



LOSS AND DAMAGE FUND: A PARTICIPATION BLUEPRINT

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PREFACE

This advocacy brief's aim is twofold: to **underscore the importance of establishing robust, inclusive mechanisms for meaningful participation** by all rightsholders, especially communities and groups in the most vulnerable situations, and to **outline strategic modalities the Board of the Loss and Damage Fund (LDF) should prioritize** when developing operational policies and guidelines. This brief aims to bridge the gap between policy intentions and actionable outcomes, advocating for **a transparent and fully accountable participatory framework that not only ensures equitable access to the Fund but also empowers communities** to lead and innovate in efforts to deal with the unavoidable climate impacts they are facing. By delineating clear, actionable strategies for stakeholder engagement, governance, and operational modalities, the brief serves as a roadmap for LDF Board members. It underscores **the urgency of fostering an enabling environment where meaningful participation can thrive, thereby enhancing the Fund's impact** and driving forward the global agenda for climate justice, human rights, and sustainable development. Through this advocacy, the brief seeks to mobilize collective efforts towards a resilient future where no community is left behind in the face of the mounting impacts of the climate crisis.

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INTRODUCTION

In the wake of escalating climate emergencies, the international community has taken a pivotal step forward with the establishment of the Loss and Damage Fund (LDF). Conceived as a beacon of hope at COP27, with its core operational framework and Governing Instrument (GI) confirmed at COP28 in Dubai, this Fund is a testament to decades of advocacy by vulnerable nations and people, marking a historic milestone in the quest for climate justice. It embodies a collective commitment to support those disproportionately affected by the ravages of climate change, offering not just financial assistance to address

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already catastrophic loss and damage but a framework for sustainable resilience and equitable recovery. As operationalized at COP28 the Fund has several shortcomings that could limit its ability to deliver climate justice. Yet, it offers unprecedented opportunities for innovation, solidarity, and transformation.

The LDF must rise to the “urgency of enhancing efforts to... address loss and damage associated with the adverse effects of climate change in the light of continued global warming” as exposed by the AR6 IPCC. The IPCC also calls for measures that are effective, feasible, and conform to principles of climate justice :

The term climate justice, while used in different ways in different contexts by different communities, generally includes three principles: distributive justice which refers to the allocation of burdens and benefits among individuals, nations, and generations; procedural justice which refers to who decides and participates in decision-making; and recognition which entails basic respect and robust engagement with and fair consideration of diverse cultures and perspectives. - IPCC 2022

In addition to the principles of equity and Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC), a Fund that addresses the impacts of those who suffer the most but have contributed the least to greenhouse gas emissions must be underpinned by human rights obligations. All Parties to the Paris Agreement have human rights obligations, 62 of them specifically with regards to public participation in environmental decision-making through the Aarhus¹ and Escazú² Agreements, and the preamble of the decisions on the operationalization of the LDF (1/CP.28 and 5/CMA.5) affirms that Parties will respect, protect, and consider their respective human rights obligations in the context of climate action. By repeating this paragraph that has its origins in the Paris Agreement³, the COP/CMA explicitly reminds Parties of the importance of human rights obligations in the context of the LDF and its Governing Instrument. It is now up to the LDF Board to translate this commitment into a human rights-compliant approach in its modalities, approaches, and policies.

Public participation, access to information and access to justice are human rights protected by several international treaties and are core principles of international environmental law, and the importance of meaningful participation in the context of the LDF and its ability to respond to and meet local needs and priorities cannot be overstated. True climate resilience is built on the foundation of collective action and inclusive decision-making. It involves not only

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the just allocation of resources but also the empowerment of those most affected by climate change to have a say in the solutions that shape their future. This engagement is crucial for ensuring that the Fund not only addresses immediate losses and damages but also contributes to the long-term sustainability and self-determination of communities that have been made vulnerable through historic marginalization. Through shared knowledge, mutual respect, and collective action, the LDF can address loss and damage but also enable vulnerable nations, communities, and groups to thrive amidst the challenges of an ever-changing environment.

Meaningful participation, therefore, is not just a procedural aspect of climate finance mechanisms like the LDF, it's a core principle that underpins the Fund's legitimacy, equity, effectiveness, and potential for transformative change. It requires deliberate efforts to ensure inclusivity and respect for local contexts and enable continuous engagement throughout the lifecycle of funded actions.

PRINCIPLES OF MEANINGFUL PARTICIPATION

Meaningful participation is the cornerstone of building climate resilience, enabling communities to not only withstand the adverse effects of climate change but also to thrive and sustain livelihoods despite them. The right to public participation is rooted in the understanding that those affected by climate change should have a significant role in the decision-making processes that concern their lives and communities, and that this will lead to more equitable, effective, and sustainable outcomes. This involvement is not only a moral and legal imperative but also a strategic necessity as projects informed, driven, and monitored by those with lived experiences are more effective, suitable, and sustainable.

