

**Green Climate Fund**

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# **Additional Rules of Procedure of the Board**

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**GCF/B.02-12/02**

8 October 2012

**Meeting of the Board**

18-20 October 2012

Songdo, Republic of Korea

Agenda item 5

## **Recommended actions of the Board**

It is recommended that the Board:

- (a) Takes note of document GCF/B.02-12/02 *Additional Rules of Procedure of the Board*; and
- (b) Adopts the decisions presented in Annex I to this document.

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## Additional Rules of Procedure of the Board

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### I. Introduction

1. The Governing Instrument provides in paragraph 17 that “Additional Rules of Procedure will be developed by the Board”. The reference to “Additional Rules of Procedure” denotes the fact that such rules are intended to supplement rather than implement the provisions contained in the Governing Instrument.

2. There are a range of matters that are not expressly covered by the Governing Instrument, such as the role and functions of the two Co-Chairs, the role of the alternate member after a Board member is elected Co-Chair, actions to be taken if a vacancy occurs prior to the end of the statutory term of a Board member, membership in Board committees and a range of other procedural matters. The Governing Instrument also called on the Board in paragraph 14 to “develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted” and in paragraph 16 to “make arrangements, including developing and operating accreditation processes, to allow for effective participation by accredited observers in its meetings.”

3. During its first meeting on 23-25 August 2012 in Geneva, Switzerland, the Board discussed document GCF/B.01-12/02 *Additional Rules of Procedure of the Board*. In this context, a number of questions were raised, including on matters such as the role of Co-Chairs, the duration of the term of Board members and alternate members and their respective roles and possible replacement or termination, and the role of advisers. Matters discussed relating to Board procedures, such as the frequency and the form of Board meetings and the time of speaking at meetings, whether there should be decisions in-between meetings, how to build consensus, and what principles should be followed in voting if, despite all efforts, consensus cannot be reached. Questions were also raised concerning the disclosure of information, including Board documents, webcasting and video recording, conflict of interest and disclosure of the financial assets of Board members and alternate members. Additional comments were received after the meeting in writing. This document was prepared in response to these comments.

4. The proposed revised Additional Rules of Procedure are attached as annexes to this document. As suggested by Board members, the overall approach adopted has been to limit the content of the Additional Rules of Procedure to a minimum. Thus, several matters are not addressed in this document and will be addressed in specific documents on conflict of interest, disclosure of information and other matters, such as the role of advisers. These matters will be discussed at future meetings of the Board. It should also be noted that some of the provisions included in the draft Additional Rules of Procedure will only be implemented at future Board meetings after the adoption of these Rules. Some of these, such as the provision of interpretation, translations of the reports and funding the travel costs of advisers, will have budgetary implications when implemented.

5. In response to the guidance given by the Board, the Interim Secretariat conducted additional research and analysis regarding the following matters:

- (a) Composition, selection and term of Board membership (Annex II);
- (b) Co-Chairs (Annex III);
- (c) Meetings (Annex IV);
- (d) Observers (Annex V, with modalities for observer accreditation and the participation of active observers set out in an appendix);

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- (e) Committees, panels, groups and subsidiary bodies (Annex VI);
  - (f) Decision-making procedures and voting (Annex VII);
  - (g) Conflict of interest (Annex VIII); and
  - (h) Amendments to the Additional Rules of Procedure (Annex IX).

These topics are briefly reviewed in this document. The Additional Rules proposed in the annexes II to VII of this document seek to facilitate the adoption of such arrangements and respond to the guidance given by the Board.

## II. Additional Rules of Procedure – key matters

### 2.1 Composition, selection and term of Board membership

6. Draft Additional Rules of Procedure addressing the composition, selection and term of Board membership are set out in Annex II.

#### 2.1.1 Term and replacement of Board members and alternate members

7. Paragraphs 11 and 12 of the Governing Instrument provide that the “members of the Board will be selected by their respective constituency or regional group within a constituency<sup>1</sup>” and that they will each “serve for a term of three years”. The term of the initial Board members and alternates is deemed to have commenced on the first day of the inaugural meeting of the Board, i.e. on 23 August 2012, and to continue for three years. The Governing Instrument does not prescribe the approach to be adopted in cases where a vacancy occurs before the end of the statutory term of a Board member or alternate member (e.g. due to resignation, death, incapacitation or for any other reason). Therefore, additional rules of procedure need to be adopted by the Board. Also, the Governing Instrument does not contain any stringent principle on the selection of Board members and leaves it to the two constituencies to adopt appropriate procedures for that purpose. Such procedures do not need to be uniform and may include the replacement of a Board member or an alternate member before the end of their term. The Board can incorporate provisions on the replacement of Board members in the Additional Rules of Procedure.

#### 2.1.2 Role of Board members and alternate members

8. The basic functions of Board members and alternate members are defined in paragraph 10 of the Governing Instrument, which provides that alternate members are “entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member”. This can generally be taken to imply that alternate members are not entitled to speak at Board meetings unless they are serving as the member in absence of the Board member.

