priorities: (1) accelerate the operationalization of the Fund; (2) strengthen governance and systems and lay the foundations for the long-term model of the FRLD; and (3) support the Board-led long-term resource mobilization efforts and positioning the FRLD as a global leader in loss and damage within the climate finance architecture.

3. Since B.7, the Secretariat has focused on (1) strengthening its institutional capacity and internal systems following the completion of the transition to the independent Secretariat (hereinafter referred to as the Secretariat), including through accelerated recruitment of the Secretariat staff; (2) accelerating the operationalization of the Fund, including through the roll-out of the Barbados Implementation Modalities (BIM); and (3) advancing the work on resource mobilization. Progress on addressing the above-mentioned priorities is reported in this document.

II. Mandates of the Secretariat

4. The table below summarizes the status of the actions undertaken by the Secretariat in response to the mandates provided by the Board in its previous meetings, including with respect to decision B.4/D.3, which contained in its annex a workplan with a view to achieving full operationalization of the FRLD by 2027, decision B.5/D.4 on the proposal for the start-up phase of the FRLD, through which the Board established the BIM, and the decisions from B.7, including those related to the operationalization of the BIM (funding cycle, initial funding criteria and access modalities). In addition, the items below were informed by the work the Secretariat will need to undertake in the context of the workplan of the Board (adopted by decision B.7/D.2), within the mandate provided by the Board to the Secretariat.

Summary of the mandates of the Secretariat and the status of implementation

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
B.7/D.2, para. (d)	Requests the Secretariat, in consultation with the Budget Committee, to develop recommendations on the management of the Fund's commitment authority, for consideration by the Board at its eighth meeting;	The Secretariat prepared the recommendations on the management of the commitment authority. The document was shared with the Budget Committee for consultation and will be submitted to the Board for consideration at B.8.
B.7/D.3, para. (k)	Requests the Secretariat to update the guidance for the FRLD focal points to reflect this decision, as necessary;	The guidance for FRLD focal points was updated and published on the FRLD focal points web page.
B.7/D.3, para. (l)	Also requests the Secretariat to present, for each Board meeting, a status report that provides an overview of the pipeline of all funding requests submitted, including those that are not presented for consideration by the Board at that meeting and those that did not meet the criteria on eligible activities for funding. This report will include detail on types of eligible activities submitted, geographical representation, types of loss and damage, and the stage of the review process for all submitted funding requests;	The Secretariat prepared a pipeline status report on the funding requests submitted under the BIM for B.8.

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
B.7/D.3, para. (m)	Further requests the Secretariat to present an annual status report on the approved funding requests and their status.	An annual status report on approved funding requests and their status will be submitted to the Board following the approval of BIM funding requests at B.10.
B.7/D.4, para. (e)	Further requests the Secretariat to undertake outreach to engage with national authorities or national focal points, including a series of webinars, training and so on, with the aim of supporting developing countries in developing their funding requests.	Since December 2025, the Secretariat has hosted regular information session webinars on the call for funding requests under the BIM. Six information sessions were held on 3 December 2025, 4 December 2025, 11 February 2026 and 16 March 2026, with some days having multiple sessions to accommodate different time zones. In total, nearly 650 participants representing over 100 countries attended across all six sessions. National focal points from 32 countries attended at least one of the sessions. The Secretariat also provided tailored sessions at the regional level, with plans to conduct further regional-level outreach across May and June 2026.
B.7/D.4, para. (g)	Also requests the Secretariat in consultation with the Co-Chairs to develop, as soon as possible, the funding request template, guidelines and an assessment methodology for reviewing funding requests, to allow the assessment of funding requests following the launch of the call for funding requests, and to present the assessment methodology for consideration by the Board at its eighth meeting;	The funding request template was developed by the Secretariat, in consultation with the Co-Chairs, and published on the FRLD website in advance of the launch of the call for funding requests under the BIM at COP 30. The assessment methodology for the review of funding requests was also developed, in consultation with the Co-Chairs, and translated into a guidance note on preparing funding requests, which was published on the FRLD website in advance of the opening of the submission time frame for BIM funding requests on 15 December 2025. The assessment methodology is being tested in the review of BIM funding requests. Consultations on the assessment methodology were held with the Board and observers in advance of B.8, and an updated version will be submitted to the Board for its consideration at B.8.
B.7/D.4, para. (h)	Confirms the importance of multilingualism and requests the Secretariat to translate the final version of the funding request template, subject to budget availability.	The funding request template was translated into French and Spanish. The translations are published on the FRLD website. Additional translations will be explored, subject to budget availability.
B.7/D.5 para. (c)	Requests the Secretariat to develop for consideration and adoption by the Board at its eighth meeting, the modalities and the risk management framework needed to operationalize direct access via direct budget support through national governments under the Barbados Implementation Modalities, and to indicate clearly in the call for funding requests that this access modality remains under development and will only become operational once these decisions have been adopted;	Under the guidance of the ad hoc risk committee, the Secretariat developed a paper on the modalities and risk management framework for operationalizing direct access via direct budget support through national governments. The final paper will be submitted to the Board for its consideration at B.8.
B.7/D.5 para. (e)	Requests the Secretariat to start the process for contracting the experts mentioned in the	The Secretariat has initiated the development of the terms of reference for contracting the external experts. Upon the adoption of the

