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Adaptation Fund Board Forty-first meeting Bonn, Germany, 12-13 October 2023

Agenda item 10 a)

(DRAFT) GUIDELINES FOR PARTICIPATION OF ACTIVE CIVIL SOCIETY OBSERVERS

Introduction

1. At its fortieth meeting, the Adaptation Fund Board (the Board) decided to request the secretariat to prepare draft guidelines to establish the "elected active civil society observers" status, taking into account practices of other climate funds. Establishment of the active civil society observers is one of the recommendations from the Adaptation Fund Civil Society Network (AF CSO Network)¹. In response to decision B.40/75 paragraph (b), the secretariat prepared this document, taking into account both the suggestions from the AF CSO Network and the practices of other climate funds.

Suggestions from AF CSO Network

2. In the briefing paper "AF NGO Network recommendations – Further strengthening civil society engagement in the work of the Adaptation Fund Board" (February 2020)², the AF CSO Network suggested that the AF Board consider adopting four features listed below when it establishes the concept of the "active civil society observer" status.

- i) The active civil society observers should have a seat at the table of the Board and take the floor to intervene at any agenda item.
- ii) The active civil society observers should be allowed to attend the committee meetings that are currently closed for observers. By signing a confidentiality agreement, they should be able to provide inputs to the committee meetings and they must only leave the room for "executive sessions". (The "executive session" represents a closed segment of the meetings in the Green Climate Fund (GCF).)
- iii) A minimum of two active civil society observers should be selected through a selforganized process by civil society representatives. At least one alternate for each active observer should be selected, who will attend the meetings when the respective active observers are unable to attend the meetings.
- iv) Travel costs for the active observers (and their respective alternates) from developing countries should be covered by the administrative budget of the AF Board and secretariat.

Practices of other climate funds

3. Other climate funds such as the GCF, Climate Investment Funds (CIFs) and Global Environment Facility (GEF), have their own policies or guidelines on the participation of active observers or equivalents in the meetings of their respective governing bodies. Based on the desk-top review of their respective policies and guidelines, as well as additional information gathered from the three funds on the practices that are not explicitly stated in their policies and guidelines, the secretariat prepared a summary of the comparative analysis in Annex II of this document.

¹ See https://af-network.org/.

² AF NGO Network recommendations – Further strengthening civil society engagement in the work of the Adaptation Fund Board.

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Global Environment Facility (GEF)

4. In November 2017, the GEF Council approved an "Updated Vision to Enhance Civil Society Engagement with the GEF" (hereinafter "the Updated Vision").³ The GEF does not use a term of "active observer" in its civil society observer guidelines but has approved criteria⁴ for the selection of "sponsored CSOs" for Council consultations and meetings. As contained in the Updated Vision, the GEF Secretariat will be responsible for the selection of sponsored CSOs "to ensure that CSO representatives are sharing the voices of CSOs from the field, while maintaining robust engagement on policy issues. This selection will be done in a transparent manner, based on clear criteria and in consultation with the CSO Network, Operational Focal Points (OFPs), the Indigenous Peoples Advisory Group (IPAG) and the GEF Small Grants Programme (SGP) to establish a comprehensive list of CSOs from which to draw those to be sponsored to attend the Council Meetings". According to the approved selection criteria, the "number of sponsored CSOs invited to each Council Meeting will be a streamlined number of individuals, depending on the agenda and budget. The Secretariat will strive for a balanced representation of local and regional CSO at each Council Meeting, and appropriate representation from women's and Indigenous Peoples groups. Other CSOs, including international NGOs, will be welcome to attend the Consultations and present on the topics as appropriate as well as observe the Council meetings as self-sponsored participants".

5. The Updated Vision also revised the structure of CSO participation during Council meetings for it to be more integrated with the discussion of Council members. GEF practices have been that CSOs are invited to speak at the end of each agenda item once the Council members have spoken. To encourage more meaningful participation, the Updated Vision recommends that the "CSOs be given the floor during Council discussions in the order in which they ask to speak, together with Council members." The GEF secretariat has provided two progress reports to the GEF Council on the implementation of the Updated Vision (2018 and 2020), which state that during the GEF Council meetings, "the CSO Network and other civil society representatives participated in all the sessions and provided statements related to each agenda item. As per the Updated Vision, CSOs were given the floor upon request. This allowed them to participate with their comments and inputs in a timely fashion and to contribute to the discussions with Council members".⁵ The GEF does not adopt a system to elect an individual as civil society representatives take the floor depending on agenda items.