#### 2.1.3 Temporary alternate Board members

9. The Board may consider incorporating provisions in the Additional Rules of Procedure allowing the appointment of a temporary alternate Board member in the event that both the Board member and alternate member are unavoidably detained from attending a Board meeting.

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<sup>1</sup> In the draft Additional Rules of Procedures set out in annex II, the terms “constituency” or “constituencies” are defined by the Governing Instrument, and refer to any of the two constituencies of developed and developing country Parties or to both of these constituencies.

10. A number of multilateral institutions, including the International Monetary Fund, the World Bank and the Asian Development Bank, allow the appointment of temporary alternate members of their governing bodies, often despite the fact that no expressed provision for the appointment of such temporary alternate members is contained in their constituent agreements.

#### 2.1.4 Advisers

11. The Board may consider determining the role and entitlements of advisers. Unlike for alternate members, the role and status of advisers is not defined in the Governing Instrument.

12. It has been proposed to foresee funding of the cost of travel of advisers to Board members from eligible developing countries. So far, no provision has been made in the budget of the Fund to cover the travel expenses of advisers. If funding of 24 advisers was foreseen, the cost could be up to USD 100,000 per meeting.<sup>2</sup> Limiting such travel support to advisers to Board members and alternate members from least developed countries (LDCs) and small island developing States (SIDS) would reduce the cost to about USD 25,000 per meeting, and intermediary options can be calculated accordingly. The budgetary implications of a decision on this matter would need to be reflected in the administrative budget of the Fund.

## 2.2 Co-Chairs

13. Draft Additional Rules of Procedure relating to the Co-Chairs are set out in Annex III.

### 2.2.1 Participation as a member and voting rights

14. At the first meeting of the Board, the Board agreed on a provisional basis that the Co-Chairs, when chairing the meeting, may designate their alternates to act on their behalf and take their seats, and that this arrangement would be replaced by more permanent arrangements at the next Board meeting.

15. Paragraph 10 of the Governing Instrument provides: "Each Board member will have an alternate member, with alternate members entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member. During the absence of the member from all or part of a meeting of the Board, his or her alternate will serve as the member."

16. In line with this provision and discussions of the Board, three different approaches can be outlined:

- (a) The Co-Chair may request the alternate member to participate in Board deliberations but retain the right to vote in any formal voting proceedings:

The Governing Instrument established the general principle that alternate members are "entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member." Notwithstanding the above, the Board is free to incorporate in the Additional Rules of Procedure provisions for the specific case that a member is elected Co-Chair, since the Governing Instrument neither specifies the role of the alternate member when such member is elected Co-Chair, nor does it prevent the Board from adopting decisions regarding this matter. Thus, it may be left to each Co-Chair to decide whether they wish the alternate member to take their place and act on their behalf when they chair the Board meeting. Under

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<sup>2</sup> In this estimate, the application of the rules for funding participation at UNFCCC meetings was assumed. An average cost of USD 4,000 for an economy air fare and daily subsistence allowance was calculated. Cost clearly varies depending on the venue of the meetings.

this approach, Board members who have been elected Co-Chair retain the right to vote if any formal vote is called.

- (b) The alternate of the member elected Co-Chair will serve for the duration of the term of the Co-Chair as the member with the right to vote:

Some organizations have included provisions in their basic instruments allowing alternate members to vote if the member is elected Chair or Co-Chair. To adopt such an approach, the Board would need to interpret paragraph 10 of the Governing Instrument to imply that the Co-Chairs are deemed to be absent as Board members when they chair the meeting. It would fall within the powers of the Board to adopt such an interpretation.

- (c) A new member from the same country as the member elected to be Co-Chair is selected:

Paragraph 9 of the Governing Instrument stipulates that the Board will have “24 members” while paragraph 13 provides that “two Co-Chairs of the Board will be elected by the Board members from within their membership”. Thus, the number of Board members may not exceed 24 and the Co-Chairs have to be Board members at the time they are elected.

Accordingly, the selection of a new member from the same country as the elected Co-Chair to replace him/her for the term of the co-chairmanship is only possible if it is assumed that the Co-Chairs will cease to be Board members upon their election (because the Board cannot have 26 members and remain in accordance with the Governing Instrument). Such an interpretation would not be inconsistent with the wording of the Governing Instrument. The Board can incorporate provisions in the Additional Rules of Procedure interpreting the Governing Instrument in that manner. The new member would be selected at the proposal of, and from the same country, as the Co-Chair. To comply with the provisions of paragraph 11 of the Governing Instrument, the selection of the new member would need to be communicated using the same procedure as that adopted for the member elected Co-Chair.

17. In the draft rules set out in annex III, it is suggested to follow alternative (a) above, which gives each Co-Chair the option to determine independently whether to participate in the deliberations of the Board as a member or request the alternate to do so on his/her behalf. If an alternative option is preferred by the Board, the Secretariat can provide draft rules for the given option.

