

1 December 2024

Fourth meeting of the Board

2–5 December 2024

Manila, The Philippines

Provisional agenda item 8(a)

Background paper on the participation of active observers in Board meetings and related proceedings

Expected action by the Board

The Board will be invited to:

- (a) Take note of document FRLD/B.4/8, which contains the draft policy on the participation of active observers in Board meetings and related proceedings;
 - (b) Consider and adopt the draft policy on the participation of active observers in Board meetings and related proceedings (“**Policy on Active Observers**”).
-

I. Background and mandate

1. Pursuant to paragraphs 20 and 27 of the Governing Instrument of the Fund for responding to Loss and Damage,¹ the interim secretariat prepared document FLD/B.1/6, titled “Background paper on arrangements for observer participation in Board meetings”, which provided a comprehensive benchmarking analysis of observer participation within comparable funds and organizations, alongside a proposed framework for enhancing observer participation in Board meetings. The document was submitted to the Board for consideration at the first meeting of the Board (B.1).
2. At B.1, the Co-Chairs proposed interim arrangements for observer participation. The Board adopted these interim arrangements and invited one representative from each of the nine observer constituencies of the United Nations Framework Convention on Climate Change (UNFCCC) to observe the proceedings of open sessions of the Board meeting in the room.² This decision underscored the Board’s commitment to engaging in a consultative process, with the Co-Chairs leading the efforts to enhance the participation of civil society in Board meetings.
3. Building on this foundation to promote transparency and stakeholder engagement, during B.1 the Co-Chairs introduced as a new agenda item, “Dialogue with Civil Society”, under the revised provisional agenda (document FLD/B.1/1/Rev.1). This agenda item created opportunities for structured interaction between Board members and representatives of the nine observer constituencies of the UNFCCC, reflecting the interest expressed by civil society for greater engagement. This initiative, led by the Co-Chairs, resulted in a dedicated exchange of views and provided a platform for civil society representatives to engage directly with the Board.
4. The Board adopted a phased approach to further define observers’ participation in Board meetings.³ Under this approach, the Board was to consider a paper on the participation of active observers in Board meetings and related proceedings at B.2, followed by a paper on the observer accreditation process at B.3 and a paper on the establishment of consultative forums for stakeholder engagement at B.4.
5. The Board underscored the importance of engaging UNFCCC-accredited observers in Board deliberations on matters relating to provisions of the Governing Instrument on the role of stakeholders in the work of the Board,⁴ noting that the deliberations of the Board under other agenda items may expand the scope of stakeholders to be invited to provide views. Following this invitation for a broad and inclusive consultation process, comprehensive inputs were received from various constituencies on 12 June 2024. These contributions included a consolidated submission from UNFCCC cross-constituency members, with specific consolidated submissions from the women and gender constituency, Indigenous Peoples organizations, environmental non-governmental organizations (Climate Action Network International and Demand Climate Justice) and the children and youth constituency, as well as from the Human Rights and Climate Change Working Group. These inputs were taken into account in the development of this paper for the Board’s further consideration.⁵
6. At B.2, recalling the interim arrangements adopted at B.1, the Board decided to invite one representative from each of the nine UNFCCC observer constituencies to attend and observe the open sessions of the Board meeting as part of the interim arrangements for observer participation.⁶ In accordance with decision B.1/D.9, paragraph (b), the Board also considered document FLD/B.2/14/Rev.1, titled “Background paper on the participation of active observers in Board meetings and related proceedings”.
7. The Board requested the interim secretariat to develop a draft policy on the participation of active observers in Board meetings and related proceedings (the **Policy on**

¹ The Governing Instrument is contained in UNFCCC decisions 1/CP.28 and 5/CMA/5, annex I.

² Decision B.1/2(a).

³ Decision B.1/9.

⁴ Decision B.1/9, para. (a).

⁵ Submission from observers are available at [Fund for responding to loss and damage | UNFCCC](#).

⁶ Decision B.2/D.3.