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
	process contained in annex V to this document;	modalities and risk management framework for direct access via direct budget support through national governments, the Secretariat will launch the process for contracting the experts.
B.7/D.5 para. (o)	Also requests the Secretariat to develop a policy on oversight fees for entities and national governments accessing the Fund that takes into account the financial capacities of the respective institutions.	The Secretariat developed a policy on oversight fees for entities and national governments accessing the Fund. This paper will be submitted to the Board for its consideration at B.8.
B.7/D.7 para. (a)	Requests the Secretariat to continue its efforts to ensure the timely conversion of pledges to fully executed contribution agreements or arrangements to increase the predictability of resources for the Fund and to report back to the Board at each meeting;	From 23 September 2025 to 27 March 2026, a total of: <ul style="list-style-type: none"> • USD 37.15 million was pledged (by Japan, Luxembourg, Spain and Walloon Region of Belgium); • USD 29.37 million of contribution agreements were signed (with Japan, Spain and Walloon Region of Belgium); • USD 51.37 million was transferred to the FRLD (from Australia, Japan, Spain and United Arab Emirates).
B.7/D.7 para. (d)	Requests the Secretariat to facilitate an open, inclusive, transparent consultation process on the draft resource mobilization strategy through, inter alia: <p>(i) A call for submissions of inputs from members and alternate members of the Board, advisers and civil society organizations by 15 January 2026;</p> <p>(ii) Consultations with the Board on the draft resource mobilization strategy before the eighth and ninth meetings of the Board;</p>	A call for submission of inputs was launched on 8 January 2026 and closed on 30 January 2026 (the deadline was extended under the guidance of the Board Co-Chairs). Consultations with the Board took place on 23 March 2026.
B.7/D.8 para. (b)	Requests the Secretariat to develop and present to the Board, for its consideration at its eighth meeting, a proposal on a country support system under the Barbados Implementation Modalities to operationalize paragraph 47 of the Governing Instrument, including: <p>(i) Activities described by paragraphs 47, 53, 67 and 68 of the Governing Instrument;</p> <p>(ii) An annual funding allocation for this programme, subject to recommendation from the Budget Committee;</p> <p>(iii) A cap per country;</p> <p>(iv) The modalities under which the support can be implemented, ensuring synergies with support provided through other mechanisms, including in the context of modalities for complementarity and coherence with the Santiago Network.</p>	The Secretariat developed a framing paper on a country support system under the BIM, and held consultations with the Board and observers in advance of B.8. The updated framing paper will be submitted to the Board for its consideration at B.8.
Board workplan	Update workplan on the basis of the outcomes of COP 30/CMA 7 as well as a detailed 2027 workplan.	An updated workplan will be submitted to the Board for its consideration at B.8, reflecting the outcomes of B.7, the priorities of the 2026 Co-Chairs and the guidance received from COP 30 and CMA 7.

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
Board workplan	Initial results measurement framework, including a system for guiding funding decisions.	The Secretariat developed a proposals for a results measurement framework for the BIM, and held consultations with the Board and observers in advance of B.8. The framework will be submitted to the Board for its consideration at B.8.
Board workplan	Consider guidance from COP 30/ CMA 7.	The Secretariat prepared a document on guidance from COP 30 and CMA 7, including proposed actions for consideration by the Board at B.8.
Board workplan	Standard procedures to identify sources, funds, processes and initiatives under and outside of the Convention/Paris Agreement (Funding Arrangements, annex II to decisions 1/CP.28 and 5/CMA.5, para. 10). Develop the terms of reference for the work.	To be developed.
B.6/D.3, para. (b)	Provide FRLD focal points with relevant background and guidance to facilitate their entry into this role, and to maintain regular communication with them.	The Secretariat has communicated with the focal points, providing background and guidance to facilitate engagement with the Secretariat. As at 25 March 2026, there are 92 FRLD focal points.
B.6/D.4, para. (b)	Prepare, in accordance with decision B.4/D.3(b), a draft long-term resource mobilization strategy and plan through an inclusive and iterative consultation process with the Board, to be presented for consideration by the Board no later than at its seventh meeting. (Requests that the strategy be guided by UNFCCC decisions 5/CP.29 and 11/CMA.6, paragraph 16, and decisions 1/CP.28 and 5/CMA.5, paragraph 12, and paragraphs 54–56 of the Governing Instrument, by decision D.6/D.4, para. (c).)	In accordance with decision B.7/D.7, paragraph (c) the Secretariat is supporting the Co-Chairs to prepare the draft resource mobilization strategy with the objective of presenting it for consideration by the Board at B.9.
B.6/D.6 para. (a)	Continue inclusive and iterative consultations with the Board and the representatives of the nine observer constituencies of the United Nations Framework Convention on Climate Change;	The Secretariat convened a series of meeting with focal points of the nine observer constituencies of the United Nations Framework Convention on Climate Change. The purpose of the meetings was to consult the observer constituency focal points on the draft policy on the participation of active observers and the draft guidelines on consultative forums, in response to decision B.6/D.6 and on a proposal on co-convening process as well as on the timeline for developing the observer policy and consultative forum guidelines. The observer constituency focal points made inputs into the zero draft of the observer policy and consultative forums. The focal points also provided inputs into the co-convening process proposal during the wider stakeholder consultation on draft one of the observer policy and consultative forum. Secretariat revised the zero draft of the observer policy for further development through inputs from observer constituency focal points before wider sharing for inputs from observer groups

<i>Decision</i>	<i>Mandate</i>	<i>Status of implementation</i>
		and stakeholders into the draft one later in April. The Secretariat also facilitated consultations and achieved agreement with the observer constituency focal points on the timeline for developing the observer policy and consultative forum guidelines.
B.6/D.6 para. (b)	In collaboration with these observer representatives, to co-convene consultations with other relevant stakeholders on a draft policy on the participation of active observers in Board meetings and related proceedings and on a draft proposal for guidelines on consultative forums for engaging and communicating with stakeholders, and to present the draft policy and proposal for guidelines for consideration by the Board at its ninth meeting.	Consultations and co-convening have been ongoing from October and will continue up until June 2026.
B.4/D.7 para. (d)	Report to the Board on the implementation of this decision at every meeting of the Board, starting at the fifth meeting of the Board, and until the comprehensive framework is adopted by the Board.	The Secretariat continued to assess the viability of launching the process for the accreditation of observers ahead of B.9 when the Board will review and approve matters related to observers.

Abbreviations: BIM = Barbados Implementation Modalities, B.x = meeting of the Board, 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, UNFCCC = United Nations Framework Convention on Climate Change.

III. Activities of the Secretariat from 22 September 2025 to 27 March 2026

5. During the current reporting period, the Secretariat, under the leadership of the Executive Director, achieved significant progress in the following key areas:

- (a) Strengthening the capacity of the Secretariat;
- (b) Complementarity and coherence;
- (c) Supporting the Board-led long-term resource mobilization efforts;
- (d) Communications, advocacy and outreach;
- (e) Accelerating the operationalization of the Fund, including the roll-out of the BIM.

A. Strengthening the capacity of the Secretariat

6. The transition from the interim to the independent Secretariat was completed as at the end of B.7. The Secretariat continues to advance staff recruitment to strengthen the capacity required to deliver its mandate. By mid-January, the executive management team, comprising the Executive Director, the Deputy Executive Director, and five programme managers, was fully in place and leads the FRLD’s critical workstreams.

