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# Decision-making Procedures for the Board in the Absence of Consensus

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**GCF/B.10/11**

12 June 2015

**Meeting of the Board**

6 – 9 July 2015

Songdo, Republic of Korea

Provisional agenda item 25

## Recommended action by the Board

It is recommended that the Board:

- (a) Take note of the information presented in document GCF/B.10/11 *Decision-making Procedures for the Board in the Absence of Consensus*; and
- (b) Adopt the draft decision presented in Annex I to this document.

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## Decision-making Procedures for the Board in the Absence of Consensus

### I. Introduction

1. This item was prepared and proposed by the Secretariat for the ninth meeting of the Board but was not considered at that meeting.
2. According to the Governing Instrument for the Fund (Governing Instrument), paragraph 14, “Decisions of the Board will be taken by consensus of the Board members”. This paragraph also mandates the Board to “develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted”.
3. At its March 2013 meeting in Berlin, Germany, the Board requested the Co-Chairs to consider the matter of formal voting and report back to the Board on this matter at its June 2013 meeting (decision B.01-13/01, paragraph (I)). Based on Board discussions and feedback received from the members of the Board, the Co-Chairs at the time presented an informal note (document GCF/B.04/12 *Voting Procedures for the Board*) with four options for progressing work on formal voting procedures for the Board. The Board took note of the information presented in the informal note and decided to further consider the options outlined in it, see document GCF/B.04/17 *Decisions of the Board – Fourth Meeting of the Board, 26–28 June 2013*, page 9.
4. In decision B.08/14, paragraph (b), the Board requested “the Secretariat to develop options for procedures for adopting decisions in the event all efforts at reaching consensus have been exhausted for consideration by the Board at its first meeting in 2015 taking into consideration document GCF/B.08/44 (Limited Distribution) *Co-Chairs’<sup>1</sup> Non-paper on Voting Procedures*” (the “Co-Chairs’ Non-paper”).
5. Pursuant to this request, the Secretariat has undertaken the following:
  - (a) An assessment of foundational principles and concepts of voting systems;
  - (b) A review of voting systems used in representative multilateral entities and funds; and
  - (c) An analysis of these voting systems, the results of which can be found in the report contained in Annex II.

### II. Exhaustion of all efforts to reach consensus

6. The Rules of Procedure of the Board, paragraph 12, provide that:

*“The Co-Chairs will be responsible for...dealing with all procedural matters, including, but not limited to, issues regarding formal decision-making procedures, putting questions to a vote if consensus is not reached, and announcing the results of any formal votes taken....”*
7. In the absence of rules on determining if and when all efforts at reaching consensus have been exhausted, this determination is undertaken by the Co-Chairs pursuant to the Rules of Procedure of the Board, paragraph 12. All possible voting scenarios described in this Board paper only apply if, and when, the Co-Chairs have established that all efforts at reaching consensus have been exhausted so that the issue will have to be put to a vote.

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<sup>1</sup> For the avoidance of doubt, this paper was produced by the Co-Chairs at the time, not by the current Co-Chairs.

### III. Decision-making principles

8. First and foremost, consensus should remain the preferred and driving principle for decision-making. Formal decision-making in the event that all efforts at reaching consensus have been exhausted can only be a measure of last resort.

9. As the analysis in Annex II demonstrates, a wide variety of voting systems is used by multilateral entities and funds. Before assessing which system may be most appropriate for the Fund, it may be useful to consider some basic principles of decision-making first, such as:

- (a) Equality of members of the Board (“Equality”);
- (b) Balanced partnership between members of the Board from developed and developing countries (“Balanced Partnership”);
- (c) One Board; that is all members of the Board from various constituencies operate as one Board;
- (d) Layered majorities depending on subject (“Layered Majorities”); and
- (e) Incentivization of Parties to make contributions by attributing weighting to votes based on financial contribution (“Incentivized Contributions”).

### IV. The Co-Chairs’ Non-paper: voting alternatives

10. With regard to voting systems, the Co-Chairs’ Non-paper states that, based on statements made by members of the Board, it would appear that there is no consensus in the Board for either a one-country-one-vote decision-making system or for a weighted voting system – in line with that of the International Monetary Fund, the World Bank or the Asian Development Bank – as a sole model for decision-making. As a solution, the following four potential alternatives for a double-weighted voting system, may be considered, according to the Co-Chairs’ Non-paper.