Engaging these communities not only builds ownership and sustainability of climate actions but also strengthens resilience against future impacts and fosters innovative solutions through a blend of traditional knowledge and

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modern technology, ensuring that interventions address both immediate and long-term challenges. Indigenous Knowledge and Science, traditional knowledge, community leadership, scientific research, and technological advancements can work together to develop novel approaches to addressing loss and damage. In fact, traditional knowledge-based low-tech solutions are not only context-appropriate but often more cost-effective, allowing more communities to benefit from ultimately limited resources that the LDF will be able to provide.

As we embark on this journey of establishing a Fund that works and would be recognized as an example of an equitable climate funding approach, the principles of equity, inclusivity, transparency, and accountability should guide its path forward, ensuring that the LDF operates not just as a financial mechanism, but as a new best practice standard setter and thus as a beacon of hope and justice in the fight against climate change. Some key principles that underpin public participation are:

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- **Inclusivity and non-discrimination:** Participation should be open to and made possible for all segments of society, particularly groups and communities most affected by loss and damage, including marginalized groups that often face intersecting forms of discrimination, ensuring their voices and concerns are equally considered.
- **Access to information and transparency:** Detailed and clear information about operations, decision-making processes, and the impact of its efforts must not be merely available, but must be fully accessible (i.e. in a manner and form that makes sense for those who need to be able to access it to effectively participate) to all rightsholders.
- **Responsiveness:** Efforts should be dynamic and adaptable, responding to community needs, evaluations, and the changing landscape of the challenges it aims to address.
- **Equity and equality:** Recognizing the disproportionate impact of climate change on certain regions, communities, and groups, participation should prioritize equity, ensuring that support is directed where it is most needed and that it advances substantive equality.
- **Empowerment:** Efforts should be made to empower participants through capacity-building initiatives, proactive outreach, and opportunities to submit their views, enabling them to effectively engage in processes that impact them.
- **Collaboration:** Fostering a spirit of cooperation between affected communities, other rightsholders such as Indigenous Peoples, women and diverse gender groups, and children and youth, and governments, civil society, and the private sector, to leverage diverse perspective and expertise.

ENABLING ENVIRONMENT FOR PARTICIPATION

In order for the LDF and its operations to respond to the Paris Agreement mandate of openness and transparency — including Article 12 (Action for Climate Empowerment or ACE), which directs Parties to enhance education, training, public awareness, public participation, and access to information to ensure effective climate action — it needs to leverage the opportunities to increase meaningful and effective participation of civil society, Indigenous Peoples, youth, women and diverse gender groups, and other groups that have been made vulnerable through historic marginalization⁴, at all levels, ensuring regional and gender balance and taking intersectionality into account.

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Recommendations for an enabling environment

- **Capacity-Building:** Strengthening the capabilities of rightsholders, including groups and communities in vulnerable situations, to engage in the LDF’s processes, including understanding climate finance mechanisms, policy and framework development and application, and project management.
- **Communication Channels & Language:** Developing clear and accessible channels for information dissemination and feedback, ensuring stakeholders can easily obtain information and express their views. Language can be a challenge for Indigenous Peoples and other people on the frontlines, who often do not speak English. All board meetings and related activities and materials need to at least use the UN languages and ensure there are translation services available at all meetings. At the regional, national, and local levels, a wider range of culturally appropriate languages should be used for communication, workshops, and dialogues and funding documentation.
- **Legal and Policy Frameworks:** Implementing supportive legal obligations and policy environments that recognize, facilitate, and protect the rights of communities to participate in climate-related decisions associated with the Fund. This includes full respect for Indigenous Peoples’ right to Free, Prior, and Informed Consent (FPIC) during all stages of the development and implementation of policies and activities of the LDF and related initiatives that may affect their rights.