### 2.2.2 Term of Co-Chairs

18. In accordance with paragraph 10 of the Governing Instrument, the term of the Co-Chairs is one year. To ensure continuity, the Board may provide that the Co-Chairs shall continue their chairing functions until their successors have been elected. Similar provisions are regularly contained in rules of procedures of other governing bodies.

### 2.2.3 Temporary replacement

19. It is proposed to leave it to the respective constituency of the Co-Chair to designate a Board member to assume the functions of Co-Chair for the duration of the meeting, if the Co-Chair is unable to attend the meeting due to health reasons or other exceptional circumstances.

## 2.3 Meetings

20. Draft Additional Rules of Procedure relating to meetings are set out in Annex IV.

### 2.3.1 Webcasting and posting of documents on Internet

21. The Board will need to consider whether to webcast Board meetings and when Board documents should be posted on the website of the Fund. These matters may be addressed in the overall context of a policy on disclosure of information, which the Board will need to develop. In doing so, the Board will need to weigh the desire of ensuring maximum transparency against the objective of protecting the integrity of the Board's deliberative processes by allowing a candid exchange of views among Board members. Webcasting will also have budgetary implications, since costs are considerably higher for live webcast than for the local video transmission to another room at the same venue.

22. Until a policy on disclosure of information has been adopted, the Board may consider provisional arrangements on a meeting-by-meeting basis to ensure adequate dissemination of information and transparency.

### 2.3.2 Official language(s) and translations

23. Other points that the Board will need to consider are whether to provide for simultaneous interpretation at the meetings of the Fund into the official United Nations (UN) languages that correspond to the language requirements of members and alternates present at the meeting and whether to translate reports of Board meetings and/or documents of the Fund into all six UN languages. Doing so would facilitate the participation of Board members from all regions in the deliberative processes of the Fund and the dissemination of information on the Fund. However, it would have significant administrative and cost implications. Based on the costs for such services at comparable meetings, it can be estimated that the cost of interpretation into three of the six UN languages would be around USD 100,000 per Board meeting. There would also be implications for the choice of venue and other logistical aspects of the meeting, such as the time schedule.

## 2.4 Policies and procedures regarding observers

24. Draft Additional Rules of Procedure relating to observer participation in meetings are set out in Annex V. An appendix to this annex sets out draft policies and guidelines relating to observer participation, accreditation of observer organizations and the participation of active observers.

25. Paragraph 16 of the Governing Instrument states that "the Board will make arrangements, including developing and operating accreditation processes, to allow for effective participation by accredited observers in its meetings. The Board will invite, to participate as active observers: two civil society representatives, one each from developing and developed countries; and two private sector representatives, one each from developing and developed countries."

26. At its first meeting, the Board requested the Interim Secretariat to prepare a policy document on how to operationalize paragraph 16 of the Governing Instrument. Members were invited to provide their views on this matter, and observers present at the meeting were invited to contribute. Based on guidance provided by Board members and taking into account contributions received from observers, Additional Rules of Procedure concerning observer participation are proposed in Annex V.

27. Provisions to operationalize the accreditation of observers and the participation in Board meetings of active observers as per paragraph 16 of the Governing Instrument are included in a separate appendix to Annex V. At a future meeting, the Board may wish to consider and adopt mechanisms to promote the input and participation of stakeholders in the

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design, development and implementation of the strategies and activities to be financed by the Fund, in line with paragraph 71 of the Governing Instrument.

## 2.5 Committees, panels and other groups and subsidiary bodies

28. Draft Additional Rules of Procedure relating to committees, panels and other groups and subsidiary bodies are set out in Annex VI.

29. There is an inconsistency in the wording of the Governing Instrument which provides in paragraph 18 (g) that the Board “may establish subcommittees and panels and define their terms of reference, as appropriate”. It appears that this reference was meant to refer to “committees” rather than to subcommittees. Given the wording of paragraph 18 (g), it is suggested to interpret the above provision to imply that the Board can establish both committees and subcommittees. To clarify that the Board also has the power to establish other groups or subsidiary bodies in addition to subcommittees and panels, as per its general powers under sub-paragraph 18(p) of the Governing Instrument, it is suggested that an appropriate provision is included in the Additional Rules of Procedure.

30. There is a need to confirm whether participation in committees, subcommittees, panels and other groups or subsidiary bodies should be limited to Board members or whether, and if so to what extent, alternate members may form part of these groups. It is a common feature of many international organizations (e.g. World Bank and other multilateral development banks) that standing committees are chaired by a Board member. However, these organizations have not adopted a uniform approach on whether to allow alternate members to be members of committees and other bodies and on whether to appoint members of Board committees in a personal capacity or as the representatives of the group which selected them.

31. Taking account of the guidance given by Board members, it is proposed that for all standing committees, it should be left to the Board members to decide whether to attend meetings of such committees as a member or request the alternate member to attend in their stead. For subcommittees, panels or other groups or subsidiary bodies that may be created by the Board, in principle, there is no obstacle for alternate members to be members of such bodies. The Additional Rules of Procedure were drafted accordingly.