7. Together, the executive management team brings a wealth of expertise from diverse geographic and thematic backgrounds – representing seven nationalities across four continents, with four women and three men – reflecting the strong commitment to diversity and inclusion. As well as recruitment, the Secretariat has been refining internal processes and fostering a collaborative, multicultural work environment to support efficient and effective delivery.

8. The Secretariat has launched a recruitment process based on the organizational structure. Additional recruitment is ongoing, with the aim of recruiting 23 permanent staff by the end of 2026.

9. Progress to date is as follows.

(a) The Board Affairs and Governance team has recruited a programme manager, a senior governance specialist, a governance specialist and an observer specialist. In addition, two secondees from the World Bank continue to support operations as well as providing technical support. During the reporting period, the team continued to provide general support to the Board in accordance with the Governing Instrument and the Rules of Procedure, including on aspects related to Board affairs, governance matters and coordinated the preparation of B.8. The Board Affairs and Governance and the Programming and Country Engagement teams supported the ad hoc risk committee in delivering its mandate;

(b) The Programming and Country Engagement team has recruited a programming specialist, senior economist and financial specialist, six technical experts under the BIM delivery team (with an additional two technical experts under recruitment), environment and social safeguards expert, country engagement strategy expert, and programming analyst. During the reporting period, the team led the launch of the call for funding proposals under the BIM and the reviews of the funding requests, as well as coordinated the preparation of relevant documentation for B.8 on operational and programming matters. The team continues to lead active engagement with countries, access entities, and other stakeholders in raising awareness of the Fund and the BIM, sharing information and guidance, and conducting training on the modalities of the BIM;

(c) The Knowledge, Monitoring, Evaluation and Learning team has recruited a programme manager. A results measurement framework was developed for B.8 following a comprehensive benchmark exercise and with the support of a research institution on technical areas;

(d) The Resource Mobilization, Communications and Partnerships team has recruited the programme manager and an analyst, and the recruitment of a resource mobilization specialist and a partnerships specialist is under way;

(e) The Budget and Financial Management team has recruited the programme manager. The Board Affairs and Governance and the Budget and Financial Management teams supported the Budget Committee in implementing its mandate, including for meetings in preparation for B.8 involving reviewing documents to be presented to the Board for consideration and endorsing them, where applicable. These included the report on the execution of the administrative budget from 1 January to 31 July 2025, as contained in the annex to this document.

10. During this period, the World Bank, as interim Trustee, continued to provide fiduciary and administrative services, including financial management, investment oversight, reporting and legal support.

B. Complementarity and coherence

11. The Secretariat focused on increasing complementarity and coherence in several ways:

(a) Collaboration between the Secretariat and the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM) and the Santiago Network continues to develop, with regular meetings and participation by the FRLD in the Santiago Network's fifth and sixth meetings of the Advisory Board. The WIM Executive Committee, the Santiago Network and the FRLD Co-Chairs held meetings in September 2025 and March 2026 to share updates from each entity and discuss ongoing work on enhancing complementarity and coherence, and planned activities and events;

(b) The relationship between the Secretariat and the World Bank continues beyond the hosting agreement. For example, the Secretariat engaged with World Bank teams that are

active in disaster risk management and in sectors impacted by slow onset events, such as agriculture and food security, as well as supporting the Co-Chairs' mandate to engage with World Bank regarding the BIM. In preparing the BIM, the Secretariat also engaged with several financial intermediary funds hosted by the World Bank;

(c) The FRLD was active at the United Nations Climate Conference (COP 30) in Belém, Brazil, working to connect with countries, engage with relevant negotiations, and situate itself within the broader climate finance landscape. For the first time, the Secretariat fielded a dedicated team to support negotiations:

(i) On the opening day, the first call for funding requests under the BIM was launched. The event was well attended by high-level representatives of the Parties, United Nations Framework Convention on Climate Change regional groups, civil society organizations/non-governmental organizations, and international organizations, and received significant media coverage and broad support;

(ii) The FRLD leveraged COP 30 to deepen stakeholder engagement, expand outreach and reinforce its role within the climate finance landscape. In collaboration with the Santiago Network and the WIM Executive Committee, the FRLD co-hosted an event led by the co-chairs of the three institutions, showcasing the opportunities for complementarity and coherence across the loss and damage architecture. The session highlighted the three core pillars – knowledge (WIM Executive Committee), technical assistance (Santiago Network), and finance (FRLD) – and how their combined efforts can better support developing countries and communities responding to loss and damage.

C. Supporting the Board-led long-term resource mobilization efforts

12. To date, approximately USD 820 million has been pledged by 27 partners, with 24 partners having formally signed contribution agreements. At COP30, new pledges were announced by Luxembourg, Spain and the Walloon Region of Belgium; and in January 2026 Japan announced an additional pledge, with the total amount of new pledges reaching over USD 37 million.

13. In the period between 23 September 2025 and 27 March 2026, a total of USD 29 million of contribution agreements was signed (with Japan, Spain and Walloon Region of Belgium) and over USD 51 million was transferred to the FRLD (from Australia, Japan, Spain and United Arab Emirates).

14. The Secretariat is supporting the Board in leading the development of the first resource mobilization strategy (RMS). In accordance with decision B.7/D.7, paragraph (d), the Secretariat organized a call for submissions of inputs on the RMS from members and alternate members of the Board, advisers and civil society organizations. The call was open from January 8 through 30 January 2026. Since then, the Secretariat has reviewed the submissions and assisted the Co-Chairs in organizing Board consultations on 23 March 2026. The inputs and outcomes of the consultations form the basis for the development of the RMS, which is being drafted and will be shared for Board consultations ahead of B.9, as required by the respective Board decision.

15. The Secretariat has started preparing the materials to support the discussions on the launch of the first replenishment process at B.9.

D. Communications, advocacy and outreach

16. Since December 2025, the Secretariat initiated extensive outreach and engagement activities to raise awareness and enhance understanding of the BIM call for funding requests, including virtual technical briefings, bilateral meetings and topic-based webinars with national focal points and access entities.