6. As mentioned in paragraph 4 above, the GEF provides a limited number of sponsored observers from local and regional CSOs with financial support to participate in its Council meetings, the GEF Assembly meetings taking place every four years, as well as the regional

³ "Updated Vision to Enhance Civil Society Engagement with the GEF" available at https://www.thegef.org/councilmeeting-documents/gef-c-53-10-rev-01.

⁴ "Approved Selection Criteria for Representatives of Civil Society and Indigenous Peoples and Local Communities to Participate in GEF Council Meetings" available at https://www.thegef.org/documents/approved-selection-criteria-csosand-indigenous-peoples-and-local-communities-participate.

⁵ 2020 Progress Report available at https://www.thegef.org/council-meeting-documents/progress-report-updated-vision-enhance-civil-society-engagement-gef.

Expanded Constituency Workshops (ECWs) organized a few times a year in different regions. The GEF selects its sponsoring observers based on the topic of the CSO consultation meetings therefore the number of sponsored observers varies at each Council meeting. Approximately 15 observers from developing countries were sponsored to participate in the recent two Council meetings. For the ECWs, in the GEF-7 period two representatives of CSOs per country will be invited and sponsored to each workshop through an identification and review process led by the GEF Secretariat. The GEF secretariat is also involved in the selection of sponsored observers who attend the Council meetings depending on the agenda and budget.

Climate Investment Funds (CIFs)

7. The principal way the CIFs engage civil society and private sector constituencies is through its Stakeholder Observer Program⁶ which has been in existence since 2010. Observers are drawn from civil society organizations (CSOs), private sector entities (PSEs), and indigenous peoples' organizations (IPOSs). Over 40 representatives from these constituencies serve as Official Observers in the Trust Fund Committees and Sub-Committees. They also network with and inform the constituencies they represent at the regional and national levels.

8. The roles and responsibilities of observers are established in the guidance document "Note on Roles and Responsibilities of CIFs Co-Chairs, Members, and Observers.⁷ According to these roles and responsibilities, all observer roles can be considered "active", since observers "can request the floor during discussions, request the addition of agenda item, and recommend external experts to speak on specific items. Co-chairs may also invite Observers to address the CTF and SCF Trust Fund Committee and SCF Sub-Committee meetings in matters of strategic discussion or direct concern. Observers from CSOs, the private sector, and indigenous peoples' groups are identified through self-selection processes and serve for 24-month terms"⁸. Hence CIFs Observers are selected by civil society representatives, and the secretariat of the CIFs does not intervene in this process. Selected observers from each of the constituency groups work together to coordinate their interventions. each committee.

9. The CIFs have 43 observers and the equivalent number of their alternates. The committee meetings have no closed segment, and all observers participate in discussions throughout the proceedings. Prior to the Trust Fund Committee meetings, stakeholder groups (donor countries, recipient countries and observers) hold a consultation meeting respectively, and it is exclusive for other stakeholder groups. The observers from developing countries may receive financial support from the CIFs for their participation in the committee meetings upon request, and approximately 16 to 18 observers receive it in the current practice. The CIFs also provide the civil society representatives with financial support for its selection process for the observers by hiring an external independent firm.

⁶ See https://www.cif.org/stakeholder-engagement.

⁷ See https://www.cif.org/documents/roles-and-responsibilities-co-chairs-trust-fund-committee-and-sub-committeemembers-and.

⁸ Ibid. Para. 15

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Green Climate Fund (GCF)

10. In the GCF, the process and guidelines for participation of active observers are established in the Guidelines relating to the Observer participation, accreditation of Observer organizations and participation of active Observers.⁹ According to the guidelines, two civil society representatives and two private sector representatives will be invited to participate in the Board meeting as active observers from among the representatives of accredited CSOs and private sector organizations, respectively.¹⁰ Representation is for a term of two years, with a maximum of two consecutive terms¹¹. If an active observer is unable to attend a Board meeting or fails to comply with the requirements set forth in paragraph 14 of these Guidelines, the Co-Chairs, acting jointly, may invite the civil society or private sector observer organization concerned to nominate a replacement ¹². CSOs and PSOs will select their respective active observers and replacements¹³, with no involvement by the GCF Secretariat. Current practice has been that both the civil society and private sector constituencies have selected one developing country and one developed country representative each, as well as its "replacement" when it is necessary, in line with the guidelines.