#### 4.1 Alternative 1

11. A two-thirds majority of the members (or alternate members acting for members) present and voting, representing a majority of members from developing countries and a majority of members from developed countries.

12. This option reflects the decision-making procedures of the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol) in that it requires a two-thirds majority of votes, including a majority of votes from developed and developing countries.

#### 4.2 Alternative 2

13. A two-thirds majority of the members (or alternate members acting for members) present and voting, representing a majority of votes of members from developing countries and a majority of votes of members from developed countries. Members from developing countries shall each have one vote. Members from developed countries shall be entitled to cast votes which shall be proportionate to the actual, cumulative contributions (in the form of cash or promissory notes) made by the developed countries which they represent to the initial capitalization of the Fund and its subsequent replenishments, which votes shall be cast [need not be cast] as a unit.

14. This alternative is a variation of the first alternative in that it stipulates that the majority of votes of developed countries are based on their cumulative contributions. A certain problem with this alternative is that developing country Parties which make contributions to the Fund are not allocated any voting rights. Thus, it does not provide an incentive for developing country Parties which are able to contribute to the Fund, to do so.

### 4.3 Alternative 3

15. A double-weighted majority, that is an affirmative vote representing both 60 per cent of the total number of members of the Board and a 60 per cent majority of the total contributions to the Fund. For the purpose of voting power, total contributions shall consist of actual cumulative contributions (in the form of cash or promissory notes) made by developing and developed countries to the initial capitalization of the Fund and its subsequent replenishments. Advance contributions to the Fund shall be deemed to be contributions to the Fund. Each member of the Board shall be entitled to cast the votes of the countries which he or she represents, which votes shall be cast as a unit [need not be cast as a unit].

16. This alternative is based on the principles of the Global Environment Facility (GEF) in that it requires an affirmative vote of 60 per cent of the total number of members of the Board and a 60 per cent majority of the total contributions to the Fund. It appears that this alternative is viewed rather critically by some developing country Parties, as it does not, in their view, give sufficient weight to developing country Parties in decision-making.

### 4.4 Alternative 4

17. A two-thirds majority of the members (or alternate members acting for members) present and voting, including a majority of members from developing countries, and a 75 per cent majority of the total contributions to the Fund. For the purpose of voting power, total contributions shall consist of the actual cumulative contributions (in the form of cash or promissory notes) to the initial capitalization of the Fund and its subsequent replenishments. Each member of the Board shall be entitled to cast the votes of the countries which he or she represents, which votes shall be cast [need not be cast] as a unit.

18. This alternative seeks to combine certain features of the system under the Montreal Protocol and the GEF system; it requires a two-thirds majority of the members (or alternate members acting for members) present and voting, including a majority of members from developing countries, and a 75 per cent majority of the total contributions to the Fund.

## V. Assessment against principles

19. The four alternatives set out in the Co-Chairs' Non-paper could tentatively be assessed against the proposed principles listed in Section III above as follows:

### 5.1 Alternative 1

20. Appears to provide for Equality and a Balanced Partnership, but would appear to lack provisions for Incentivized Contributions and Layered Majorities. Also, a distinction between members of the Board from developed and developing countries may not serve the One Board principle.

## 5.2 Alternative 2

21. Appears to provide for Equality and a Balanced Partnership, but would appear to lack provisions for Incentivized Contributions for developing countries and Layered Majorities. Again, a distinction between members of the Board from developed and developing countries may not serve the One Board principle.

## 5.3 Alternative 3

22. Appears to provide for Equality, One Board and Incentivized Contributions, but perhaps is less tailored to a Balanced Partnership and appears to lack provisions for Layered Majorities.

## 5.4 Alternative 4

23. Appears to provide for Equality, a Balanced Partnership, One Board and Incentivized Contributions but appears to lack provisions for Layered Majorities.

## VI. Need for additional alternative?

24. As the Co-Chairs' Non-paper indicates, other variations are possible.

25. The Board may wish to consider other options, in addition to, or instead of, the alternatives described in the Co-Chairs' Non-paper and set out above.