## 2.6 Decision-making and voting

32. Draft Additional Rules of Procedure relating to decision-making and voting are set out in Annex VII.

### 2.6.1 Decisions of the Board

33. Paragraph 14 of the 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.”

34. Two basic paradigms for members’ voting rights are the one-country-one-vote principle of the United Nations and the weighted voting system of Bretton Woods institutions, under which voting rights are at least partially proportionate to capital subscriptions or contributions.

35. Double-weighted voting in decision-making was pioneered by the Montreal Protocol on Substances that Deplete the Ozone Layer, which entered into force on 1 January 1989. The Montreal Protocol, as subsequently adjusted and amended, provides that certain decisions may be adopted, if all efforts at consensus have been exhausted, “by a two-thirds majority vote of the Parties present and voting representing a majority of the Parties operating under Paragraph 1 of Article 5 present and voting and a majority of the Parties not so operating present and voting.”

36. In particular, since 2000, double-weighted decision-making is increasingly used. It has been implemented in organizations such as the Global Environment Facility (GEF) and the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund).
37. The GEF Council is characterized by equal representation of developing countries and other countries and resembles in this regard the Green Climate Fund Board. In accordance with paragraph 22 of the GEF Instrument, when all practicable efforts by the Council and its Chairperson have been made and no consensus appears attainable, and unless otherwise provided, “decisions requiring a formal vote by the Council shall be taken by a double weighted majority; that is, an affirmative vote representing both a 60 per cent majority of the total number of Participants and a 60 per cent majority of the total contributions.”
38. A somewhat different double-weighted voting system has been implemented in the Global Fund, a multi-actor fund that gives both states and civil society a voice in decision-making. Each of the 20 voting members of the Board only has one vote. If all efforts have not led to consensus, decisions are taken by the Board at the request of any Board member by a two-thirds majority of “those present of both: a) the group encompassing the eight donor seats, one private sector seat and one private foundation seat; and b) the group encompassing the seven developing country seats, the two nongovernmental organization seats, and the representative of a nongovernmental organization who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria.”
39. Consistent with the suggestions by Board members, three possible approaches are submitted to the Board for its consideration:
- (a) Alternative (a) proposes a double-weighted voting system based on the principles of the Montreal Protocol: If all efforts at consensus have been exhausted and no agreement has been reached, decisions shall be taken by a two-thirds majority of the members (or alternates acting for members) present and voting, representing a majority of developed countries and a majority of developing countries.
  - (b) Alternative (b) is based on the principles of the double-weighted voting system of the GEF: If all efforts at consensus have been exhausted and no agreement has been reached, decisions shall be taken by a double weighted majority; that is, an affirmative vote of at least 12 Board members and a 60 per cent majority of the total contributions to the Fund. Alternatively, a double weighted voting system requiring an affirmative vote of 15 Board members and 75 per cent majority of total contributions to the Fund might also be considered.
  - (c) Alternative (c) could be a modified version of alternative (a) to provide that the required majority should be based, in the case of developed countries, on their proportionate contributions to the Fund.
40. Board guidance is sought on which solution may be acceptable.

## 2.6.2 Decisions between Board meetings

41. It is proposed that rules regarding this matter be adopted by the Board, based on the understanding that all major decisions will be taken at in-person meetings of the Board. Provision to that effect is incorporated in the proposed Additional Rules of Procedure. It has been clarified that the provisions on quorum and other procedural requirements set forth in the Additional Rules of Procedure would apply *mutatis mutandis* also to decisions taken without a Board meeting.

## 2.7 Confidentiality and conflict of interest

42. Succinct draft Additional Rules of Procedure relating to confidentiality and conflict of interest are set out in Annex VIII.

43. It is envisaged that detailed provisions on conflict of interest and related disclosure of information will be developed when the Board considers standards of conduct and ethics for the Fund staff and the Board. Thus, the only provisions on conflict of interest incorporated in the Additional Rules of Procedure are those that require Board members and alternate members to disclose at each meeting conflicts of interest they may have in relation to any items on the agenda and to recuse themselves from participating in any decision regarding a project and/or involving an entity with respect to which they have a personal and/or financial interest. These provisions are directly related to the conduct of Board meetings and should be maintained for that reason.

## 2.8 Amendments to the Additional Rules of Procedure

44. Draft Additional Rules of Procedure relating to amendments to the Additional Rules of Procedure are set out in Annex IX.

45. It is proposed to incorporate provisions into the Additional Rules of Procedure to the effect that these may be amended by the Board as per voting rules when agreed.

