



**GREEN
CLIMATE
FUND**

Meeting of the Board
26 – 28 February 2019
Songdo, Incheon, Republic of Korea
Provisional agenda item 8(b)

GCF/B.22/22

20 February 2019

Co-Chairs Proposal: Further consultation on decision-making in the event that all efforts at reaching consensus have been exhausted

Summary

This document has been prepared by the Co-Chairs to support the Board's consideration of the development of procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted. It sets out the key matters requiring further consultation and guidance from the Board with respect to developing procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted. It has been prepared following the discussions on this matter during B.21 and takes into account views expressed by members at that meeting and in submissions made during the consultations prior to B.22 (17 December 2018 – 23 January 2019).

I. Introduction

1. Paragraph 14 of the Governing Instrument for the Green Climate Fund (Governing Instrument) provides:

“Decisions of the Board will be taken by consensus of the Board members. The Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted”.

2. This document has been prepared by the Co-Chairs to support the Board’s consideration of this issue at B.22. It sets out the key matters requiring further consultation and guidance from the Board with respect to developing procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted. It has been prepared following the discussions on this matter during B.21 and takes into account views expressed by members at that meeting and in submissions made during the consultations prior to the twenty-second meeting of the Board (17 December 2018 – 23 January 2019).

3. Previous Board discussions and decisions mandating further work on this issue are detailed in GCF/B.21/12.

4. The document includes three annexes which contain draft elements in relation to the following matters:

- (a) Annex I contains the proposed elements of a draft decision for consideration by the Board;
- (b) Annex II contains the proposed draft procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted, for consideration by the Board; and
- (c) Annex III contains additional matters that may require the Board’s consideration in relation to the proposed draft procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted.

5. The Co-Chairs will continue to consult members and alternate members of the Board in relation to all three Annexes with a view to presenting a revised proposal during B.22.

Annex I: Elements for the draft decision

The Board, having considered document GCF/B.22/22 titled “Co-Chairs Proposal: Further consultation on decision-making in the event that all efforts at reaching consensus have been exhausted”:

- (a) Reaffirms that consensus will remain the preferred principle for decision-making, and that procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted shall only be used as a last resort;
- (b) Confirms that the Rules of Procedure of the Board shall apply mutatis mutandis to the application of the procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted; and
- (c) Adopts the procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted, as set out in annex II to this decision.

Annex II: Co-Chairs' proposal: Draft Procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted

I. Introduction

1. Consensus will remain the preferred principle for decision-making.
2. These procedures (the “**Procedures**”) shall apply:
 - (a) In the event that all efforts at reaching consensus in respect of a particular draft decision have been exhausted, as determined in accordance with Section II below; and
 - (b) Unless otherwise provided for in Section III below¹.

II. Determination

3. The Co-Chairs, acting jointly and in good faith, shall determine whether all efforts at reaching consensus in respect of a particular draft decision have been exhausted, following consultations with all Board and alternate members.
4. In making such a determination, the Co-Chairs:
 - (a) will take into consideration, *inter alia*:
 - (i) whether the subject matter of the draft decision has been considered at prior Board meetings without consensus being reached;
 - (ii) whether, and how many, Board members have indicated that they cannot join consensus on the matter under consideration by the Board;
 - (iii) whether the draft decision seeks to ensure adherence to and/or operationalize the Governing Instrument for the Green Climate Fund, or prior Board decisions;
 - (iv) the complexity or novelty of the relevant matter under consideration, such that further Board consideration would be warranted;
 - (v) whether a decision on the relevant matter is urgent or necessary to safeguard the interests or reputation of the GCF, or to ensure the continued operations of the GCF;
 - (vi) the potential adverse implications and the legal, financial and/or reputational consequences for the GCF of failing to take a decision on the relevant matter at that specific meeting; and
 - (vii) the precedent-setting nature of the draft decision; and
 - (b) must hold a genuine belief that consensus on a relevant matter is not achievable in light of the discussions during the Board's consideration of such matter and the consultations referred to in paragraph 3 above.

The Co-Chairs propose that the Board may wish to consider further elements for the Board's consideration related to the determination that all efforts to reach consensus have been exhausted as contained in Section A of Annex III.

¹ The drafting of this paragraph may need to be updated for legal consistency depending on the outcome of the Board's consideration of the question of the scope of these procedures.