11. The guidelines mention that the selection process of active observers should aim, in addition to the agreed balanced representation from developing and developed countries, a balanced gender representation as well as a balanced representation between international and local or national organizations¹⁴. The active observers may intervene upon invitation of the Co-Chairs in open segments of the meeting of the Board, while being able to attend as observers the meetings of the Board committee or working group in special circumstances and if expressly authorized by the Board.¹⁵ The guidelines also set out the roles and responsibilities of active observers, including the required non-disclosure of proprietary and/or confidential information obtained from the GCF and or project participants without the written consent of the GCF and or the provider of the information, except as otherwise required by the law.¹⁶

12. In the GCF, the committee meetings are always held in a closed session and no observers are allowed to participate in its board committee meetings. The GCF organizes a dialogue between the executive directors and civil society representatives prior to each board meeting, which gives civil society representatives the opportunity to raise their questions and concerns. The GCF does not fund active observers to participate in Board meetings, while it sometimes provides civil society representatives with financial support to participate in regional dialogues or similar events.

⁹ Available at https://www.greenclimate.fund/document/guidelines-relating-observer-participation-accreditation-observer-organizations-and.

¹⁰ GCF Guidelines relating to the observer participation, accreditation of observer organizations and participation of active observers, para. 11.

¹¹ Ibid, para. 12.

¹² Ibid, para. 13.

¹³ Ibid, para. 16.

¹⁴ Ibid, para. 15.

¹⁵ Ibid, para. 14.

¹⁶ Ibid.

Draft Adaptation Fund Guidelines for the participation of active civil society observers

13. Considering the recommended features for the active civil society observer status by the AF CSO Network and taking into account the practices of other climate funds, the GCF's policies and practices on its active observer participation provide some insight, as they appear most relevant in terms of the number and role of active observers. In addition, most of the practices set out in the GCF guidelines appear to be implementable in the Adaptation Fund, even considering the relatively small size of the Fund. As such, the proposed draft guidelines for the Adaptation Fund to establish the active observer status have been drafted on the basis of the structure and provisions of the GCF guidelines with modifications based on the <u>Rules of Procedure for the Adaptation Fund Board</u>.

Establishing the status of active observer and its alternate

14. The AF CSO Network recommends that the Fund have at least two active civil society observers selected from civil society and at least one alternate for each active observer should be selected, who will attend the meetings when the respective active observers are unable to attend. The GCF guidelines on active observers do not set out a standing status of "alternates" of the active observers but allow for a "replacement". In contrast to the GCF practice of balanced distribution of active observer seats between developed and developing country CSOs, the AF CSO Network recommends that three out of four (two active observers and two alternates) be from developing countries.

15. The secretariat incorporated into the proposed draft guidelines for the Adaptation Fund that 1) the Fund establishes the status of two active observers and two alternates who will attend Board meetings as substitutes for the active observers when the active observers are unable to attend. The secretariat also included a principle of a balanced representation of active observers and their alternates in the draft guidelines, which encourages civil society to consider a balanced representation from developing and developed countries and a balanced gender representation in the selection process of active observers and alternates which is to be established by the CSOs.

Intervention in open segments of the Board meetings

16. The AF CSO Network recommended that one of the primary functions of the active observers is to be able to request the floor and intervene during the meetings of the Board, and this function of the active observer is commonly adopted by other climate funds. The secretariat incorporated this feature of the active observers into the proposed draft guidelines for the Adaptation Fund, which will be exercised in open segments of Board meetings. If the active observers are allowed to intervene on any agenda items, it would be logistically smooth and politically appropriate if they take seats in the same roundtable with the Board.