Active Observers).⁷ This would include conducting further consultations with the Board and stakeholders to inform the development of the policy. The Board further requested that the draft Policy on Active Observers be presented for consideration no later than B.4. In addition, the Board decided that the interim arrangements for observer participation would continue to apply in subsequent meetings until the draft Policy on Active Observers is formally adopted, noting that these interim arrangements neither prejudice nor pre-empt the final Policy on Active Observers to be approved by the Board.⁸

8. In accordance with decision B.1/D.9, paragraph (d), and decision B.2/D.12, an informal consultation was held on the margins of B.3 between the interim secretariat and the representatives of the nine UNFCCC observer constituencies, providing a space for closer engagement to share substantive inputs. These inputs were intended to inform the development of the Policy on Active Observers and the observer accreditation process, ensuring that these frameworks are inclusive and responsive to the needs and priorities of diverse stakeholders. In addition, the consultation gathered valuable contributions for the preparation of a paper on the establishment of consultative forums, reinforcing the Board's commitment to transparent participation in its meetings and proceedings.

9. This phased approach demonstrates the Board's commitment to expanding observer engagement incrementally through structured steps, balancing the diverse interests of stakeholders while supporting the Fund's decision-making processes. In accordance with the Governing Instrument, the Fund will make arrangements to allow for the effective participation of observers in its meetings, including developing and carrying out an observer accreditation process, and will establish consultative forums to engage and communicate with stakeholders (paras. 27 and 28 respectively).

10. The establishment of these arrangements and frameworks aims to foster engagement with and participation by relevant stakeholders in the Fund's activities, ensuring that the voices and perspectives of the communities most vulnerable to climate impacts are central to the Fund's decision-making. This approach embodies the core principles of transparency and accountability guiding the operation of the Fund, and aims to create a policy environment that is responsive to the needs of those it seeks to serve.

11. The draft policy on the participation of active observers in Board meetings and related proceedings (Policy on Active Observers) is contained in the annex to this document.

⁷ Decision B.2/D.12.

⁸ Decision B.2/D.12, paras. (d)–(e).

Annex

Policy on the participation of active observers in Board meetings and related proceedings (“Policy on Active Observers”)

I. Introduction

1. The Board promotes the participation of active observers in Board meetings and related proceedings in accordance with paragraphs 20 and 27–29 of the Governing Instrument of the Fund for responding to Loss and Damage.¹
2. This Policy on the participation of active observers in Board meetings and related proceedings, hereinafter referred to as the Policy on Active Observers, defines the framework for the participation of active observers and elaborates on the role of active observers in Board meetings and related proceedings.
3. This Policy on Active Observers will be complemented by additional arrangements, including separate guidelines on the establishment of consultative forums to further engage stakeholders in the Fund’s activities, and procedures for the accreditation of observers. Increased interaction between the members and alternate members of the Board, the Co-Chairs and accredited observers, facilitated through collaboration between active observers and the Secretariat, will be arranged before, during and after Board meetings. This approach aims to promote the overall inclusivity and effectiveness of the Fund’s decision-making processes, fostering diverse input and ensuring that the Fund’s actions reflect the needs and priorities of climate-vulnerable communities.

II. Guiding principles of active observer participation

4. The participation of active observers in Board meetings and related proceedings is guided by the following principles to ensure effective and structured stakeholder engagement:
 - (a) **Inclusivity, transparency and accountability:** Active observer participation enhances the inclusivity, transparency, and accountability of Board decisions by incorporating diverse perspectives within a structured framework;
 - (b) **Representation of climate-vulnerable communities from developing countries:** Active observers bring forward the perspectives of communities most impacted by climate-related loss and damage, ensuring the Fund’s policies address their specific needs in alignment with its mandate;
 - (c) **Structured engagement and accessibility:** The engagement process for active observers is organized and accessible, enabling meaningful contributions to policy discussions through defined support mechanisms and best practices from comparable funds;
 - (d) **Equitable and rotational representation, particularly for developing country representatives:** Active observer representation is allocated equitably and rotates among observer constituencies, with coordination managed by the observers themselves to maintain balanced and fair representation;
 - (e) **Consultative collaboration:** A consultative model, supported by the Secretariat, facilitates coordinated interaction with the Board, complemented by additional forums that broaden stakeholder input in a focused manner.

¹ UNFCCC decisions 1/CP.28 and 5/CMA.5, annex I, paras. 20 and 27–29.