III. Scope of the Procedures

5. These Procedures shall not apply to:
 - (a) Decisions proposed for approval without a Board meeting in accordance with paragraphs 41-44 of the Rules of Procedures of the Board;
 - (b) Any decision pursuant to which the Board appoints any Board-appointed official;
 - (c) Any decision relating to moving the Headquarters of the GCF;
 - (d) Any decision by the Board pursuant to paragraph 72 of the Governing Instrument.
6. In the event that voting procedures are required in order to reach consensus in relation to any decision referred to in paragraphs 5(b) to 5(d) above, the Board shall, by consensus, decide on the relevant procedures to be followed in such case.

The Co-Chairs propose that the Board may wish to consider further elements for the Board's consideration related to the scope of the voting procedure as contained in paragraphs Section B of Annex III.

IV. Voting

7. Promptly following Co-Chairs' determination² the Co-Chairs shall announce the start of the formal voting process.
8. Prior to any votes being cast, the Co-Chairs shall provide a hard copy of the draft decision to each Board member. Such draft decision shall be the version of the decision (including annexes) that, in the Co-Chairs judgment, was supported by the greatest number of Board members.
9. The Co-Chairs retain their right to vote when formal voting procedures are being used, and the alternate members of the Co-Chairs shall not be entitled to vote.
10. Each Board member shall be entitled to one vote.
11. Votes shall be cast by each Board member simultaneously using voting facilities installed or made available in the Boardroom. Board members shall vote in favour or against the draft decision, or indicate that they are abstaining from the vote.
12. While votes are being cast, no-one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised by a Board member in connection with the process of voting.
13. Votes cast shall be tallied and announced by the Secretariat.
14. If at least a two-thirds majority of Board members present and voting vote in favour of the draft decision, the decision shall be considered adopted.
15. Board members may, after the results of a vote have been announced, make a brief statement to explain their vote.

² The drafting of this paragraph may need to be updated for legal consistency depending on the outcome of the Board's consideration of how the determination will work.

V. Recording the outcome of the vote

16. Votes cast by each Board member, participating in a vote shall, unless otherwise agreed by the Board on a case-by case basis, be recorded in the report of the meeting, together with any statements they may have made after the vote.

17. Decisions adopted by the Board pursuant to these Procedures shall be reflected in the compendium of decisions as decisions adopted pursuant to a vote, indicating the final tally of votes, but not the associated Board member.

Annex III: Additional matters that may require the Board's consideration

A: Determination that all efforts to reach consensus have been exhausted:

In the view of the Co-Chairs, the Board may wish to consider the following additional possible options for how the Board could provide further guidance on matters related to determining whether all efforts to reach consensus have been exhausted, *inter alia*:

- (1) The Board may wish to consider whether, following a Co-Chairs' determination that all efforts to achieve consensus have been exhausted, the Board would be required to hold a procedural vote to confirm the Co-Chairs' determination.
- (2) Should the Board decide to take a procedural vote to confirm the Co-Chairs' determination, the Board would need to consider what threshold would be needed to carry such a vote.
- (3) In the context of the Board taking a procedural vote to confirm the Co-Chairs' determination, the Board may wish to consider what the next steps would be if that determination was not upheld by the Board.
- (4) The Board may wish to consider how the Co-Chairs would make a determination in the case that a specified threshold of Board members indicated that they could not join consensus on a matter and requested a vote, consistent with the agreed scope of the Procedures set out in Section III of Annex II.
- (5) The Board may wish to consider how it would give effect to paragraph 12 of the Rules of Procedure of the Board in the event that a determination by the Co-Chairs that all efforts to achieve consensus has been exhausted was objected to by one or more Board members.

B: Scope of the procedures to adopt decisions in the event that all efforts to reach consensus have been exhausted:

In the view of the Co-Chairs, the Board may wish to consider the following additional possible options for how the Board could provide further guidance in relation to the scope of the Procedures, *inter alia*:

- (1) The Board may wish to consider specifying that these Procedures shall only apply to Paragraph 18(d) of the Governing Instrument for the Fund, namely the approval of funding in line with the Fund's principles, criteria, modalities, policies and programmes.
- (2) The Board may wish to consider specifying that these Procedures shall apply to all the functions of the Board as set out in paragraph 18 of the Governing Instrument for the Fund.

C: Review of the Procedures

In the view of the Co-Chairs, the Board may wish to consider whether to include a provision to review these procedures after a specified time period and the placement of such a provision.