- **Technical Assistance:** Offering technical support to rightsholders and stakeholders, including in collaboration with the Santiago Network on Loss and Damage (SNLD), enabling them to develop funding proposals, conduct impact and needs assessments, and implement climate resilience, restoration, recovery, and reconstruction measures.
- **Cultural Sensitivity:** Recognizing and respecting the cultural practices and traditions of participating communities, ensuring that engagement strategies are culturally appropriate and respectful while safeguarding universal human rights.
- **Financial Support:** Full and inclusive participation requires funding to support local voices and marginalized groups to attend Board proceedings and meetings, workshops, and other critical events, including at the national and sub-national level for in-country planning and implementation. Some organizations trying to bring affected voices to the table are facing proven difficulties including lack of financial support, short time windows to secure visas, and shrinking civic space in UNFCCC processes. Affected community members must have a reserved (and supported) seat at the decision-making table, and people with lived experience should have priority when inviting experts for input or panels. The LDF should ensure financial support to enable the in-person participation of community members in all Board proceedings.
- **Opportunity to influence:** Grassroots communities should be empowered to share their views, and have those views heard and considered, since they are the ones who are disproportionately affected by the worst climate impacts. This is important at the local, national, and international levels. It is important to provide proper definitions and guidelines for the engagement of specific groups in vulnerable situations, in addition to meaningful pathways to include their voices in the implementation monitoring and reporting.
- **Virtual Participation:** The LDF Board meetings should provide opportunities for virtual participation in hybrid settings to decrease barriers to participation. To allow for actual virtual participation, webcasts alone are insufficient. It is worth noting that virtual participation should be an expansion and cannot be a substitute for in-person participation or used to justify limiting in-person participation.
- **Pro-active Access to Information:** The LDF must apply a pro-active information disclosure approach with a presumption to disclose to succeed in reaching out and communicating in an effective and accessible way that resonates with people outside of the technical process. Additionally, stakeholder engagement ultimately depends on full, effective, and timely access to full information provided in an accessible and culturally appropriate way.
- **Data:** There can be no effective participation without data. Strong monitoring and accountability frameworks that include independent third-party evaluation to ensure finance reaches the most vulnerable are needed. Gender-, disability-, and age-disaggregated data baselines and data collection are critical to understanding the landscape of actors that need to be involved and represented, and to enhance understanding of appropriate, locally-led, and needs- and science-based ways to address loss and damage in specific contexts.

GOVERNANCE AND OPERATIONAL MODALITIES

The governance arrangements and operational modalities of the LDF should be designed and implemented to ensure that the Fund operates efficiently, transparently, accountably, and equitably. This section outlines the key components of the Fund's governance and operational framework, emphasizing the mechanisms for participation, decision-making, and funding allocation.

GOVERNANCE STRUCTURE

Board Composition and Board Active Observers

The LDF is overseen by a Board with more equitable representation than many other funding instruments, comprising a slight majority of developing country Board members, per its Governing Instrument. In addition to this, the Board should have a meaningful representation of frontline communities and affected groups, Indigenous Peoples, and civil society organizations. The Governing Instrument mandated the Board to “enhance the engagement of stakeholders by inviting active observers, including youth, women, Indigenous Peoples and environmental non-governmental organizations, to participate in its meetings and related proceedings”⁵. To ensure meaningful participation in the crucial decision-making that will happen during the first meetings of the Board, the modalities for active observers must be set through a consultative process no later than the second meeting, with maximum engagement and participation allowed for interim active observers, already at its first meeting. These modalities must go well beyond established modalities of other climate funds, including the Active Observer model of the Green Climate Fund, to apply critical lessons learned and set new best practice standards, including but not limited to:

- Recognizing the right of mentioned constituencies and others to self-select their representation and self-manage their selection process (between the first and the second Board meeting⁶);
- Inviting two Active Observers per mentioned constituency in the Governing Instrument (one from the Global South and one from the Global North, as well as allowing for the designation of alternates for support and as backup);
- Allowing Active Observers to ask for the floor and come in during all agenda items of Board meetings on equal footing with Board members, not just to make a statement at the end of the discussion or after the Board has taken a decision;
- Ensuring access to all Board documents, at the same time as Board members, and access to all relevant information for all Board proceedings;
- Giving Active Observers the mandate and opportunity to propose agenda items and call for expert inputs⁷;

- Allowing Active Observers to participate in all working groups and committees, and in any intersessional work the Board might undertake, including through engagement in possible decision-making in between meetings;
- Providing financial support for the participation of Active Observers, in particular those from the Global South.

Secretariat Composition and Role

Given that the LDF has a non-sitting Board that only meets a few times per year, the Secretariat will implement the Board's decisions and perform day-to-day operations including operational policy, guidelines, and mandates. These must be informed by and recognize the situation on the ground of affected communities. The staff selection for the new independent Secretariat will be made by the Executive Director, who is to take merit, transparency, and geographical and gender balance into account. Particularly important will be to have a diverse staff with a multi-faceted background and experiences, including social development and human rights, Indigenous Peoples, and gender expertise as well as exposure to and knowledge of the lived experiences of marginalized communities and community groups affected by losses and damages. Likewise, it would be crucial that the staff not only understands but is committed to continuous, iterative consultation, outreach, and communication activities. Besides this engrained commitment, dedicated staff should be in charge of enhancing participation. This means looking beyond the "usual suspects" for employment, such as experts from multilateral development banks who might bring operational biases and expectations that might not allow for the LDF to conduct its operations differently from existing financial institutions.