III. Composition and representation of active observers

5. The Board shall invite seven active observers to participate in its meetings and related proceedings, reflecting the diverse range of communities directly impacted by climate change. Active observers shall endeavour to coordinate among themselves. These active observers will represent specific observer groups and observer constituencies from among accredited observer organizations.² The active observer seats shall be allocated as follows:

- a) One representative from Indigenous Peoples;
- b) One representative from women;
- c) One representative from youth;
- d) One representative from environmental non-governmental organizations;
- e) One representative from the private sector;
- f) Two representatives from other climate-vulnerable communities.³

6. Each of the five active observer categories (a–e) will be allocated one seat, reflecting the Board’s commitment to inclusivity and equitable representation of the most vulnerable constituencies.

7. Two additional seats will be allocated to climate-vulnerable communities, ensuring representation from constituencies most impacted by climate-related loss and damage. These latter seats will rotate among observer constituencies on a basis of observer coordination, including but not limited to:

- (a) Farmers;
- (b) Workers or trade unions;
- (c) Migrants;
- (d) Local communities.

8. Climate-vulnerable community observer constituencies shall coordinate among themselves to ensure rotational representation, while enhancing the diversity and inclusivity of stakeholder representation.

9. Each active observer shall have one designated alternate, nominated in accordance with chapter V of this Policy and the Fund procedures for accrediting observer organizations.

10. If an active observer is unable to attend all or part of a Board meeting or related proceedings, or is unable to meet any requirements set forth in chapter V of this Policy, the designated alternate from their respective observer groups and observer constituencies may attend and participate in the Board meeting or related proceedings on their behalf.

IV. Seating and rotation protocol for active observers

11. To facilitate meaningful engagement and to support active observers in contributing effectively alongside Board members, the following seating and rotation protocol shall be observed:

² According to decision B.2/D.12, paragraph (d), the interim arrangements for observer participation adopted in decision B.2/D.3 will apply in subsequent meetings until the Observer Policy (Policy on Active Observers) is adopted by the Board. The process for the accreditation of observer organizations is considered in document FRLD/B.4/9, titled “Background paper on the accreditation of observers to the Fund for responding to Loss and Damage”.

³ Relevant climate-vulnerable communities include farmers, workers, migrants and local communities. They may share the two active observer seats on a rotating basis through coordination among themselves. Further information on climate-vulnerable communities is contained in the report *Loss and Damage Fund: A Participation Blueprint*, published by the Loss and Damage Collaboration, available at <https://us.boell.org/en/2024/04/25/loss-and-damage-fund-participation-blueprint>.

(a) **Rotational arrangements:** For the climate-vulnerable community observer constituencies, representation in the Board room will rotate based on the agenda item, as agreed upon and coordinated among the active observers, to ensure that each observer group and constituency has the opportunity to contribute to discussions on issues relevant to their respective areas;

(b) **Observer presence:** All seven active observers shall be present in the Board room, ensuring consistent engagement, ready consultation and continuous coordination among active observer groups and observer constituencies. For executive sessions, all active observers shall leave the room.

12. The arrangements on seating and rotation among active observers shall be coordinated by the observers themselves, promoting balanced representation across agenda items and fostering comprehensive input from all observer groups and observer constituencies.

13. Active observers shall conduct themselves with professionalism and respect, refraining from disruptive behaviour that could interfere with Board proceedings particularly as the point of decision-making.

V. Roles, responsibilities and accountability of active observers

14. Active observers shall actively consult with their observer groups and observer constituencies on an ongoing basis, including prior to Board meetings, to ensure that their participation reflects the interests and perspectives of those they represent. They shall provide updates to their groups and constituencies after each Board meeting to foster transparency and engagement.

15. Active observers should be prepared to engage before, during and after each Board meeting, and in related Board proceedings. They are expected to consistently attend meetings and follow relevant proceedings.

16. Active observers shall provide a brief report to the Board after each meeting, summarizing their key contributions and feedback, and the concerns of their respective observer groups and observer constituencies. These reports will document stakeholder engagement and may be shared with observer organizations to foster transparency.