## 6.1 Layered Majorities

26. In particular, the Board may wish to consider Layered Majorities,<sup>2</sup> which means that different majorities are needed for different issues, such as, for example:

- (a) 90 per cent of the votes – equal to 21.6 votes, so 22 votes will pass the resolution –being required for the Board to make a recommendation to the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP) that the Fund be terminated pursuant to the Governing Instrument, paragraph 72. This is a decision of such magnitude that it would seem fair that it can only be decided on by an overwhelming majority;
- (b) 75 per cent of the votes – equal to 18 votes – being required for decisions which are key to the Fund, but are of a slightly less magnitude than the termination of the Fund, such as:
  - (i) Amendment of the Governing Instrument, subsequently to be endorsed by the COP; or
  - (ii) Appointment or termination of the Executive Director and other Board appointed officials, such as the heads of the three accountability units; and
- (c) 50+ per cent of the votes – equal to at least 13 votes – or 2/3 of the votes – equal to 16 votes – being required for all other matters.

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<sup>2</sup> Layered majorities are used e.g. by International Fund for Agricultural Development, World Bank, IMF, Inter-American Bank and the African Development Bank.

## 6.2 Transfer of weighting

27. If a country is allocated a certain weighting to its voting right, the question arises regarding who can benefit from such a weighting if the relevant country does not have an elected member of the Board at that time. The general rule could be that the member of the Board elected by a constituency or regional group, of which the relevant country forms part, may use the weighting in his or her vote. In cases where the constituency elects more than one member of the Board, one member should be allocated the weighting as a general rule. However, the relevant country may wish to retain the right to “transfer” the allocated weighting to a member of the Board of its choice. For practical and managerial reasons this can probably not be done on a topic by topic basis, but it could be envisioned that a country may indicate at least two weeks prior to a Board meeting if its weighting is to be exercised by a member of the Board other than the one from its constituency or regional group which has been appointed as to use the weighting as a general rule.

28. In addition, the Board may wish to consider the position of contributions made by a country in a constituency or regional group which has selected an alternate member of the Board, but not a member of the Board. If any weighting were to be allocated to contributions, should an alternate member of the Board have the right to “transfer” such a weighting to a member of the Board or should he or she only be allowed to use the weighting if the relevant member of the Board is absent.

## VII. Additional alternative

29. If the Board deems it appropriate to include the principles set out above in paragraphs 26 through 28, an alternative voting system which the Board may wish to consider is the following:

- (a) Votes will be counted twice; and
- (b) In the first count, all decisions need to be adopted by [90]/[75]/[66.6]/[50+] per cent of all votes cast by members of the Board, or alternate members of the Board in their absence, on the basis of each member of the Board having one vote.

This reflects the principles of Equality, Balanced Partnership, One Board and Layered Majorities;

- (c) In the second count, all decisions require [*Option 1*: a simple majority (50+ per cent)] [*Option 2*: another layered majority [90/75/66.6/50+]] per cent/ of the votes cast by both the members of the Board from developed country Parties, as well as the members of the Board from developing country Parties, on the basis of each member of the Board having a weighted vote, which reflects the financial contribution of the individual country or of the country forming part of the relevant regional group that selected the member of the Board.

This principle implies that [Option 1: half of the votes, that is six votes]<sup>3</sup> [Option 2: two, four, five and six votes, respectively, depending on the subject matter of the vote] of each group – developed country Parties and developing country Parties – can block a decision, whereby the votes allocated to each member of the Board will reflect any financial contribution made by the country/constituency from which he or she was elected.

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<sup>3</sup> The number of votes depends on financial contributions, so blocking power could be in the hands of less than six members of the Board if the sum of their votes equals at least 50 per cent of the total votes.



A financial contribution is defined as a contribution [irrevocably received in cash or posted through an unconditional and irrevocable promissory note]<sup>4</sup> [based on a signed contribution agreement] on a grant equivalent basis.<sup>5</sup> Each member of the Board, including those from countries or constituencies that have not made a financial contribution, will have at least one vote.

This reflects the principles of Balanced Partnership and Incentivized Contributions, but may affect the principle of operating as One Board and the principle of Equality due to the fact that members of the Board from constituencies that could not make a contribution will have less voting power in this second count of voting; and

- (d) A country Party from which there is no elected member of the Board may transfer its weighting to any member of the Board by giving prior notice to the Secretary of the Board.

This reflects the principle of Incentivized Contributions, as well as Balanced Partnership and Equality.