OPERATIONAL MODALITIES

Criteria Development and Needs Assessments

Eligibility and funding criteria and project/programme proposal requirements should be developed in a participatory manner that takes into account the capabilities of national and sub-national groups and communities seeking direct access, such as through simplified procedures and accessible documentation, and prioritize, through targeted grant funding, support for the most pressing needs of frontline communities, paying attention to how certain groups within these communities might have specific needs.

Programming Cycle, with Funding Proposal Assessment and Funding Allocation

The Fund must develop differentiated criteria for partnering in implementation, including via accreditation from entities at the national and subnational level that account for the different risk levels, financial support requirements, and funding priorities of communities (e.g. for small grant support) through robust active participation modalities to reflect realities and needs on the ground. These participation modalities must include veto power from local communities in the context of proposal development and implementation at the national and sub-national level, and respect for FPIC in the context of activities that might affect Indigenous Peoples and their rights. Additionally, funded actions should be assessed, selected, and resourced transparently. The consideration and assessment of funding proposals and the allocation process should take into account the urgency of needs, the vulnerability of communities, and the potential for long-term locally-led resilience building.

Access Modalities

To guarantee the LDF Governing Instrument's promise of rapid approvals and disbursement, with simplified criteria and procedures, to support directly subnational and community level needs/livelihoods, the LDF must prioritize providing multiple financial channels for small grants, including a Fund-level small grants program or community access window. It should also ensure that a progressively larger portion of LDF resources is programmed through such simplified and enhanced direct access. Care must be taken to provide accessible funding to local actors in fragile and conflict-affected contexts in ways that genuinely support local organizations, do not transfer risk and accentuate root causes of vulnerability such as inequality and conflict.

Monitoring, Evaluation, Reporting & Learning (MERL)

Effective mechanisms for monitoring and accountability of funded actions and their implementation through participatory MERL are essential to assess the impact, performance, and responsiveness of the LDF. To accurately measure the impact of the Fund and derive meaningful insights, the indicators of successful implementation should be tailored to the specific contexts of the target groups and beneficiaries. The use of participatory monitoring is encouraged in the Governing Instrument⁸ and must improve upon GCF current practice by ensuring that communities that are to benefit from LDF support can provide regular feedback, including red flag warnings, on the status of implementation. Ensuring that the processes actively involve rightsholders, particularly beneficiaries, in collecting data, assessing progress, and learning from outcomes enhances transparency and accountability. The LDF must approve a MERL framework that requires recipients to provide regular progress reports, with the Fund conducting oversight (including through site visits) and through independent third-party evaluations to ensure accountability and adaptability. Moreover, by incorporating participatory MERL practices, the Fund ensures that decision-making is informed by evidence and a wide range of perspectives, ensuring the LDF delivers on climate justice and equity.

Rightsholder and Stakeholder Input and Participation

Continuous engagement with rightsholders and stakeholders, including beneficiaries, contributors, Indigenous Peoples, and civil society, is crucial for the Fund's success. The Fund must encourage feedback and participation throughout the programming lifecycle, from planning and implementation to evaluation and learning. The LDF's Governing Instrument provides for the establishment of 'consultative forums', bringing together a large variety of different stakeholders for feedback, which could be advisory groups. For example, such groups could be established to provide expert advice on specific issues, such as technical assessments, project evaluations of the implementation and outcomes of funded actions, and policy recommendations. Their selection should be based on criteria (expertise and lived experience) and be done in a participatory and transparent manner. These groups should have an opportunity to actively engage with and inform policy setting and revision as part of their mandate. Importantly, these types of groups or forums should be additional to the meaningful and active participation of observers in all the proceedings of the LDF Board, and all of the Fund's activities, and not be convened or considered as a substitute. For example, an annual stakeholder conference, as some funding instruments convene, is insufficient.

ENSURING BEST PRACTICE STANDARDS, TRANSPARENCY AND ACCOUNTABILITY

The governance and operational modalities of the LDF should prioritize transparency and accountability at every level. Regular audits, public reporting, and rightsholder consultations should

be integral components of the Fund's operational framework, ensuring that it remains responsive to the needs of those it serves and accountable to its contributors and the wider public. By adhering to these governance and participatory modalities, the LDF will be better equipped to provide targeted, effective, and equitable support to countries and communities most affected by climate change, fostering resilience and promoting sustainable development in the face of increasing climate challenges.