17. Six information sessions were held on 3 December and 4 December 2025, and 11 February and 16 March 2026, with multiple sessions on some days to accommodate different

time zones. In total, 649 participants representing over 116 countries attended across all six sessions, including national focal points from 32 countries. Topic-based information sessions will continue to be conducted on a monthly basis until the end of the year. Region-specific sessions were launched, with plans to continue to conduct them until the BIM call for funding requests closes in mid-June. The information webinars provided participants with a comprehensive overview of FRLD's mandate and objectives, as well as details on the scope, funding criteria, funding cycle and access modalities for the BIM. Topic-specific sessions started in March, with the first being on the funding request template and guidelines. Each information session also included dedicated time for a question-and-answer session, which generated thoughtful and substantive exchanges across a wide range of technical and policy issues. Webinar recordings and presentation materials are published online and remain available on the FRLD website. A survey was distributed to national focal points to better understand their needs and priorities, and to learn how the Secretariat can most effectively support country engagement with the FRLD.

18. The Secretariat has continued virtual outreach to national ministries, access entities, intergovernmental organizations, multilateral climate funds and other institutions across the climate finance landscape through information exchange and bilateral meetings. The Secretariat also participated virtually in country-led events such as finance round-table discussions.

19. Although in-person engagements were limited during this reporting period, in consideration of the limited budget for travel, the Secretariat will be prioritizing in-person engagements over Q2 from April to June 2026 in the lead-up to the deadline for the submission of funding requests under the BIM. This includes regional climate conferences, tailored training workshops for national focal points, and FRLD-hosted information sessions.

E. Accelerating the operationalization of the Fund, including roll-out of the Barbados Implementation Modalities

20. Following the launch of the call for funding requests at COP 30, the Secretariat completed the development of the funding request template (including French and Spanish versions), assessment methodology, guidelines for preparing funding requests, and the letter of endorsement template. These materials were published on the FRLD website.

21. In parallel, the Secretariat launched the recruitment for the BIM delivery team experts responsible for conducting technical reviews of funding requests. Over 190 applications were received from 55 countries across six continents. As a result of this process, an initial cohort of diverse experts was selected to form the BIM delivery team. Onboarding and training sessions for the experts commenced in late February.

22. On this basis, the Secretariat has commenced the review of BIM funding requests that have been submitted to the Fund. Details on the status of the FRLD pipeline are contained in the pipeline status report to be presented to the Board for its consideration at B.8.

23. The Secretariat has continued work on the remaining operational modalities for the BIM under the guidance of the Co-Chairs, and has produced the following documents for the Board's consideration at B.8:

- (a) Assessment methodology for the review and selection of BIM funding requests;
- (b) Initial results measurement framework for the BIM;
- (c) Modalities and risk management framework for operationalizing direct access via direct budget support through national governments under the BIM;
- (d) Country support system
- (e) Policy on oversight fees.

24. The documents on the assessment methodology, the country support system, the initial results measurement framework and the draft policy on oversight fees were shared with the Board for written feedback. In addition, the Secretariat held consultations with the Board and

observers, chaired by the Co-Chairs, on the assessment methodology, country support system and initial results measurement framework. The consultations contributed to further refinement of the documents before submission for consideration by the Board at B.8.

IV. Key lessons learned

25. Key lessons from this period:

(a) The need to expedite the recruitment of full-time staff for key positions and strengthening the Secretariat's medium- to long-term capacities, processes and procedures in order to progress with the implementation of the BIM while developing the long-term model of the FRLD and supporting the resources mobilization efforts of the Board;

(b) Ongoing engagement with the Santiago Network, WIM Executive Committee and other multilateral climate funds is essential so that the FRLD can learn lessons from their experience, as the Fund is being operationalized. The Secretariat has engaged with Santiago Network on ways to improve complementarity and coherence, including on the country support system, observer engagement, monitoring and evaluation;

(c) Increased targeted outreach and engagement with national focal points and access entities, including regional engagements and bilateral meetings, has been a key enabler for ensuring that countries have a thorough understanding of the modalities under the BIM and has facilitated countries in preparing funding requests that align with the terms of reference and the decisions of the Board;

(d) Piloting simplified and streamlined approaches as part of the BIM, including the simplified template, expedited review timelines, and relying on the accreditation systems of other multilateral climate funds to enable access to the FRLD, has been received positively by countries and access entities who are engaging with the Fund;

(e) Proactive observer stakeholder engagement, including the active observer and stakeholder forums and BIM consultations, is a crucial component of stakeholder engagement. In this regard, the Secretariat is piloting a monthly meeting with observers to gauge the team's ability to coordinate across the different constituencies.

V. Observer matters

26. From September 2025 to March 2026 the Secretariat convened monthly meetings with representatives of the nine observer constituencies of the United Nations Framework Convention on Climate Change. The purpose of the meeting was to agree the principles of how to co-convene and to gather inputs from observer representatives on co-convening consultations, as well as on the draft policy on the participation of active observers and the draft guidelines on consultative forums, in response to decision B.6/D.6. The Secretariat progressed on the co-convening process requested by the Board.

27. The Secretariat engaged with the Climate Investment Funds and the Santiago Network and through the Multilateral Climate Funds Taskforce Committee on how to improve observer engagement in executing FRLD's mandate.

Annex

Report on the execution of the administrative budget

I. Introduction

1. As requested by the Board at its first meeting (B.1), the Secretariat is hereby reporting on the execution of the administrative budget from 1 January to 31 December 2025, covering spending by the Board, the independent Secretariat, the interim secretariat, the interim Trustee and contingency. All figures and percentages are measured against the full budget allocated for 1 January to 31 December 2025, as approved at B.4 and B.5.

II. Approved budgets

2. The Board approved the following administrative budgets for the period from 1 January 2025 to 30 June 2025 (decision B.4/D.4):

- (a) USD 365,422 for the Board;
- (b) USD 2,533,743 for the independent Secretariat;
- (c) USD 1,317,010 for the interim secretariat;
- (d) USD 479,000 for the interim Trustee;
- (e) USD 168,000 as a contingency budget for the expenditures that may be incurred or planned for by the Board.

3. The Board also approved the following administrative budgets for the period from 1 July 2025 to 31 December 2025 (decision B.5/D.2):

- (a) USD 782,290 for the Board;
- (b) USD 3,564,361 for the independent Secretariat;
- (c) USD 1,049,715 for the interim secretariat;
- (d) USD 510,670 for the interim Trustee;
- (e) USD 80,000 as a contingency budget for the expenditures that may be incurred or planned for by the Board.

4. This document reports on all the above administrative budgets approved at B.4 and B.5 as a combined budget approved for the year from 1 January 2025 to 31 December 2025.