## VIII. Next step and recommendations

30. With due observance of the principles set out in the Co-Chairs' Non-paper, the report contained in Annex II and the consideration given in this document, it is recommended that the Board adopt the draft decision contained in Annex I, and request the Secretariat to develop rules to reflect the principles adopted for decision-making, in the event that all efforts at reaching consensus have been exhausted, for consideration by the Board at its third meeting in 2015.

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<sup>4</sup> This criterion appears to be most in line with the Co-Chairs' Non-paper which refers to "the actual cumulative contributions (in the form of cash or promissory notes)"

<sup>5</sup> Decision B.08/13, Annexes XIX and XXI

## Annex I: Draft decision of the Board

The Board, having reviewed document GCF/B.10/11 *Decision-making Procedures for the Board in the Absence of Consensus*:

- (a) Reaffirms that consensus should remain the preferred principle for decision-making. Formal decision-making in the event that all efforts at reaching consensus have been exhausted can only be a measure of last resort;
- (b) Reaffirms that in the absence of further rules, pursuant to the Rules of Procedure of the Board, paragraph 12, the Co-Chairs have the mandate to establish whether all efforts at reaching consensus have been exhausted so that the issue will have to be put to a vote;
- (c) Decides that the following principles should be taken into account in a decision-making procedures:
  - (i) Equality of members of the Board;
  - (ii) Balanced partnership between members of the Board from developed and developing countries;
  - (iii) One Board; that is all members of the Board from various constituencies operate as one board;
  - (iv) Layered majorities depending on subject; and
  - (v) Incentivization of Parties to make contributions by attributing weighting to votes based on financial contribution.
- (d) Decides to adopt the following double majority principles:
  - (i) Decision-making will take place in two counts;
  - (ii) In the first count, each member of the Board will be allocated [one] [a weighted] vote;
  - (iii) [In the second count, each member of the Board will be allocated] [one] [a weighted] [vote];
  - (iv) Weighted votes will be based on financial contributions by the country in a constituency or regional group that selected the relevant member of the Board[and an alternate member of the Board];
  - (v) Financial contributions are defined as a contribution [irrevocably received in cash or posted through an unconditional and irrevocable promissory note] [based on a signed contribution agreement] on a grant equivalent basis; and
  - (vi) Weighting of votes on the basis of financial contributions should not affect the equal partnership between developing and developed country Parties;
- (e) Decides that layered voting shall take place in the [first] [and second] count of voting;
- (f) Decides to adopt the principle of transferring the weighting attached to a vote by [an alternate member of the Board to any member of the Board] [a contributor from a country from which there is no member of the Board to any member of the Board]; and
- (g) Requests the Secretariat to develop rules of procedure for adopting decisions in the event that all efforts at reaching consensus have been exhausted for consideration by the Board at its third meeting in 2015 with due observance of the principles established by the Board in this decision.

## **Annex II: Review of institutional voting procedures**

### **I. Introduction and background**

1. The purpose of this document is to review the institutional voting procedures of other multilateral institutions, which will be used as a guide when formulating an appropriate voting procedure for the Board's consideration. The review is undertaken in pursuit of the following objectives:

- (a) To carry out a comparative analysis of the voting procedures of other multilateral or international funds and institutions;
- (b) To examine the guiding concepts and principles of such voting procedures; and
- (c) To develop and advise on formal voting model options and procedures suitable for the Board of the Green Climate Fund in the absence of reaching a consensus.

### **II. Approach and methodology**

2. The review is a study of the voting procedures and the features of voting models of select multilateral institutions and funds. It relied upon systematic electronic searches of organization websites and general databases of three types of agencies: multilateral institutions, multilateral funds and international organizations. The 21 multilateral institutions chosen for the purposes of the study were selected from a list of 36 multilateral institutions which either have a similarity to the Fund in the sectors in which they operate and/or where consensus remains the preferred decision-making procedure but is backed up by alternative method of voting in case consensus fails. The spectrum of voting models in these organizations ranges from consensus rules to a hierarchy of voting rules, which are used in different situations. The purpose of this comparative review of voting procedures is to explore their implications for the creation of an optimal formal voting model for the Board.

3. The climate funds, the Multilateral Fund for the Implementation of the Montreal Protocol, United Nations organizations and other education and health funds have been selected on the basis of similarity to the Fund in their sectors of operation and/or similarity of function – providing financing in the form of assistance and grants. The five multilateral development banks have been chosen in order to study their unique governance structures and with the purpose of studying the operation of the weighted voting model.