Environmental and Social Safeguards (ESS) and Gender, Indigenous Peoples and Other Marginalized Groups Policies

The World Bank ESS are not "fit-for-purpose" as they fail to use human rights as a cross-cutting reference frame and to meet international standards such as core labor standards, and gender considerations while limiting the right to FPIC of Indigenous Peoples to only certain circumstances. The LDF should develop its own human-rights-based ESS and management framework through participatory and meaningful engagement with rightsholders, including its own environmental and social policy (ESP) similar to the GCF and AF. Relying on equivalency with World Bank ESS is a missed opportunity for the new Fund to set its own ESS standards tailored to its mission and will limit its ability to not only prevent harm ('do not harm') but proactively seek to 'do good'. The LDF's own ESS should be complemented by the development of specific policies aimed at groups particularly at risk of climate impacts and with specific needs or rights such as women, Indigenous Peoples, and persons with disabilities, similar to the AF or GCF practices. These should apply to all fund activities, not just its funding operations, but also to participation, outreach, communication, and engagement in broader fund operations. These policies need to recognize the often intersecting forms of discrimination faced by individuals and groups and avoid discrimination and advancing substantive equality through the activities and policies of the LDF as objectives.

Access to Information and Information Disclosure

The LDF should set new best practice standards for information disclosure through the development and full implementation of its own proactive information disclosure policy (that specifies a presumption to disclose except in limited specified exemptions) based on core principles that apply across the spectrum of implementers, as well as ensure that the Board and Secretariat's own access to information and disclosure procedures are best practice. This is crucial for the Fund's legitimacy, functioning, and effectiveness. Reliance on the World Bank's information disclosure practice is not fit for purpose, as those will be different from the LDF's own funding and documentation requirements and procedures. Further, using each implementing entity's policy on access to information will result in a multitude of differing disclosure standards that will put some affected communities at a disadvantage, and a lack of certainty that accessibility is ensured. In the context of the LDF Board, this includes a commitment to webcasting all of its meetings and allowing rightsholders the opportunity for remote participation as well as the timely and complete release of Board documents on the LDF webpage prior to the meetings and making all Board decisions and outputs publicly available and accessible.

Independent Grievance Redress Mechanism

Access to justice and remedy is critical for the LDF to align with human rights obligations, and to ensure its effective functioning. An independent, accessible, and effective grievance redress mechanism at the level of the LDF Board must be established to ensure respect for the right to remedy of communities harmed by the Fund's activities. The Governing Instrument implies that the LDF would rely on the grievance mechanisms of its implementing agencies. Not having an

independent grievance redress mechanism at the level of the LDF is unacceptable as it will not allow for a streamlined approach toward an accessible mechanism, there is no guarantee that implementing agencies' grievance mechanisms are adequate, and there may be barriers to accessing the implementing agencies' mechanism including fear of retaliation, it is unclear what this means for activities that are not implemented through an agency, and it will limit the Board's ability to follow up on complaints. The LDF must be accountable for ensuring that the activities it funds do not harm communities or their environment. The absence of an independent grievance mechanism would be a major flaw considering decades of experience with international (climate) finance has demonstrated that the absence of such mechanisms results in the inability to effectively prevent and address harm to local communities, and it would fall short of the standards established for other financial instruments established under the UNFCCC, such as the GCF and the Adaptation Fund. A mechanism at the LDF level is needed to ensure coherence, coordination, and access to justice.



BUILDING CAPACITY FOR EFFECTIVE PARTICIPATION

The success of the LDF hinges not only on the availability of financial resources but also on the capacity of affected nations and communities to effectively participate in and benefit from the Fund. Building capacity is a multifaceted process that empowers rightsholders and stakeholders through knowledge, skills, and resources, enabling them to engage meaningfully in the Fund's activities and maximize the impact of its support. This section outlines key strategies for building capacity to ensure effective participation in the LDF.

ENHANCING UNDERSTANDING AND ACCESS

Information Dissemination

Develop and implement a comprehensive communication and outreach strategy to disseminate information about the Fund, its objectives, application processes, policies, information disclosure and public participation and stakeholder engagement procedures, and implementation success stories. This should involve creating accessible materials in multiple languages and using various media platforms beyond the written word to reach a broad audience in culturally appropriate and gender-responsive ways.

Workshops and Training Programs

Organize workshops and training programs for potential applicants and those wanting to engage as observers, focusing on funding proposal development, climate finance mechanisms, addressing

loss and damage progress, compliance with environmental and social safeguards, human rights obligations including on gender and Indigenous Peoples' rights, and monitoring and evaluation techniques. These programs should be tailored to the specific needs of different regions and communities, focusing in particular on potential implementation partners on the national, sub-national, and local levels.