5. The Board has authorized the Secretariat, in consultation with the Budget Committee, to execute the contingency budget when the expenditure conditions have been met without seeking the approval of the Board.

6. The figures in this document are unaudited.

III. Budget execution

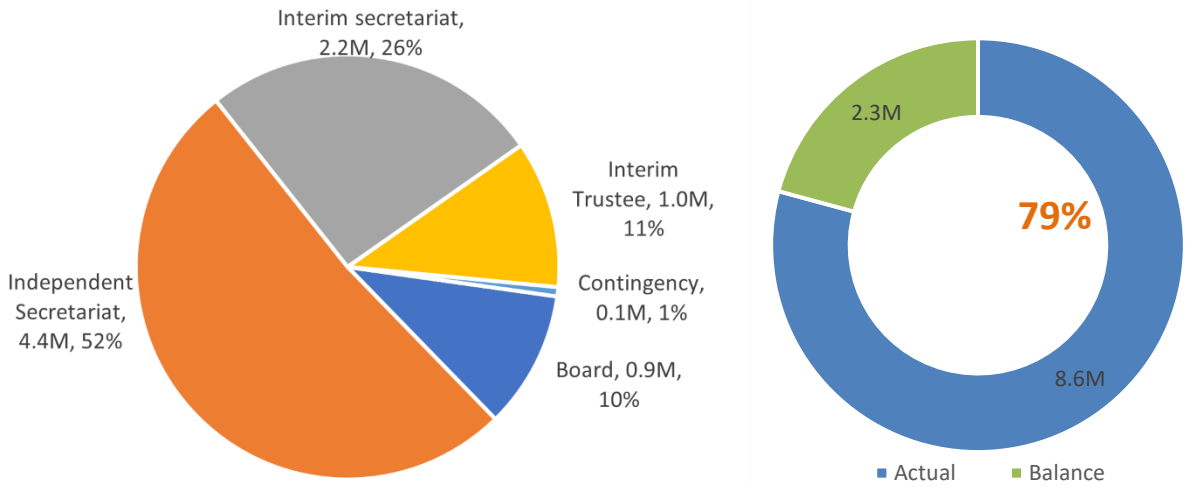
A. Summary of expenditure

7. From 1 January to 31 December 2025, the total expenditure on annual budgets for the Board, the independent Secretariat, the interim secretariat, the interim Trustee and contingency amounted to USD 8.6 million against a budget of USD 10.85 million (79 per cent). Of this figure, USD 0.9 million relates to the Board; USD 4.4 million to the independent Secretariat; USD 2.2 million to the interim secretariat; USD 0.97 million to the interim Trustee; and USD 0.06 million to contingency (as shown in figure 1 and table 1).

8. Tables 1–6 provide detailed information on the execution of the administrative budget from 1 January 2025 to 31 December 2025.

Figure 1

Composition of overall expenditure from 1 January to 31 December 2025
(in United States dollars)



Abbreviation: M = million.

Table 1

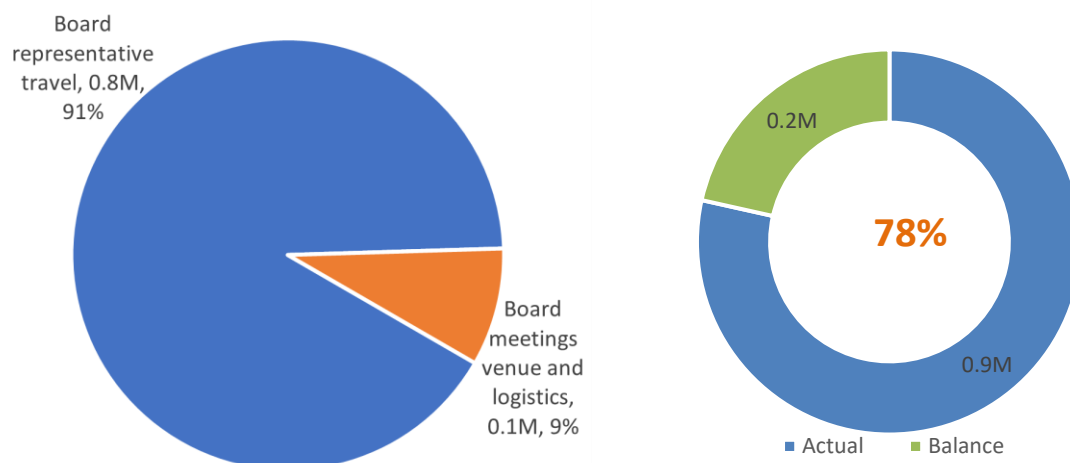
Summary of the budget and expenditure from 1 January 2025 to 31 December 2025
(in United States dollars)

No.	Budget category/ subcategory	Approved budget	Actual expenditure	Balance	% spent
1	Board	1,147,712	900,875	246,837	78%
2	Independent Secretariat	6,098,104	4,437,356	1,660,749	73%
3	Interim secretariat	2,366,725	2,231,907	134,819	94%
4	Interim Trustee	989,670	965,400	24,270	98%
Total before contingency		10,602,212	8,535,537	2,066,675	81%
5	Contingency	248,000	60,042	187,958	24%
Grand total		10,850,212	8,595,579	2,254,633	79%

B. Board budget

9. The composition of the Board expenditure reported for the Board from 1 January 2025 to 31 December 2025 is shown in figure 2.

Figure 2
Composition of Board expenditure from 1 January to 31 December 2025
 (in United States dollars)



Abbreviation: M = million

10. The detailed actual expenditure reported for the Board from 1 January 2025 to 31 December 2025 is shown in table 2.

Table 2
Board budget and expenditure from 1 January 2025 to 31 December 2025
 (in United States dollars)

No.	Budget category/ subcategory	Approved budget	Actual expenditure	Balance	% spent
1.1	Board representative travel	1,003,931	821,486	182,446	82%
1.2	Board meetings: venue and logistics	143,781	79,389	64,392	55%
	Total	1,147,712	900,875	246,837	78%