### **III. Models of decision-making**

4. The decision-making processes adopted in the select multilateral institutions and international organizations range from strict consensus to variants of majority procedures. The four major processes of decision-making being studied in this document are:

- (a) Consensus;
- (b) Majority;
- (c) Weighted voting; and
- (d) Double majority.

## IV. Foundational principles and concepts of voting processes

### 4.1 Consensus based decision-making

5. Consensus based decision-making is a process of group decision-making in which all the participants are in general agreement. It is the consensus both in the decision and the process used for reaching the decision. It is based on the principle of the group and on the commonly held principles or foundation adopted by the group. However consensus does not necessarily imply unanimity. The process of decision-making by consensus may be by unanimity or some decision-making processes may allow consensus without the requirement for unanimity. Therefore, there are variants to the rule of consensus which include a decision passed by consensus even if there is dissent of a certain amount of members or when a certain number of members (usually two) may block a decision.

6. A consensus based decision-making process is based on the principles of democracy, which involve collaboration, group cohesion and horizontal decision-making. Collaborative decision-making, however, involves a significant amount of negotiation and bargaining. It has even been described as “shadow voting” as the economically dominant States may shape the decision outcomes of the group. Even though consensus may be the optimal form of reaching decisions, it is not always practised in its pure form and in many organizations codified rules of consensus allow minimal dissent, which is also encompassed within the term “consensus”.

7. Geoff Berridge has defined consensus decision-making as “an attempt to achieve an agreement of all the participants in a multilateral conference without the need for a vote and its inevitable divisiveness”.<sup>6</sup>

8. This principle of consensus in reaching decisions has been adopted by the Association of Southeast Asian Nations, the Executive Committee of the International Monetary Fund (IMF), General Agreement on Tariffs and Trade, the World Trade Organization and the North Atlantic Treaty Organization, and various specialized agencies of the United Nations. However, consensus in these organizations is used along with other forms of decision-making (such as majority voting or weighted voting) in different situations.

#### 4.1.1 Characteristics of consensus

- (a) Participatory and inclusive;
- (b) Group ownership of the decision;
- (c) Commitment to common goals;
- (d) Equitable distribution of power amongst the group;
- (e) Does not work in the case of polarized/contradictory positions on issues within the group;
- (f) Decisions cannot be taken within a short time period, if needed;
- (g) May result in endless delays when even one person disagrees (in consensus by unanimity);
- (h) Slow decision making process;
- (i) Involves negotiation and bargaining; and
- (j) Can lead to 'shadow voting' by developed countries influencing developing countries.

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<sup>6</sup> G. R. Berridge, *Diplomacy: Theory and Practice*, 3rd ed. (Basingstoke, United Kingdom, Palgrave Macmillan, 2005).

## 4.2 Majority voting

9. In contrast to consensus based decision-making is the majority vote, either existing on its own or used as an alternative process when the former fails. In majority voting, most, though not all, of the voters agree on a decision and the majority determines the position of the entire group. Simple majority voting procedures state that a majority vote is where half or more of the members vote in favour of the motion. Where a quorum is present, a simple majority of votes that is more than 50 per cent of the votes cast is enough for the motion to be adopted, except in cases that require a supermajority. Rules for supermajority (two-thirds, three-quarters) are a method of preventing a slim majority of members from ignoring a substantial minority. A majority vote can be a way of balancing the interests of a group when decisions cannot be reached by way of consensus. In those cases a two-thirds majority vote could be a balanced voting option. Some multilateral agreements provide for either a simple majority or a supermajority vote, the decisions of which are subsequently binding for all parties. A hybrid model is also followed in some international organizations allowing for various majorities for different kinds of decisions.

### 4.2.1 Characteristics of majority voting

- (a) Prompt decision-making;
- (b) Represents the majority of the group;
- (c) Steers decision-making away from the incentive to reach a consensus; and
- (d) May lack the commitment of the entire group.

## 4.3 Weighted voting

10. In weighted voting, a certain weight is assigned to a country's vote under the rules. A country's weight is based on a pre-agreed quantity like its financial contribution to the organization, its population, gross domestic product or degree of use of the organization's resources. The weighted voting rule is based on two determinants:

- (a) The majority rule (simple or qualified majority); and
- (b) Voting power based on weightings assigned to different countries.