STRENGTHENING TECHNICAL AND ADMINISTRATIVE CAPABILITIES

Readiness Support and Technical Assistance

Leverage the SNLD to provide readiness support and technical assistance to help applicants design and implement funded actions that are robust, sustainable, and aligned with the Fund's objectives, policies, and safeguards, and the needs and rights of communities the actions are aiming to reach. This could include setting up help desks or online platforms to access a wide variety of experts, including measuring and addressing non-economic loss and damage, navigating the application process, managing and reporting grant requirements, and ensuring inclusivity and non-discrimination, as well as more technical expertise related to climate science, humanitarian needs, rehabilitation, climate adaptation, resilience building, and sustainable development.

LEVERAGING PARTNERSHIPS FOR KNOWLEDGE EXCHANGE

Peer-to-Peer Learning

Facilitate peer-to-peer learning opportunities among countries and communities that have successfully implemented projects addressing loss and damage. This can promote the exchange of best practices, lessons learned, and innovative solutions.

Building Partnerships to Include Traditional and Indigenous Knowledge

Promote co-production of knowledge in the context of measuring, monitoring, reporting, and evaluation of loss and damage, through respectful, ethical, and equitable collaboration and partnership with local communities, and Indigenous Peoples and their knowledge holders, all the while respecting Indigenous Peoples' right to FPIC.

Collaboration with Academic and Research Institutions

Establish partnerships with academic and research institutions to provide access to the latest climate science, technological innovations, and policy research. These collaborations can help inform evidence-based decision-making and project development.

MONITORING, EVALUATION, AND LEARNING

Building Monitoring and Evaluation (M&E) Capacities

Strengthen the M&E capacities of project implementers to ensure that projects achieve their intended outcomes and that lessons learned are captured and shared.

Continuous Learning and Adaptation

Promote a culture of continuous learning and adaptation, enabling stakeholders to adjust strategies based on feedback and changing circumstances. This includes regular review meetings, learning workshops, and updating training materials.

Building capacity for effective participation in the LDF is a continuous and dynamic process that requires collaboration among all rightsholders and stakeholders. Investing in capacity building ensures LDF support is not only accessible but also transformative, leading to sustainable and resilient communities capable of facing the challenges of climate change.



CASE STUDIES AND SUCCESS STORIES

The following table provides some examples for the LDF to build on and improve. None of these examples put in place an all-encompassing, enhanced participation framework as described in this paper, again highlighting the important role the LDF can play as a best practice standard-setter.

SELECTED EXAMPLES OF PRACTICES AND POLICIES FOR STAKEHOLDER PARTICIPATION IN TECHNICAL SUPPORT AND FUNDING ENTITIES

Relevant bodies and processes	Practices and policies implemented
Technology Executive Committee (TEC)	<p>One of the key themes for the technology framework is “enabling environment and capacity-building”. An action under this theme focuses on “catalyzing the development and enhancement of endogenous capacities for climate-related technologies and harnessing indigenous knowledge”.</p> <p>The women and gender, youth, and Indigenous Peoples constituencies have a permanent seat at the TEC.</p> <p>At COP23, the TEC recommendations included encouraging Parties “to acknowledge and protect indigenous and local knowledge and technologies and incorporate them in their national innovation systems,” to enhance the implementation of NDCs, NAPs, and mid-century strategies.</p>

Relevant bodies and processes	Practices and policies implemented
Santiago Network for Loss and Damage (SNLD)	<p>At COP27, Parties decided that the Advisory Board of the SNLD will “have three other representatives, one from the women and gender constituency, one from indigenous peoples organizations, and one from the children and youth non-governmental organizations, who may actively participate in the deliberations of the Advisory Board.</p>
Green Climate Fund (GCF)	<p>The GCF includes observers in Board meetings by not only having observers at the meeting and webcasting all meetings but also by providing for the input and participation of self-selected Active Observers directly in the Board meetings themselves, although the current procedures fall short of what is needed in the LDF context. For instance, active observers are only involved at the end of deliberations, not throughout, and lack formal participation in Board committees or intersessional decision-making—they cannot propose agenda items or call experts.</p> <p>The GCF adopted an Indigenous Peoples Policy, which established an Indigenous People Advisory Group. This group provides a direct avenue to share knowledge, address process gaps, and open opportunities for bolstering Indigenous Peoples’ consultative capacity in GCF’s projects. This advisory group also vets the GCF process and provides a mechanism for checking consultation processes for prospective projects. However, it does not replace the need for Indigenous Peoples to participate directly with the GCF, including in the design, implementation, and monitoring of projects/programmes.</p> <p>The GCF also has adopted Guidelines relating to observer participation, accreditation of observer organizations, and participation of active observers in the Fund. The Secretariat designated a point of contact staff person for all observers to facilitate communication with and among them. Though it needs to be done more systematically, the GCF seeks comments on policies during their development.</p> <p>The GCF also has both an Indigenous Peoples and Gender specialist.</p>
Global Environment Facility (GEF)	<p>The Small Grant Programme provides funding directly to local groups with decision-making devolved to the national level and recipients selected by a national steering committee with representatives from local communities and civil society groups. Small grants can go directly to Indigenous Peoples, women’s groups, and local communities. The GEF also has an active Indigenous Peoples advisory group (2012).</p>
Adaptation Fund (AF)	<p>The Adaptation Fund has a dialogue with civil society as a standing agenda item of its Board meetings. It is open to all the UNFCCC registered observers and webcasted. This provides CSOs and Indigenous Peoples an opportunity to present to the Board their findings related to AF projects under implementation as well as to provide the Board with their input and recommendations to specific Board meeting agenda items.</p>