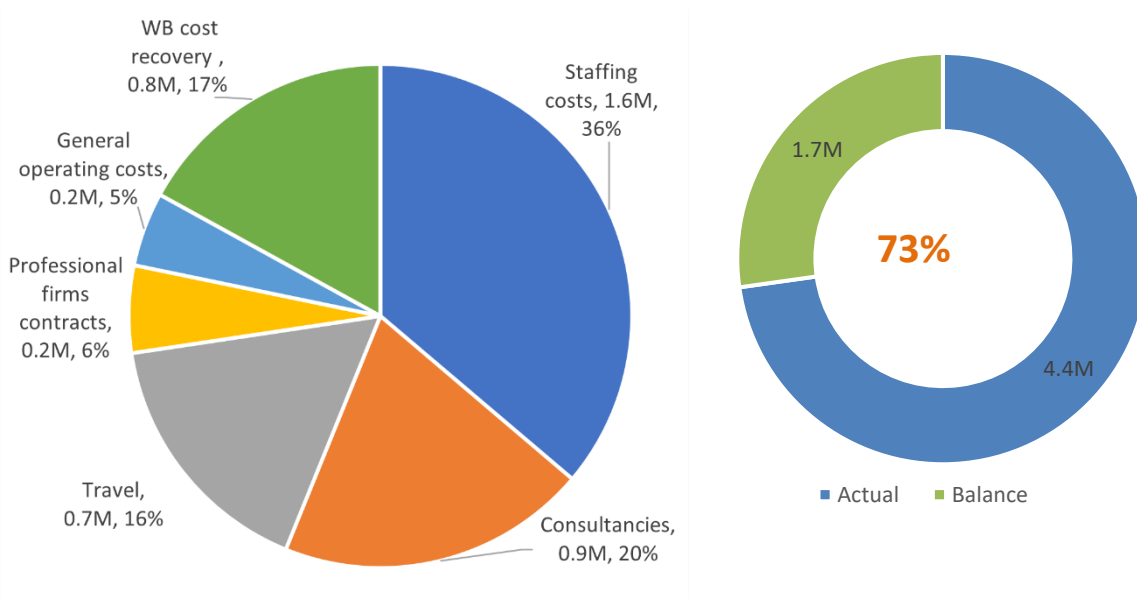
11. The Board representative travel costs include flight tickets and daily subsistence allowance for funded Board members and advisers for B.5, B.6 and B.7. At B.4, the travel costs for B.5 were budgeted under this line according to the previous Board travel policy. Any additional budgetary requirements for B.5 resulting from the change in the travel policy were allocated to the contingency budget. The expenditure for Board representative travel for B.5 up to the approved budget at B.4 (USD 261,134) for B.5 is charged under this budget line. Additional expenditure (USD 60,042) is reported under the contingency budget.

12. The expenditure for venue and logistics includes the costs for ICT and live streaming services for B.5. For B.5, the Government of Barbados covered all other expenses, including the venue, catering, transportation and logistical support. The Government of the Philippines covered all costs related to the venue and logistics of B.6 and B.7, which were both held in the Philippines.

C. Independent Secretariat budget

13. The composition of expenditure reported for the independent Secretariat from 1 January 2025 to 31 December 2025 is shown in figure 3.

Figure 3
Composition of independent Secretariat expenditure from 1 January to 31 December 2025
 (in United States dollars)



Abbreviations: M = million, WB = World Bank.

14. Table 3 shows the details of actual expenditures reported for the independent Secretariat from 1 January 2025 to 31 December 2025.

Table 3
Independent Secretariat budget and expenditure from 1 January 2025 to 31 December 2025
 (in United States dollars)

No.	Budget category/ subcategory	Approved budget 2025	Actual expenditure	Balance	% spent
	Direct costs				
2.1	Staffing costs	2,434,465	1,606,309	828,156	66%
2.2	Consultancies	1,017,572	884,700	132,872	87%
2.3	Travel	803,358	732,155	71,203	91%
2.4	Professional firms	300,000	248,600	51,400	83%
2.5	General Operating costs	506,112	211,300	294,812	42%
	Total direct costs	5,061,507	3,683,064	1,378,443	73%
	Indirect costs^a	1,036,597	754,292	282,305	73%
	Total	6,098,104	4,437,356	1,660,749	73%

^a World Bank cost recovery calculated as 20.48 per cent of the direct cost.

15. The budget execution of the independent Secretariat for calendar year (CY) 2025 ended at 73%. The Secretariat’s budget execution during this period reflected the progressive establishment of the institutional infrastructure of the independent Secretariat and staffing to deliver its mandate.

16. The transactions of the independent Secretariat are accounted for in accordance with the World Bank Group’s accounting policies applicable to trust funds and are recorded on a modified cash basis. Accordingly, expenses reported for the independent Secretariat are recognized based on the payment date, rather than when the related services are delivered or when commitments are entered into. As a result, certain transactions relating to work performed in 2025 were paid in 2026 and are therefore not reflected in this report.