Participation in committee meetings and closed segments of Board meetings

17. Whether or not to invite the active observers to meetings of the Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) deserves careful

consideration by the Board. Closed segments of Board meetings and the committee meetings are currently open only for the Board members and alternates and members of the secretariat and trustee. The AF CSO Network recommends that "the active observers request the floor and intervene during committee discussions". The GCF guidelines prescribe that "the active observers may attend the meetings of a Board committee or working group as observers in special circumstances and if expressly authorized by the Board". In the draft *Vision and Guidelines for Enhanced Civil Society Engagement*, the Board included a section of "Disclosure of reasons for closed sessions". This guideline is to maintain "the needed space to consider and debate, away from public scrutiny" yet to help observers better understand the rationale behind the need of the closed session and reaffirm the need. In the draft guidelines for the Adaptation Fund, the secretariat proposes three options of statements based on scenarios related to the participation of the active observers in the committee meetings as listed below. Considering the recommendation by the AF CSO Network on committee meetings, the practice of the GCF and the remedy for closed segments of Board meetings that the Board is going to have, closed segments of Board meetings are assumed to be private to observers including active observers.

Scenarios related to the participation of the active observers in the committee meetings

(1) Active observers may, upon invitation of the Chair, intervene in open segments of the meetings of the Board.

→ In this option, the Board will create a new status of active observers and will be given the floor upon the invitation of the Board at the open segments of the meetings of the Board as described in paragraph 16. This means that closed segments of the Board proceedings and committee meeting are closed to active observers. Pursuant to paragraph 20, 33 and 34 of the Rules of Procedures¹⁷, the Board still has the option to invite observers to such closed meetings in special circumstances.

(2) The active observers may attend as 'observers' without right to vote committee meetings upon the invitation of the Chair of the meeting concerned and if there is no objection from any of the committee members present.

 \rightarrow This means that active observers can attend committee meetings when they are invited. The committee decides for each meeting or session whether to invite active observers. In this scenario, active observers are invited just to observe the meeting.

(3) The active observers may attend without right to vote committee meetings and be given the floor to intervene, upon the invitation of the Chair of the meeting concerned and if there is no objection from any of the committee members present.

 \rightarrow This means that active observers can attend committee meetings when they are invited. The Board or committee decides for each meeting or session whether to invite active observers. In this scenario, active observers are invited to intervene during the meeting.

¹⁷ <u>Rules of Procedure of the Adaptation Fund Board</u>

18. The status quo allows the Board to invite observers to closed segments of the Board including committee meetings in special circumstance", and invited observers may not be the same person in each situation. However, all three options (1), (2) and (3) means that the Board decides to establish a new status of the elected active observers who will be invited by the Board to those meetings. In the secretariat's view, all options (1), (2) and (3) could be implemented without amending the Rules of Procedure for the Board as these are not in conflict with the Rules of Procedure particularly paragraphs 20, 31 and 32. In addition, the options will allow the Board to maintain the needed space to consider and debate, away from public scrutiny" as is set forth in paragraph 9 of the <u>Open Information Policy</u> whenever the Board deems necessary.

19. If the Board decides to open the committee meetings to the active observers, the active observers should be required to sign a confidentiality agreement in addition to including in the draft guidelines the active observers' obligation of non-disclosure of the proprietary and/or confidential information obtained from the Adaptation Fund and/or Fund project participants without the written consent of the provider of the information.

Financial support for active observers' participation in Board meetings

20. The Board is invited to consider whether to provide financial support for active observers' travel to attend Board meetings. Both the GEF and CIFs provide travel support for their observers to participate in the respective meetings, but the GCF does not. The AF CSO Network recommends the provision of travel support for the active observers (and their respective alternates) from developing countries. The alternates will attend the Board meeting as substitutes of the active observers only when the active observers are unable to attend. If the Board decides to have two active observers, it would be desirable to provide travel support to up to two active observers (or their alternates) per Board meeting if both are from developing countries. In the secretariat's view, if the number of active observers who receive travel support is only two, the impact on financial and human resources would be manageable. If the Board decides to support for active observers in the administrative budgets for the Board and secretariat.

Selection process for active observers

21. Just like Board members and alternates are selected by their representing constituencies at their own discretion, and for helping it maintain its independence, it is recommended that civil society representatives should be selected by civil society itself in a self-organized process. This element has been included in the draft guideline for the Adaptation Fund without prescribing the selection process that should be developed and implemented by civil society.