11. The governance in multilateral financial institutions and some organizations is based on the weighted voting system. The multilateral development banks divide most members into "voting groups". All members are given voting rights and by this system a quota is assigned to each country's vote based on their economic standing. This results in discrepancies between a country's influence or voting power and its voting weight as the donor States influence and dominate decision-making. This formula for determining voting weight is intended as a compromise between two principles: the equal representation of all members and voting power based on contributions in the manner of a joint stock company.

12. The system of vote weighting is a complicated one and each institution has different systems of assigning a voting weight to each country. For example, in the World Bank and the IMF, it is made up of two components: a fixed component of so-called "basic" votes, which is the same for each country, and a variable component that depends on the country's quota. The multilateral development banks have a different system. Each regional bank allows non-regional members to join, but ensures that the regional members hold a majority of the voting power. Moreover, the basic votes as a percentage of the total votes vary among the three regional banks.

13. Although not part of the comparative study, mention must be made of the prevailing practice of majority voting in the European Union (EU). In the EU, issues were decided by a weighted decision rule, known as qualified majority voting, where each member was assigned a weighting (a number of votes), and in order for a bill to be passed the total weighting of those voting for it would have to be equal or exceed a set quota (also known as the “threshold”). The Treaty of Nice introduced a triple majority rule based on a new weighting of votes and a “demographic verification” clause, which made it even more complex. Opposition to these two systems led to the Lisbon Treaty, which amended the rules of Council voting by introducing a simpler double-majority voting system from 2014. Any decision taken under this scheme requires the support of at least 55 per cent of the Council of the European Union members who must also represent at least 65 per cent of the citizens of the EU. (The Treaty on European Union, Article 16 and the Treaty on the Functioning of the European Union, Article 238.)

#### 4.3.2 Characteristics of weighted voting

- (a) Economically dominant members States retain their influence and power while preserving some influence for other members/States through a weighting of votes;
- (b) Incentivizes contributions;
- (c) Procedure is always in the interests of the contributor;
- (d) Complexity;
- (e) As more members join, the vote share has to be reassigned; and
- (f) Undemocratic and unrepresentative of the larger group.

#### 4.4 Double majority

14. A double majority is a voting system which requires a majority of votes according to two separate criteria and is based on two sets of weightings in voting. Every decision in this process requires two sets of majorities, one of the weighted votes and the other typically of unweighted votes, but it could also be a weighted vote on a different criterion. In this system, a member votes only once and that vote is counted twice – unweighted and weighted. In double majorities, decision-making does not only require a certain percentage of members votes but also a certain percentage of their shares. It takes into consideration both size and equality, and ensures that the decision has both the support of the general membership of the body and the approval of the majority of the value of the votes.

15. The mechanism is usually used to require strong support for any measure considered to be of great importance. Similar double-criterion rules are used by some legislatures in order to pass laws. Since 2014, the double majority voting rule is in operation for decision-making in the Council of the European Union of Ministers, which requires both a special majority of weighted votes and a two-thirds majority of member States for some decisions. This method is preferred by smaller States as they are given a say in decision-making. It also gives a clearer picture of the opinion of the majority of the members of the group. It is considered to be a fairer and more equitable method of voting. Double majority voting can be useful in cases where groups within an organization have diverse viewpoints and consensus is impossible, while reassuring sizable minorities that their interests will be respected.

#### 4.4.3 Characteristics of double majority

- (a) Safeguards interests and is more equitable to less represented, emerging and developing countries;
- (b) Ensures better and fairer voting for decision-making;
- (c) Equalizes power between developing and developed States;
- (d) More acceptable as a process of decision-making by all parties;
- (e) Renders decision-making more difficult as it imposes more restrictions; and
- (f) Developing countries/smaller States would have greater influence in the sense of more blocking power.

## V. Comparative table of voting processes

16. By way of comparison, the following table illustrates the various characteristics of the voting procedures described above.