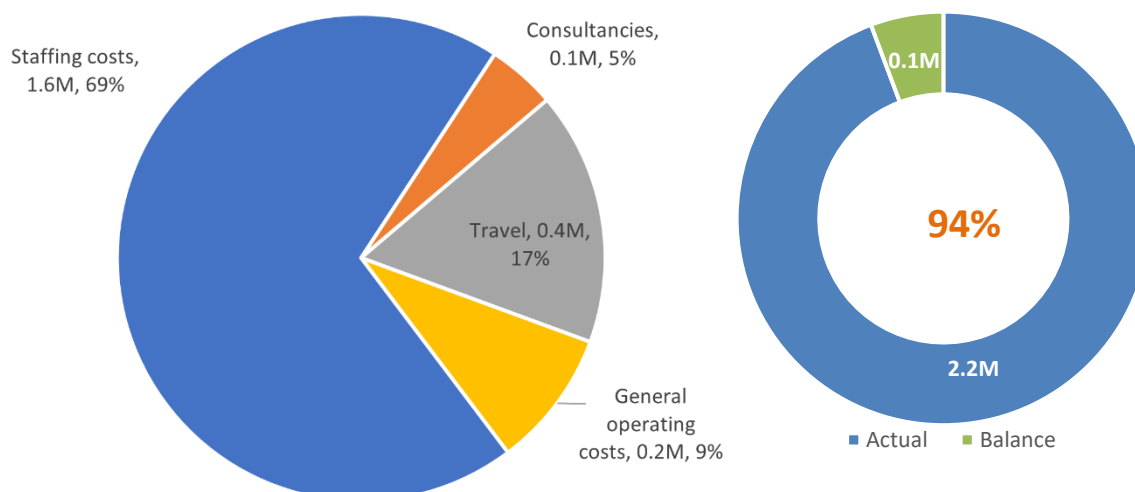
17. Below is a breakdown of expenditure by standard categories:
18. **Staff costs:** The administrative budget covered salaries for essential roles: the Executive Director, the Deputy Executive Director, a senior executive assistant, a senior programme assistant and a principal adviser up until B.7 (World Bank secondment). It also covered the salaries for a governance and board affairs specialist, a policy specialist and three programme managers joining in the last quarter of the year.
19. **Consultants:** Consultants were engaged to provide support to the staff during the year on various technical areas. These consultants were engaged under short-term contracts, as follows:
- (a) **Programming and Country Engagement:** Technical consultants provided specialized expertise to advance core programmatic deliverables, including the development of the Barbados Implementation Modality (BIM) – covering eligibility criteria, the project cycle, access and direct budget support modalities, the results measurement framework and various forms of technical support. This assistance led to the successful launch of the BIM call for funding requests at the United Nations Climate Change Conference in Brazil (COP 30) in November 2025;
 - (b) **Board Affairs and Governance:** Three consultants, including a senior consultant serving as Secretary to the Board (until October 2025), provided crucial support for Board meeting coordination, policy and statutory document drafting, reporting, logistical planning for Board travel, observer engagement, and comprehensive editorial and notetaking support;
 - (c) **Resource Mobilization, Communication and Partnerships:** Five consultants, including a senior communications officer, an IT and website designer, an editor and content creation consultant on the communication side, as well as two consultants and an adviser to the Executive Director on resource mobilization. Together, they strengthened the Secretariat’s visibility, stakeholder engagement, strategic messaging and resource mobilization efforts.
20. **Consulting firms:** Specialized consulting firms were engaged to provide targeted support across several strategic areas. An events management firm supported the organization of the high-level dialogue, including logistics coordination, travel arrangements and technical equipment. Organizational development support was provided through a human resources consulting firm that assisted with the phased development of the Secretariat and the design of an external engagement strategy, while a separate firm was engaged to support staff recruitment.
21. A consulting firm also supported the development of the Board-led RMS. In addition, support was provided on the development and translation of the funding requests template and assessment methodology. Finally, a firm supported the development of the oversight fee policy and the modalities and risk management for direct access for direct budget support.
22. **Travel and strategic engagements:** Travel costs primarily covered Secretariat participation in three FRLD Board meetings and COP 30, as well as selective participation by the Executive Director and senior staff in country engagement and selected strategic events notably in Africa, the Pacific and the Caribbean. These engagements also supported partnership building, particularly with European contributors. All engagements helped with promoting the FRLD mandate, enhancing institutional visibility and fostering coordination across climate finance actors. Missions also provided opportunities for field visits, including meetings with potential partners and consultations with affected communities.
23. **General operating costs:** These include the day-to-day operating costs of an office, including staff retreats, translation and interpretation services, hospitality, IT and communications.
24. **Indirect costs:** These cover services such as office space, human resources, legal, finance and administration services provided by the World Bank under the Hosting Agreement. These are calculated at the rate of 20.48 per cent of the direct costs.

D. Interim secretariat budget

25. The composition of expenditure reported for the interim secretariat from 1 January 2025 to 31 December 2025 is shown in figure 4.

Figure 4

Composition of interim secretariat expenditure from 1 January to 31 December 2025
(in United States dollars)



Abbreviation: M = million.

26. The detailed actual expenditure reported for the interim secretariat from 1 January 2025 to 31 December 2025 is shown in table 4.

Table 4

Interim secretariat budget and expenditure from 1 January 2025 to 31 December 2025
(in United States dollars)

No.	Budget category/subcategory	Approved budget 2025	Actual expenditure	Balance	% spent
2.1	Staffing costs	1,633,376	1,551,342	82,034	95%
2.2	Consultancies	147,700	101,499	46,201	69%
2.3	Travel	407,161	375,600	31,561	92%
2.4	General operating costs	178,488	203,466	(24,978)	114%
	Total	2,366,725	2,231,907	134,819	94%

27. The interim secretariat comprised staff and consultants seconded by the Green Climate Fund, the United Nations Development Programme and the United Nations Framework Convention on Climate Change (UNFCCC). Each organization recorded expenditures in accordance with its own financial policies and consolidated them for reporting purposes in this report.

28. Expenditures of the interim secretariat comprise costs incurred for staff and consultants assigned to provide technical and operational support to the FRLD. This includes support across key functional areas such as finance, governance and Board affairs, logistical arrangements for Board meetings, stakeholder engagement, legal services, and programming activities, including work related to the BIM.

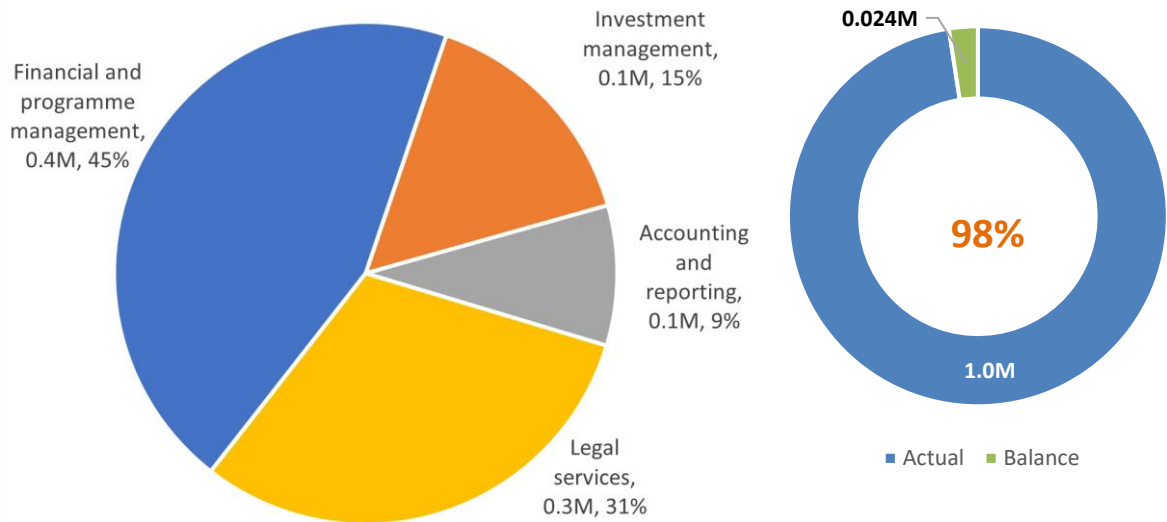
29. Travel costs of the interim secretariat relate to participation in a strategic secretariat retreat led by the Executive Director, held in Bonn in February 2025; staff travel to Barbados for B.5 in April 2025; travel to the Philippines for B.6 and B.7 in July and October 2025; and additional travel by selected interim secretariat staff to support activities at COP 30. General operating costs reflect the applicable overhead expenses incurred by each organization.