Relevant bodies and processes	Practices and policies implemented
Climate Investment Funds (CIFs)	<p>Climate Investment Funds (CIFs), such as the Clean Technology Fund and the Strategic Climate Fund(with sub-committees), have active observers. who can request the floor during discussions, request the addition of agenda items, and recommend external experts to speak on specific items. Active observers can, if invited by Co-Chairs, also address the CTF and SCF Trust Fund Committee and SCF Sub-Committee meetings in matters of strategic discussion or direct concern. Active observers from CSOs, the private sector, and indigenous peoples’ groups are identified through self-selection processes and serve for 24-month terms.</p>
Global Fund to Fight Aids, Tuberculosis, and Malaria (Global Fund)	<p>In the Global Fund, civil society organizations and affected communities sit on the Board as voting members.</p> <p>The Global Fund also has inclusive and participatory Country Coordinating Mechanisms (national committees that include representatives of all sectors involved in the Fund’s funding response, including academic institutions, civil society, faith-based organizations, government, non-governmental organizations, affected people) that submit funding applications to the Global Fund and oversee grants on behalf of their countries. They are a key determinant for country-ownership of needs and priorities for funding support and a good practice example for structuring inclusive and participatory in-country engagement with a global fund.</p>
Global Agriculture and Food Security Program (GAFSP)	<p>Three civil society observers (two from the South, and one from the North) participate as non-voting members in the GAFSP Steering Committee.</p> <p>The Steering Committee also appropriates funding to civil society observers to do monitoring and evaluation of funded GAFSP activities during implementation, including site visits.</p>

RECOMMENDATIONS FOR THE BOARD OF THE LOSS AND DAMAGE FUND

1. Establish robust modalities for Active Observers at the level of the Board of the LDF

- Decide, at the first Board meeting, to put in place a participatory process to design **clear guidelines and modalities for the meaningful engagement of Active Observers (AO)**, including the number of active observers and providing equal access to the documents as Board members and equal opportunities to ask for and be allowed to take the floor during each agenda item at Board meetings, propose agenda items, and work intersessionally and in specific working groups or committees. At a minimum, the groups mentioned in the GI (Indigenous Peoples, women and girls, youth, and environmental organizations) should each be allowed to select two AOs, of which at least one should be from the Global South. Adding two seats for affected communities should be considered. **This process should be completed by the second Board meeting.**

2. Ensure frontline community voices and civil society are represented in the LDF, through the development of an enhanced participation framework:

- Decide at the first Board meeting on **a concrete road map for the development of such a framework, in consultation with rightsholders**, as one of the priorities of the Board work plan in 2024 and as part of its rules of procedure where relevant, with a timeline and concrete intermediary steps. Such an enhanced participation framework should include the following aspects:
 - Commit to making **all board documents and decisions publicly available** prior to meetings in a timely manner to foster informed discussions and feedback.
 - Commit to making Board meetings open to the in-person participation of all people from accredited observer organizations and not **placing caps on participation** by UNFCCC constituency.
 - Commit to webcast all meetings of the LDF Board in line with transparency purposes without limiting active observer participation, and put in place **modalities for remote participation**.
 - Implement **multilingual support and culturally appropriate dissemination** methods to cater to the diverse stakeholders involved in or affected by the LDF.
 - Stringent **criteria to ensure the effective engagement, consultation, and participation without discrimination** of groups and communities in vulnerable situations, in the development and implementation of LDF activities at the national, regional, and international level. These must include Indigenous Peoples' right to FPIC.