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## Annex 1: Draft decisions of the Board

The Board, having reviewed document GCF/B.02-12/02 *Additional Rules of Procedure of the Board*, and subject to comments and amendments made at the meeting:

- (a) Adopts the Additional Rules of Procedure of the Board relating to composition, selection and term of Board membership set out in Annex II of document GCF/B.02-12/02;
- (b) Adopts the Additional Rules of Procedure of the Board relating to Co-Chairs set out in Annex III of document GCF/B.02-12/02;
- (c) Adopts the Additional Rules of Procedure of the Board relating to meetings set out in Annex IV of document GCF/B.02-12/02;
- (d) Adopts the Additional Rules of Procedure of the Board relating to observers set out in Annex V of document GCF/B.02-12/02 *Additional Rules of Procedure of the Board*;
- (e) Approves the policy and guidelines relating to observer participation, accreditation of observer organizations and the participation of active observers set forth in the appendix to Annex V of document GCF/B.02-12/02;
- (f) Adopts the Additional Rules of Procedure of the Board relating to committees, panels, groups and subsidiary bodies set out in Annex VI of document GCF/B.02-12/02;
- (g) Adopts the Additional Rules of Procedure of the Board relating to decision-making and voting set out in Annex VII of document GCF/B.02-12/02;
- (h) Adopts the Additional Rules of Procedure of the Board relating to confidentiality and conflict of interest set out in Annex VIII of document GCF/B.02-12/02; and
- (i) Adopts the Additional Rules of Procedure of the Board relating to amendments to the Additional Rules of Procedure set out in Annex IX of document GCF/B.02-12/02.

## **Annex II: Additional Rules of Procedure relating to composition, selection and term of Board membership**

### **I. Selection of Board members and alternate members**

*Paragraphs 9 to 12 of the Governing Instrument provide:*

#### **1. Composition**

9. The Board will have 24 members, composed of an equal number of members from developing and developed country Parties. Representation from developing country Parties will include representatives of relevant United Nations regional groupings and representatives from small island developing States (SIDS) and the least developed countries (LDCs).

10. Each Board member will have an alternate member,<sup>1</sup> with alternate members entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member. During the absence of the member from all or part of a meeting of the Board, his or her alternate will serve as the member.

#### **2. Selection of Board members**

11. The members of the Board and their alternates will be selected by their respective constituency or regional group within a constituency. Members of the Board will have the necessary experience and skills, notably in the areas of climate change and development finance, with due consideration given to gender balance.

#### **3. Term of membership**

12. Members and alternate members will serve for a term of three years and be eligible to serve additional terms as determined by their constituency.

1. Representation on the Board from developing country Parties will include:<sup>2</sup>

- (a) Three members and alternate members from the Asia-Pacific States;
- (b) Three members and alternate members from the African States;
- (c) Three members and alternate members from the Latin American and the Caribbean States;
- (d) One member and alternate member from small island developing States;
- (e) One member and alternate member from least developed country Parties; and
- (f) One member from developing country Parties not included in the regional groups and constituencies above; and one alternate member to rotate between developing country Parties included in the groups and constituencies listed above.

<sup>1</sup> "Alternate member" or "alternate members" means, as the case may be, any of the 24 alternate members of the Board, or more than one of them, or all alternate members and any temporary alternate member which may be selected by the respective constituency or regional group within a constituency in the event that due to health reasons or other exceptional circumstances both the Board member and alternate member are unable to attend a Board meeting".

<sup>2</sup> Paragraph 10 of decision 3/CP.17.

## **II. Attendance of Board meetings and service**

2. Board members and alternate members are required to attend Board meetings and to devote to the activities of the Fund all such time and attention as the interests of the Fund may require.

## **III. Vacancies**

3. Respective constituencies or regional groups within a constituency<sup>3</sup> may decide to replace a Board member or alternate member prior to the end of his/her term. In such a case, the term of the successor of the Board member or alternate member who is replaced commences on the date on which his/her selection is communicated to the Secretariat or on any other subsequent effective date specified in such communication.

4. At the end of the term of a Board member or alternate member or in case of death, resignation or replacement of a Board member or alternate member or in any other case where the seat held by a Board member or alternate member becomes vacant, the vacancy shall be filled pursuant to the procedure established by the respective constituency or regional group within a constituency for the selection of its representatives on the Board. Any successor or replacement shall hold his or her position for the unexpired term of his or her predecessor.

## **IV. Notification of representation**

5. The respective constituency or regional group within a constituency shall promptly communicate to the Secretariat in writing the names and contact details of the Board members and alternate members selected, pursuant to Section 11 of the Governing Instrument, as well as the names and contact details of any successors or replacements and the effective date of any replacement.

## **V. Functions**

6. The Board will perform the functions set forth in the Governing Instrument as economically and effectively as possible, taking account of the need to ensure cost efficiency and transparency of its procedures and operations.

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<sup>3</sup> The terms "constituency" or "constituencies" are used, as the case may be, in accordance with paragraphs 9-11 of the Governing Instrument for the Green Climate Fund, and refer to any of the two constituencies of developed and developing country Parties or to both of these constituencies.

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## Annex III: Additional Rules of Procedure relating to Co-Chairs

### I. Election of the Co-Chairs

*Paragraph 13 of the Instrument provides:*

#### **4. Chairmanship**

13. Two Co-Chairs of the Board will be elected by the Board members from within their membership to serve for a period of one year, with one being a member from a developed country Party and the other being a member from a developing country Party.

1. The term of the two Co-Chairs is for one year starting on the date of their election. They shall continue their functions until their successors have been elected.