22. In relation to the active observers, the AF CSO Network recommends that the Fund establishes its own observer accreditation process. In this regard, the Board at its fortieth meeting generally agreed not to establish its own observer accreditation process and decided to maintain the status quo of accepting observers only from UNFCCC accredited entities, considering the cost efficiency and relative size of the Adaptation Fund to other climate funds. In line with this, the

draft guideline for the Adaption Fund maintains the eligibility of the active observers being limited to UNFCCC accredited observers consistent with the eligibility for the general observers of the Fund.

Confidentiality and conflict of interest for active observers

23. In addition, the GCF has developed and implemented the "*Policy on ethics and conflicts of interest for active observers of the Green Climate Fund*" that set out comprehensive ethical standards for the effective participation of the active observers in the meetings of the Board of the Fund. The policy defines the active observers' non-compliance with the policy, conflicts of interest, prohibition of disclosure of confidential information and accepting and giving gifts. The Adaptation Fund already has a section on "Confidentiality and conflict of interest" in its *Rules of Procedure for the Adaption Fund Board* and therefore an additional policy on ethics and conflicts of interest is not required. The proposed draft guidelines for the Adaptation Fund include a provision that the active observers would comply with the existing rules set out in the section of "Confidentiality and conflict of interest" and take a written oath of service as prescribed in the *Rules of Procedure* in a manner consistent with that of Board members.

Annex I

(Draft) Guidelines for Participation of Active Civil Society Observers

Representation of active observers

1. Two civil society representatives from among the UNFCCC accredited civil society organizations will be invited to participate in the Board meetings as active civil society observers. Two alternates can be selected as substitutes for those active observers who are unable to participate in the meetings.

2. The active observers and alternates shall serve for a term of two years, with a maximum of two consecutive terms.

3. Two active observers and two alternates should be selected from civil society organizations considering a balanced gender representation as well as a balanced representation from developing and developed countries.

4. Civil society organizations will select their respective active observers and alternates in a self-organized process.

Roles and responsibilities of active observers

5. Active observers shall attend the meeting of the Board consistently and communicate views of civil society stakeholders to the Board on matters under consideration by the Board.

6. [Options based on three scenarios related to the participation of the active observers in the proceedings of the Board]

- Option 1: Active observers may, upon invitation of the Chair, intervene in open segments of the meetings of the Board.
- Option 2: Active observers may, upon the invitation of the Chair, intervene in open segments of the meetings of the Board. They may attend as 'observers' without the right to vote committee meetings upon the invitation of the Chair of the Board or committee concerned and if there is no objection from any of the committee members present.
- Option 3: Active observers may, upon invitation of the Chair, intervene in open segments of the meetings of the Board. They may attend without right to vote committee meetings and be given the floor to intervene, upon the invitation of the Chair of the Board or the committee concerned and if there is no objection from any of the committee members present.

Conflict of interest and confidentiality

7. Active observers must declare any conflicts of interest they may have in relation to any items on the agenda of the meetings that they are invited to attend.

8. Active observers shall recuse themselves from all related deliberations and decisionmaking should any personal and/or financial interest arise in any aspect of a project activity or a body representing a project for approval to the Board. The active observers have an obligation to promptly disclose any such situation.

[Paragraphs 9-10 is needed if the Board decides to invite active observers to closed segments of Board proceedings including committee meetings.]

9. Active observers shall not disclose, both during and after their term of office, information obtained from the Adaptation Fund and/or project participants that is marked as proprietary and/or confidential, without the written consent of the Fund and/or the provider of the information, except as otherwise required by the law.

10. Each active observer shall take, and agree to respect, a written oath of service before assuming his or her service. The oath of service shall be witnessed by the Chair of the Adaptation Fund Board. It shall read as follows:

"I solemnly declare that I will perform my duties and exercise my authority as active observer of the Adaptation Fund honourably, faithfully, impartially and conscientiously.

"I further solemnly declare that, subject to my responsibilities within the Adaptation Fund, I shall not disclose, even after the termination of my functions, any information marked confidential coming to my knowledge by reason of my duties in the Adaptation Fund.