- The development of a **Frontline Community Needs and Rights Policy** that sets the approach for incorporating human rights- and locally-based assessment and circumstances of affected communities into the LDF decision-making to strengthen the recognition of their rights, participation, voice, and role in addressing loss and damage.
- The provision of **financial support** and an active outreach strategy to ensure active participation, in particular from marginalized groups in the Global South.
- A **work plan for multi-faceted capacity-building** to empower and enable rightsholders and stakeholders through knowledge, skills, and resources, to meaningfully engage in the Fund's activities and maximize the impact of its support.
- Request the technical support of the UNFCCC Secretariat and relevant experts, including human rights institutions and mechanisms, and through a participatory and inclusive process including a call for submissions to provide **a report of examples of best practices and policies** inside and outside UNFCCC processes that promote meaningful rightsholder and stakeholder engagement, particularly for those in vulnerable conditions.
- Request the Secretariat to undertake **background analysis**, including review and consultation in strong collaboration with respective constituted bodies and groups (i.e LCIPP), on grassroots and Indigenous modalities for planning, receiving, expanding, and reporting on climate finance, including flows outside of UNFCCC.

3. Put in place mechanisms that promote community-led activities

- Establish **a community access/small grant window** allowing for simplified and enhanced direct access for subnational and local actors, in particular affected communities, indigenous peoples, and civil society organizations working directly with them for both fast-response and slow-onset activities.
- Ensure that all other types of activities funded by the LDF, such as through implementing agencies, have stringent modalities in place to ensure **community engagement and leadership during all project/programme phases** of assessing needs, designing the project/program, implementation, and monitoring and evaluation.

4. Ensure transparency and accountability

- Commit to a MERL framework that includes **mechanisms for community feedback**, regular progress reports, and independent third-party evaluations. This framework should be developed with direct input from various stakeholders to ensure its relevance and effectiveness.
- **Report on available and disbursed funding.** Recognizing that Loss and Damage funding should be new and additional to development, humanitarian, and adaptation finance, and non-debt creating, the LDF should report on types of funding modalities (i.e, grants, loans, other financial instruments), sources, and disaggregated beneficiary data (i.e specific community/ groups benefited)
- Put in place a **dedicated environmental and social safeguard (ESS) framework** that ensures the LDF's activities avoid harm, and focus on doing good. Develop policies to respect and fulfill the rights of specific groups.
- Establish **an independent, accessible, and effective grievance mechanism** for all activities carried out by the LDF, that has the ability and resources to investigate cases and provide redress for those affected.

CONCLUSION

The initial board meeting of the LDF presents a unique opportunity to set a precedent for transparency, accountability, and rightsholder and stakeholder engagement. This approach will not only enhance the Fund's legitimacy but also its effectiveness in achieving long-term climate resilience and justice. As we shape the LDF, it is imperative to prioritize robust governance, transparent operations, and inclusive participation to ensure that the most vulnerable communities can effectively navigate and utilize the Fund. Through these foundational principles, the LDF will not only address urgent climate-related losses but also champion a participatory approach that sets a new standard for equity and justice in climate finance.

“**The initial board meeting of the LDF presents a unique opportunity to set a precedent for transparency, accountability, and rightsholder and stakeholder engagement.**”

ENDNOTES

- 1 The UNECE Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (Aarhus Convention) currently has 47 member States.
- 2 The ECLAC Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean (Escazú Agreement) currently has 15 member States.
- 3 The original preambular paragraph 11 of the Paris Agreement was updated in the Sharm el-Sheikh Implementation Plan agreed at COP27 to include the right to a clean, healthy and sustainable environment that was universally recognized by the UN General Assembly earlier that year, and the paragraph in 1/CP.28 and 5/CMA.5 reads: “Acknowledging that climate change is a common concern of humankind and that Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to a clean, healthy and sustainable environment, the right to health, the rights of Indigenous Peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity”.
- 4 Including but not limited to Afrodescendant communities, migrants, persons with disabilities, racial and ethnic minorities, gender and sexual minorities, Indigenous Peoples, people living in conflict-affected areas (including situation of apartheid and occupation), individuals in communities facing impoverishment and dispossession.
- 5 Governing Instrument of the Loss and Damage Fund, 1/CP.28 and 5/CMA.5, §20.
- 6 The self-organised GCF Observer Network of civil society organisations, Indigenous Peoples and local communities, manages the election of the GCF active observers (with separate, but similar procedures for developed and developing country CSO representatives). The role has transparently shared Terms of Reference setting criteria and election procedures. See the GCF Observer Network principles [here](#)
- 7 The observer participation arrangements of the Climate Investment Funds (CIFs) here serve as a good practice mode. https://www.cif.org/sites/cif_enc/files/meeting-documents/roles_and_responsibilities_of_co-chairs_trust_fund_committee_and_sub-committee_members_and_observers_april_28_2016.pdf
- 8 Governing Instrument of the Loss and Damage Fund, 1/CP.28 and 5/CMA.5, §62.

IMAGE CREDIT

1. **Cover image:** Two Women Surrounded with Green Fish Nets. Nha Trang, Khanh Hoa Province, Vietnam. Image credit: Naeem Mayet via [pexels](#).
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