2. In the event that a Co-Chair is unable to attend a Board meeting due to health reasons or other exceptional circumstances, the respective constituency may designate another Board member to assume the functions of Co-Chair for the duration of the meeting.

3. If a Board member is elected as Co-Chair, that member may request his/her alternate member to express the respective constituency's or regional group's viewpoint in deliberations. However, the Board member retains the right to vote if a formal vote is called.

### II. Duties of the Co-Chairs in the conduct of business

4. The Co-Chairs shall act in the best interest of the Fund.

5. The Co-Chairs shall share and allocate between themselves responsibility for chairing Board meetings.

6. The Co-Chairs will be responsible for the opening, conduct, suspension and adjournment of the meeting and for dealing with all procedural matters, including, but not limited to according the right to speak, putting questions to a vote if consensus is not reached, and announcing the results of any formal votes taken. They are responsible for ensuring the observance of the rules of procedure of the Board and adherence to the agenda. The Co-Chairs will rule on points of order, subject to a final determination regarding any such ruling by the Board, which may be requested by each Board member.

7. Before the end of each Board meeting, the Co-Chairs will present a draft report of the meeting containing the decisions of the meeting, for consideration and approval by the Board.

8. The Co-Chairs will seek support for the Fund and the work of the Board. The Co-Chairs will represent the Board at external meetings and report back to the Board on those meetings. They may delegate this function to the Executive Director.

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## **Annex IV: Additional Rules of Procedure relating to meetings**

### **I. Frequency and location**

1. The Board will meet in person as frequently as necessary (at least twice every year) at the seat of the Secretariat or at an alternative location agreed by the Board. Additional meetings may be conducted exceptionally by way of video-conference, tele-conference, or net-meeting if the Board so decides.
2. At each meeting, if appropriate, the Board will confirm the date and duration of the following meeting.

### **II. Notification of meetings**

3. The Secretariat will notify Board members, alternate members and accredited observer organizations and active observers of the dates and venue of the meetings and circulate a provisional agenda for any meeting at least 30 calendar days before the first day of the meeting. The notification to Board members, alternate members and active observers will be in the form of a formal invitation. In the case of an extraordinary meeting, the Co-Chairs acting jointly shall determine the circulation period, taking into account the urgency of the matter.

### **III. Agenda for meetings**

4. The Secretariat will, with the approval of the Co-Chairs, prepare and distribute the provisional agenda for each meeting.
5. The Board will, at the beginning of each meeting, adopt the agenda for the meeting.

### **IV. Transmittal of documents**

6. The Secretariat will transmit to Board members and alternate members the documentation relating to items on the provisional agenda at least 21 calendar days before the first day of the meeting scheduled, unless otherwise decided by the Co-Chairs acting jointly.
7. The Board may use electronic means for transmission, distribution and storage of documentation, without prejudice to other means of circulation of the documentation.

### **V. Attendance**

8. In addition to Board members and alternate members, meetings of the Board, other than executive sessions, will be open to attendance by designated advisers of Board members and alternate members, Secretariat staff, representatives of the Trustee, active observers and other observers who have been accredited for participation in the meeting.
9. At the invitation of the Board, representatives of relevant thematic bodies under the Convention, and/or other funds dealing with climate change, may attend Board meetings.
10. Presence in the Board room may be restricted, and attendance of some participants may be limited to another room with live video transmission.

## VI. Quorum

*Paragraph 15 of the Governing Instrument provides:*

**6. Quorum**

15. A two-thirds majority of Board members must be present at a meeting to constitute a quorum.

11. The existence of a quorum will be verified by the Co-Chairs at the beginning of the meeting and at the time of the adoption of any decision at the meeting, as well as at the time of adoption of the meeting report.

## VII. Executive sessions

12. At its discretion, the Board may conduct its business in closed executive session where only Board members and alternate members, the Executive Director, and such other persons authorized or requested by the Board to attend, may be present.

## VIII. Extraordinary Board meetings

13. Extraordinary Board meetings may be called by the Co-Chairs, acting jointly, to address extraordinary circumstances. Any Board member, or the Executive Director, may propose the need for an extraordinary meeting to the Co-Chairs.

14. The Co-Chairs, acting jointly, may, as reasonably required under the circumstances, modify the normal procedural guidelines for Board meetings in the case of an extraordinary Board meeting. Depending on the circumstances, the Co-Chairs acting jointly will determine whether the extraordinary Board meeting should be held in person, or by other means. The Board may adopt rules regarding extraordinary meetings which shall supplement and be deemed an integral part of these Additional Rules of Procedure.

15. If the Co-Chairs are unable to reach a consensus on the necessity for such extraordinary meeting, or whether such meeting should be in person or by any other means, they shall refer the matter to the Board for decision.

## IX. Travel and compensation

16. The full costs of travel and daily subsistence allowance<sup>1</sup> of the Board members and alternate members from eligible developing countries<sup>2</sup> to attend Board meetings, or any ancillary meetings decided by the Board, will be provided from the budget of the Fund.