**Table 1: Characteristics of the voting procedures**

Voting process	Characteristics	
<b>Consensus</b>	<ul style="list-style-type: none"> <li>• Participatory and inclusive;</li> <li>• Commitment to common goals;</li> <li>• Equitable distribution of power amongst the group;</li> <li>• Group ownership of the decision</li> </ul>	<ul style="list-style-type: none"> <li>• Does not work where polarization/contradictory positions exist within the group;</li> <li>• Slow decision-making process;</li> <li>• May result in endless delays when even one person disagrees (in consensus by unanimity);</li> <li>• Involves negotiation and bargaining;</li> <li>• Can lead to “shadow voting” by developed countries influencing developing countries</li> </ul>
<b>Majority</b>	<ul style="list-style-type: none"> <li>• Quicker decision-making process;</li> <li>• Represents the majority of the group</li> </ul>	<ul style="list-style-type: none"> <li>• May have ineffective outcomes (in the case of a simple majority);</li> <li>• Steers decision-making away from the incentive to reach a consensus;</li> <li>• May lack the commitment of the entire group</li> </ul>
<b>Weighted voting</b>	<ul style="list-style-type: none"> <li>• Larger/wealthier states retain their influence and power;</li> <li>• Incentive for donors/contributors;</li> <li>• Procedure is always in the interests of the contributor</li> </ul>	<ul style="list-style-type: none"> <li>• Complexity of the weighting of a vote</li> <li>• Difficult to reassign a vote share once given;</li> <li>• Undemocratic</li> </ul>
<b>Double majority</b>	<ul style="list-style-type: none"> <li>• Safeguards interests and gives greater voice to less represented, emerging and developing countries;</li> <li>• Ensures better and fairer voting for decision-making;</li> <li>• Distributes powers more equitably among the group than in simple majority/weighted majority processes;</li> <li>• More acceptable as a decision-making process to all states</li> </ul>	<ul style="list-style-type: none"> <li>• It renders decision-making more difficult as it imposes more restrictions;</li> <li>• Developing countries/small States have greater influence in that they have more blocking power</li> </ul>

## **VI. International decision-making: a review of representative multilateral institutions and funds**

17. The institutions covered in this review are the Climate Investment Funds, Clean Technology Fund, Strategic Climate Fund, Forest Investment Programme, Pilot Programme for Climate Resilience and Scaling-up Renewable Energy Programme. The governance processes in two other funds dealing with Health and Education – the Global Alliance for Vaccines and Immunization and the Global Partnership for Education have also been reviewed. The procedures of a number of multilateral development banks and international organizations such as the Joint United Nations Programme on HIV/AIDS, the United Nations Development Programme, and the United Nations Environment Programme are also reviewed. The institutions and their governance processes are presented in Appendix I.

## **VII. Approach used for assessing voting procedures**

18. Each voting model has been assessed against the criteria of efficiency, effectiveness and inclusiveness based on a review of the listed multilateral institutions. These criteria have been used as follows:

- (a) Efficiency: extent to which the decision-making process is prompt and the time taken in reaching a decision is short;
- (b) Effectiveness: extent to which the organization achieves its intended or desired objectives; and
- (c) Inclusiveness: extent to which the decision-making process is participatory and includes both developed and developing countries.

## **VIII. Framework for analysing institutional governance procedures**

19. The findings of this review have been summarized in the table below. Each voting model has been assessed against the criteria of efficiency, effectiveness and inclusiveness based on a review of the listed multilateral institutions. It is a comparative analysis of the processes, which forms the basis of the recommendations of the most suitable voting model to be adopted.



**Table 2: Comparison of the voting processes of the reviewed organizations**

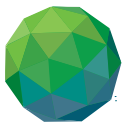
Evaluation criteria					Characteristics	
Voting process	Multilateral institutions and funds	Effectiveness	Efficiency	Inclusiveness		
<b>Consensus</b>	CIF	Medium	Low	High	<ul style="list-style-type: none"> <li>• Democratic;</li> <li>• Participatory;</li> <li>• Equitable</li> </ul>	<ul style="list-style-type: none"> <li>• Slow decision-making process;</li> <li>• Encourages negotiation, bargaining</li> </ul>
<b>Majority</b>	GAVI, GPE, UNAIDS, OPEC Fund (OFID), Adaptation Fund, UNEP, UNDP	Medium	Medium	Medium	<ul style="list-style-type: none"> <li>• Quicker decision-making;</li> <li>• Equitable in the case of qualified majorities (two-thirds, three-quarters)</li> </ul>	<ul style="list-style-type: none"> <li>• Lowers incentive for consensus;</li> <li>• Lacks the commitment of the entire group and has ineffective outcomes (in simple majority)</li> </ul>
<b>Weighted vote</b>	IFAD, World Bank, IMF, MDBs	High	Medium	Low	<ul style="list-style-type: none"> <li>• Incentive for donors;</li> <li>• Efficient decision reaching process</li> </ul>	<ul style="list-style-type: none"> <li>• Undemocratic;</li> <li>• Complex</li> </ul>
<b>Double majority</b>	Multilateral Fund for the Implementation of the Montreal Protocol, GEF, OFID	High	High	High	<ul style="list-style-type: none"> <li>• Participatory;</li> <li>• Equitable distribution of power between donors and recipients;</li> <li>• Acceptable to diverse members of a group</li> </ul>	<ul style="list-style-type: none"> <li>• Developing/recipient countries retain blocking power</li> </ul>