"I shall disclose immediately to the Adaptation Fund Board any interest in any matter under discussion before the Adaptation Fund Board which may constitute a conflict of interest, or which might be incompatible with the requirements of independence and impartiality expected of an active observer of the Adaptation Fund and I shall refrain from participating in the work of the Adaptation Fund in relation to such matter."

Travel of active observers

11. Travel for active observers from developing countries to attend the Board meeting, upon their request, will be arranged by the secretariat under its standard procedures, from the budget of the Board and secretariat. The eligible active observer and alternate who will attend the Board meeting shall confirm his/her participation with the secretariat no later than six weeks before the Board meeting to be able to receive travel support from the secretariat.

<u>Review</u>

12. After a trial period of two years a review of the guidelines for observer participation will be undertaken, taking into consideration lessons learned and views by relevant stakeholders.

Annex II: "Active observer" practices of GCF, CIFs and GEF

	GCF	CIFs	GEF
Guidelines	Guidelines relating to the Observer participation, accreditation of Observer organizations and participation of active ObserversPolicy on ethics and conflicts of interest for active observers of the Green Climate Fund	<u>Guidelines for inviting representatives of</u> <u>civil society to observe meetings of the</u> <u>CIF Trust Fund Committees</u> <u>Note on roles and responsibilities of</u> <u>Climate Investment Funds Co-Chairs,</u> <u>members and observers</u>	Updated vision to enhance civil society engagement with the GEF Approved Selection Criteria for Representatives of Civil Society and Indigenous Peoples and Local Communities to Participate in GEF Council Meetings
Observers	2 civil society representatives and 2 private sector representatives as active observers	 43 observers in total that all have an active role <u>Trust Fund Committee</u>: CTF a) 4 CSO b) 2 Indigenous Peoples c) 2 Private Sector SCF a) 4 CSO b) 2 Indigenous Peoples c) 2 Private Sector GCAP a) 4 CSO b) 3 Indigenous Peoples c) 3 Private Sector <u>Technical Committees:</u> PPCR d) 4 CSO a) 2 Indigenous Peoples b) 2 Private Sector 	Council will invite two groups of CSOs to its biannual meetings: 1) regional CSO representatives and 2) local CSOs with expertise in a technical or geographic area, as per Council recommendations during the previous meeting. The number of sponsored CSOs invited to each Council Meeting will be a streamlined number of individuals, depending on the agenda and budget.

	GCF	CIFs	GEF
		adaptation approaches to secure livelihoods SREP a) 4 CSO b) 2 Indigenous Peoples c) 2 Private Sector FIP a) 4 CSO b) 2 Indigenous Peoples c) 2 Private Sector	
Roles and responsibilities	The active observers may intervene upon invitation of the Co-Chairs in open segments of the meetings of the Board. They may attend as observers the meetings of a Board committee or working group in special circumstances and if expressly authorized by the Board.	Observers will serve on the two Trust Funds (CTF, SCF), Technical Committees (PPCR, FIP and SREP) and the recently established Global Sub-committee for four new climate programs. - Request the floor during discussions of the committees and to make verbal interventions - Request the Co-Chairs to add agenda - Recommending to the Committee or the Co-Chairs external experts to speak on a specific agenda item	CSOs are given the floor during Council discussions upon request and, provide statements related to each agenda item.
Closed segments for active observers	Committee meetings	Exclusive stakeholder consultation meeting prior to the Trust Fund Committee meeting (donor countries, recipient countries and observers)	Council session on "Report of the Selection and Review Committee", Council lunch and other side meetings
Selection	Self-selection	Self-selection	The Secretariat will select the sponsored CSOs to participate in the Council meeting

	GCF	CIFs	GEF
Term for observers	A term of two years, with a maximum of two consecutive terms	A fixed time period of 24 months	-
Financial support to active observers	None for the participation in the Board meeting	Available for approximately 16-18 active observers from developing countries to participate in the committee meetings	Approximately 15 observers from developing countries after the pandemic. Sponsored local and regional CSOs receive financial support for their participation in Council meetings depending on agenda and budget. Other CSOs, including international ones, can attend as self-sponsored participants.