17. The cost of travel and daily subsistence allowance of the Co-Chairs will be provided from the budget of the Fund, when traveling on Fund-related business, subject to authorization by the Board.

18. Other than for travel and daily subsistence allowance, Board members and alternate members will not receive any additional compensation from the Fund for their participation in Board meetings.

<sup>1</sup> The rules applicable to travel of United Nations staff will be followed until the Board adopts the travel policy for the Fund and its officials.

<sup>2</sup> UNFCCC rules for determining eligibility of developing countries for availing the support for travel will be applied until the Board adopts the travel policy for the Fund.

## **X. Arrangements for meetings**

19. The Secretariat shall make all arrangements for the meetings of the Board under the guidance of the Co-Chairs.

## **XI. Language**

20. The working language of Board will be English.

21. Documents for the meetings will be provided in English.

## **XII. Maintaining permanent records of meetings**

22. The Board will decide to what extent the records of Board proceedings will be made public. Any written records of the Board or sound recordings of proceedings of each meeting will be kept by the Secretariat on behalf of the Board in accordance with applicable rules and regulations.

## Annex V: Additional Rules of Procedure relating to observer participation in meetings

*Paragraph 16 of the Governing Instrument provides:*

### **7. Observers**

16. The Board will make arrangements, including developing and operating accreditation processes, to allow for effective participation by accredited observers in its meetings. The Board will invite, to participate as active observers: two civil society representatives, one each from developing and developed countries, and two private sector representatives, one each from developing and developed countries.

1. The Co-Chairs, acting jointly, and in consultation with the Board will invite to participate as active observers, two civil society representatives, one each from developing and developed countries; and two private sector representatives, one each from developing and developed countries. Active observers will be given a seat at a dedicated table in the meeting room and may, upon invitation of the Co-Chairs, participate in the proceedings of the Board.
2. The Co-Chairs, acting jointly, and in consultation with the Board, may invite other observers and/or experts to attend any Board meeting. Observers may be:
  - (a) Representatives from observer States: States that are Party or observer State to the UNFCCC may designate representatives to participate in Board meetings as observers;
  - (b) Representatives from observer organizations that have been accredited, i.e. applied to and successfully acquired the observer status with the Fund following the procedures outlined in the appendix to these Additional Rules of Procedure. These may include observers from:
    - (i) Accredited intergovernmental organizations (IGOs), comprising UN organizations and agencies, and other intergovernmental organizations, including multilateral development banks; and
    - (ii) Accredited non-governmental organizations (NGOs), comprised of:
      - Civil society organizations (CSOs): any independent non-profit organizations of individuals actively involved in programme and project implementation on the ground in developing countries, including international as well as national and community-based organizations; and
      - Private sector organizations (PSOs): any private companies and business associations with operations that deal with climate change mitigation and/or adaptation activities.

The procedures for invitation of active observers and accreditation of observer organizations are set in the Appendix to these Additional Rules of Procedure.

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## **Appendix: Policy and guidelines relating to observer participation, accreditation of observer organizations and the participation of active observers**

### **I. Registration and participation of observers**

1. The Secretariat will notify observer States and accredited observer organizations of the dates and venue of the meetings through a formal notification circulated with the provisional agenda at least 30 days before the first day of the meeting.
2. Once the notification for a meeting has been issued, the designated contact point of the observer State or accredited observer organization should inform the Secretariat of the composition of their delegation no later than one week after the notification has been circulated. Representatives of UN and other intergovernmental organizations will need to be officially nominated by the head of that organization. No nominations will be accepted after the deadline set in the notification.

### **II. Accreditation of observers organizations**

3. Observer organizations that wish to participate in the activities of the Fund shall apply for observer status with the Fund. Observer status will be granted upon successful completion of the accreditation process as outlined below:
4. The applicant organization will send a letter of application to the Secretariat, in which it would:
  - (a) Provide a description of the organization;
  - (b) Demonstrate that it has a well-organized administrative structure and relevant competences and experience, and can send representatives fully mandated to speak on behalf of the organization;
  - (c) Explain the benefit of its input for the Fund, its specialized scientific and technical competences relating to the Fund's goals, and what it expects in return from the Fund;
  - (d) Give written confirmation that it acknowledges the goals and basic principles of the Fund and will abide by the Board's rules of procedures.

Any new requests for admission as an accredited observer should be submitted at least two months before a Board meeting.

5. Applications will be reviewed by the Secretariat. The Secretariat will then present them with a recommendation to the Board, which will decide on a no-objection basis in line with the Additional Rules of Procedure.
6. A list of accredited observer organizations will be maintained on the Fund website.

### **III. Process and guidelines for participation of active observers**

#### **3.1 Representation of active observers**

7. The two civil society representatives and two private sector representatives will be invited to participate in the Board meetings as active observers from among the representatives of accredited CSOs and PSOs, respectively.
8. Representation is for a term of two years, with a maximum of two consecutive terms.

9. If an active observer is unable to attend a Board meeting, the Co-Chairs, acting jointly, and in consultation with the Board, may invite another civil society or private sector representative to attend the Board meeting.