17. Before the Board meeting, the active observers will:

(a) Ensure consultations and engagement of their respective observer groups and observer constituencies in relevant meetings, activities and processes of the Fund;

(b) Participate in consultative forums, meetings, technical sessions and dialogues organized by the Secretariat in the lead-up to Board meetings;

(c) Coordinate the preparation and submission of inputs to Board meeting agenda items within their constituencies, ensuring sufficient time for consultation and engagement. Submissions should be provided as promptly as possible to allow for timely sharing by the Secretariat. Submissions will be made publicly available on the Fund's website in line with relevant policies on access to information.

18. During the Board meeting, the active observers may:

(a) Meet with the Co-Chairs to receive information on the Co-Chairs' planning for the meeting, as well as additional updates as necessary during the meeting;

(b) Participate in Board proceedings by making interventions on agenda items only upon invitation from the Co-Chairs. Active observers shall base their interventions on consultation with their respective observer groups and observer constituencies.

VI. Secretariat support for facilitating observer participation

19. The Secretariat shall designate staff to engage with active observers, including on procedural and logistical matters, ensuring a clear and efficient channel of communication and support. The Secretariat will provide comprehensive support, including visa facilitation

and travel arrangements for eligible active observers and their alternates, as defined in paragraph 28 below, to enable effective participation in Board meetings and related proceedings.

20. The Secretariat will dedicate and manage resources to support capacity-building, outreach and engagement activities with civil society, with a focus on enhancing meaningful participation of climate-vulnerable communities and developing country observers in Board meetings and related proceedings. These activities may be coordinated with and facilitated through active observers and their alternates, as appropriate.

VII. Selection process and terms for active observers

21. The seven active observers and their designated alternates will be selected through a self-selection process managed by their respective observer groups and observer constituencies, and will participate in Board proceedings upon invitation by the Board. The Secretariat will liaise with designated focal points within each observer group and observer constituency to facilitate on matters related to the self-selection process.

22. To promote equity and diversity among accredited observer organizations, the selection process for active observers and their alternates within each observer group and observer constituency should prioritize adequate representation from developing countries, geographic diversity and gender balance.

23. Active observers shall serve a fixed term of two years, with a limit of two consecutive terms. Individuals who have served two consecutive terms as active observers shall not be eligible to serve as alternates in the term immediately following the completion of their last term, and must wait at least one full term, thereby ensuring opportunities for broader representation.

VIII. Conflict of interest policy for active observers

24. Active observers and their alternates shall be subject to a policy to manage ethics and conflict of interests to address their unique role. Such policy will address observers' conduct and standards of behaviour when engaging in Board meetings and proceedings and will take into account that active observers and their alternates serve a distinct function in representing and facilitating the engagement of accredited observer organizations in Board meetings and proceedings. Their role involves both engaging on Fund matters and maintaining open communication with their observer groups and observer constituencies, which requires a tailored approach to managing potential conflicts of interest.

IX. Confidentiality and access to information

25. Active observers and their alternates may have access to non-confidential information regarding the Fund and its operations at the same time as Board members, and in accordance with applicable policies on access to information.

26. Active observers will have access to draft Board decisions under consideration by the Board, with the exception of documents reflecting internal deliberations or the Board or decisions on confidential matters, as determined in accordance with the relevant policies on access to information.

27. Active observers and their alternates shall comply with all applicable policies and procedures and are strictly prohibited from using any Fund information in an unauthorized manner or for personal interests or gain.

X. Travel support

28. To facilitate the participation of active observers from developing countries in Board meetings and related proceedings, the Secretariat shall provide eligible active observers

travelling under this Policy on Active Observers and, where applicable, their alternates, with travel support in line with the Fund's policies. Eligibility is based on the affiliated organization's headquarters being in a developing country. In cases where active observers are based in developing countries but affiliated with organizations headquartered in developed countries, eligibility for travel support may be granted at the discretion of the Secretariat upon demonstrated need. This support includes financial assistance for travel costs, covering the most cost-effective option, typically economy class, regardless of travel duration.

XI. Policy review and evaluation

29. This Policy shall be reviewed by the Board two years after its adoption to assess its effectiveness. Feedback from active observers, their respective observer groups and observer constituencies, and other stakeholders shall be incorporated into the review process. Subsequent reviews shall be conducted by the Board every five years, with the aim of identifying opportunities for further improvement.