E. Interim Trustee budget

30. The composition of actual expenditure reported for the interim Trustee from 1 January 2025 to 31 December 2025 is shown in figure 5.

Figure 5

Composition of interim Trustee expenditure from 1 January to December 2025
(in United States dollars)



Abbreviation: M = million.

31. The detailed estimated expenditure reported for the interim Trustee from 1 January 2025 to 31 December 2025 is shown in table 5.

Table 5

Interim Trustee budget and expenditure from 1 January 2025 to 31 December 2025
(in United States dollars)

No.	Budget category/ subcategory	Approved budget	Actual expenditure	Balance	% spent
1	Financial and programme management	431,000	431,000	–	100%
2	Investment management	154,600	149,000	5,600	96%
3	Accounting and reporting	87,000	87,000	–	100%
4	Legal services	317,070	298,400	18,670	94%
	Total	989,670	965,400	24,270	98%

32. The World Bank as interim Trustee provides a range of services for the FRLD, as defined in the terms and conditions for the administration of the FRLD Trust Fund in The Trustee Agreement. The administrative budget for the interim trustee services provided to FRLD is presented in four categories, as shown in table 5.

33. The interim Trustee’s CY 2026 budget of USD 1,009,200 was approved by the Board at B.7, and reflects the best estimate of the costs for the budget cycle based on the full cost recovery principle and information available at the time of budget preparation.

34. The CY 2025 actual expenditure was USD 965,400, which is less than the approved budget for CY 2025 by USD 24,270. This deviation is the result of a lower investment management fee and lower costs for legal services. Explanations of the deviations of actual costs from the estimated budgets across the four budget categories as follows:

(a) Financial and programme management fees cover services related to management and execution of financial transactions, including processing contribution agreements and contribution payments, recording funding allocations and commitments, execution of cash transfers to recipients using World Bank financial systems and procedures, and regular and ad hoc financial reporting of activities in the FRLD Trust Fund. It includes collaboration with the Secretariat, responding to day-to-day enquiries from the Secretariat, contributors and other FRLD constituencies and stakeholders, as well as ad hoc services to the Secretariat. Actual costs are consistent with the estimated budget for CY 2025;

(b) Investment management fees are calculated based on a flat fee of 4.5 basis points (i.e. 0.045 per cent) of the average annual estimated balance of undisbursed cash in the FRLD Trust Fund. Actual investment management costs may vary depending on the actual average liquidity balance in the FRLD Trust Fund during CY 2025. For the purposes of the budget estimate for CY 2025, an average annual cash balance of USD 343 million was projected. The actual average annual cash balance during CY 2025 was USD 330.5 million, which resulted in the investment costs being USD 5,600 lower than initially budgeted;

(c) Accounting and reporting fees cover services including the management of the accounting model for the FRLD Trust Fund, clearance of agreements, and maintenance of appropriate records, accounts and systems to support audit and financial reporting of activities in the FRLD Trust Fund. Actual costs are consistent with the estimated budget for CY 2025;

(d) Legal services fees cover services including drafting, negotiating and preparing contribution agreements/arrangements and amendments, and other legal agreements, as needed. This also covers providing policy advice and legal review on issues that may impact the FRLD Trust Fund and the services of the interim Trustee.

F. Contingency budget

35. The actual expenditure reported from 1 January 2025 to 31 December 2025 is shown in table 6.

Table 6

Contingency expenditure from 1 January 2025 to 31 December 2025 (in United States dollars)

No.	Budget category/subcategory	Approved budget 2025	Actual expenditure	Balance	% spent
3.1	Board-related contingent items	248,000	60,042	187,958	24%
	Total	248,000	60,042	187,958	24%

36. The expense reported under budget item “Board-related contingent items” is for the additional costs for Board representative travel for B.5 owing to the change in the travel policy. This is the additional expenses incurred over the approved budget for B.5 travel.

IV. Clarification and acknowledgement of the contribution of the Government of Japan and unutilized budget

37. Implementing its initial contribution pledge announced at the United Nations Climate Change Conference in Dubai, United Arab Emirates (COP 28), the Government of Japan has disbursed a total of USD 15 million as follows:

(a) USD 10 million directly to the UNFCCC secretariat, designated to support the operationalization of the FRLD during its transitional phase. This contribution has been instrumental in ensuring the effective functioning of the interim secretariat and covering contingency expenditures, pending the establishment of a fully operational and independent Secretariat;

(b) USD 5 million directly to the FRLD Trust Fund, designated to support the operationalization of the FRLD, including the FRLD Secretariat after the completion of the interim transitional period.

38. These contributions form an integral part of the Government of Japan's overall financial commitment to the FRLD. As at 31 December 2025, the total support received from the Government of Japan through the FRLD Trust Fund and the UNFCCC amounts to USD 15 million, thereby fulfilling the Government of Japan's pledge to the Fund.

39. The budgets approved for the interim secretariat, the Board and contingency were financed from the Japan contribution held and managed by UNFCCC. In agreement with the Government of Japan, any remaining balance of the contribution disbursed to UNFCCC will be transferred to the FRLD Trust Fund and reported by the interim Trustee.

40. The independent secretariat is in consultation with the interim Trustee and the UNFCCC to outline the required steps to make the transfer of any remaining balance of funds from the Japan contribution and inform the Board member from Japan before the transfer is finalized. As part of this process, a financial report on the use and expenses of the contribution will be produced by UNFCCC.

41. The budgets approved for the independent secretariat and the interim Trustee are funded from the FRLD Trust Fund held by the interim Trustee. The unutilized funds will be transferred back to the Trust Fund.

V. Recommendation of the Budget Committee

42. The Budget Committee recommends that the Board take note of the report on the execution of the 2025 administrative budget as at 31 December 2025.