### 3.2 Roles and responsibilities of active observers

10. The active observers may intervene upon invitation of the Co-Chairs in open segments of the meetings of the Board and may recommend experts to be included in any expert panel set up by the Board. They may not attend as observers meetings of a Board committee or working group except in special circumstances and if expressly authorized by the Board. The active observers shall:

- (a) Consistently attend meetings;
- (b) Consult with other civil society and private sector stakeholders in compliance with agreed consultation guidelines;
- (c) Solicit, collect and communicate information from CSOs and PSOs to the Board on matters that the Board is considering and represent the views of their constituency;
- (d) Collect and disseminate information from the Board and related bodies and processes to members of the CSOs and PSOs groupings;
- (e) Not disclose, both during and after their term of office, information obtained from Fund project participants that is marked as proprietary and/or confidential, without the written consent of the provider of the information, except as otherwise required by the law.

### 3.3 Selection process of active observers

11. In order to respect equity and diversity across observer organizations, representation of active observers should aim, in addition to the agreed balanced representation from developing and developed countries, at a balanced gender representation as well as a balanced representation between international and local or national organizations.

12. CSOs and PSOs will consult with the Secretariat and nominate their respective active observers and replacements. The Secretariat will recommend these nominations to the Board.

13. The Board retains the option of inviting other CSO and PSO observers to actively participate in its meetings or parts thereof.

14. A review of the selection process of active observers involving all stakeholders will be undertaken after a trial period of three years.

## IV. Support for observer participation

15. The Fund shall upon request cover the travel costs of active observers from developing countries, applying most economical means of transport as the standard practice. It may also provide funding for other purposes (e.g. the self-selection process and information sharing and consultation activities), in such amounts as may be determined by the Board.

16. Where additional capacity would be required, the selected representatives could propose a budget based on planned activities for consideration by the Board.

## **Annex VI: Additional Rules of Procedure relating to committees, panels, groups and subsidiary bodies**

### **I. Committees, panels, groups and subsidiary bodies**

1. The Board may establish such committees, subcommittees and panels from among its members and such other groups or subsidiary bodies as may be required for the conduct of its business. These shall assist the Board in its decision-making, and shall exercise any delegated authority under the authority and direction of the Board, which may revoke such delegated authority under the same procedures in place for the original delegation of authority. The Board reserves and retains all powers not expressly delegated to any other body.

### **II. Technical and expert panels**

2. The Board may establish, on permanent or transient basis, technical and expert panels to assist it in the performance of its functions.

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## **Annex VII: Additional Rules of Procedure relating to decision-making and voting**

***Paragraph 14 of the Governing Instrument provides:***

### **5. Decision-making**

14. 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.

## **I. Decisions of the Board**

1. Decisions of the Board will be taken by consensus. The Co-Chairs may make proposals to the Board, including proposing a recess for informal consultation among the members, in seeking to reach consensus.
2. The Co-Chairs will ascertain whether consensus has been reached. The Co-Chairs will declare that a consensus does not exist if there is a stated objection to the proposed decision under consideration by a member.
3. The Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted.

## **II. Decisions between meetings**

4. In between Board meetings, the Secretariat, after approval of the Co-Chairs, may transmit to Board members a proposed decision with an invitation to approve the decision within a prescribed period (generally 21 days but no less than two weeks), on a no-objection basis. Copies of such proposal shall be provided to the active observers, which shall be given the opportunity to comment unless otherwise determined by the Board.
5. The provisions on quorum and other rules set forth in these Additional Procedures shall apply *mutatis mutandis* to the aforementioned procedure. The Board will adopt guidelines to determine in which cases decisions without a Board meeting may be requested. Prior to the adoption of such guidelines, the Co-Chairs will determine on a case-by-case basis which decisions may be requested without a Board meeting.
6. At the expiration of the period prescribed for replies, the decision will be deemed approved unless there is an objection. If an objection has been received, the proposed decision will be considered by the Board at the following meeting. The Secretariat shall notify all the Board members and alternate members of the action taken pursuant to this paragraph.
7. Decisions approved in-between meetings shall be recorded in the report of the following Board meeting.

## **Annex VIII: Additional Rules of Procedure relating to confidentiality and conflicts of interest**

1. Board members and alternate members are required to adhere to the Fund's policies and standards on ethics and conflicts of interest.<sup>1</sup>
2. At each meeting, Board members and alternate members will disclose any conflict of interest they may have in relation to any items on the agenda.
3. Board members and alternate members will recuse themselves from participating in any decision regarding a project and/or involving an entity with respect to which they have a personal and/or financial interest.

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<sup>1</sup> A separate Board policy on ethics and conflict of interest will be adopted by the Board.

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**Annex IX: Additional Rules of Procedure relating to amendments to the Additional Rules of Procedure**

1. The Additional Rules of Procedure, except for those that reproduce provisions from the Governing Instrument, may be amended by the Board by consensus or voting, once voting rules have been adopted by the Board.

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