*Abbreviations:* CIF = Climate Investment Funds, GAVI = Global Alliance for Vaccines and Immunization, GEF = Global Environment Facility, GPE = Global Partnership for Education, IFAD = International Fund for Agricultural Development, IMF = International Monetary Fund, MDBs = multilateral development banks, OFID = OPEC Fund for International Development, OPEC = Organization for the Petroleum Exporting Countries, UNAIDS = Joint United Nations Programme on HIV/AIDS, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme.

## Appendix I: Comparative list of multilateral institutions and funds

	<b>Institution</b>	<b>Type</b>	<b>Date operational</b>	<b>Governance structure</b>	<b>Voting procedure</b>
<b>1</b>	Global Alliance for Vaccines and Immunization (GAVI)	Health fund	2000	Board – 18 members - representatives of international organizations, donors, developing countries, civil society, institutes	<ul style="list-style-type: none"> <li>• Consensus; and if it fails;</li> <li>• Two-thirds majority of members present and voting</li> </ul>
<b>2</b>	Global Partnership for Education (GPE)	Education fund	2002	Board - 19 voting members each representing his or her constituency that is developing and donor countries, civil society, the private sector and multilateral agencies	<ul style="list-style-type: none"> <li>• Consensus; and if it fails;</li> <li>• Majority vote (i.e. at least 10 votes in favour), provided such majority includes at least: one member from each constituency (each member has 1 vote)</li> </ul>
<b>3</b>	Joint United Nations Programme on HIV/AIDS (UNAIDS)	International organization	1996	Board – 22 members representing five different United Nations regional groupings	<ul style="list-style-type: none"> <li>• Consensus; and if it fails;</li> <li>• Majority vote</li> </ul>
<b>4</b>	Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development (OFID)	Development finance	1976	13 member Governing Council; each member has 1 vote	<ul style="list-style-type: none"> <li>• Two-thirds majority of the members representing 70% of the contributions to the Fund's resources</li> </ul>
<b>5</b>	Adaptation Fund	Climate fund	2009	Board – 16 members	<ul style="list-style-type: none"> <li>• Consensus; and if it fails;</li> <li>• Two-thirds majority (1 member - 1 vote)</li> </ul>
<b>6</b>	Pilot Programme for Climate Resilience	Climate fund	2008	Sub-Committee of 14 members (from donor and recipient countries)	<ul style="list-style-type: none"> <li>• Consensus</li> </ul>
<b>7</b>	Forest Investment Programme	Climate fund	2009	Trust Fund Committee – 12 members: equal from donor and recipient countries	<ul style="list-style-type: none"> <li>• Consensus</li> </ul>
<b>8</b>	International Fund for Agricultural Development (IFAD)	Agriculture fund	2012	Board – 18 members (8 Organisation for Economic Co-operation and Development countries, 4 OPEC countries and 6 developing countries)	<ul style="list-style-type: none"> <li>• Consensus;</li> <li>• Rules of majority for different decisions (two-thirds, three-quarters, four-fifths, one half) (weighted voting system)</li> </ul>

9	Clean Technology Fund (CTF)	Climate fund	2008	CTF Trust Fund Committee - 16 decision-making members from donor and recipient countries	<ul style="list-style-type: none"> <li>Codified consensus rules</li> </ul>
10	Scaling-up Renewable Energy Programme in Low Income Countries	Climate fund	2009	Committee - 12 members; 6 from donor and 6 from recipient countries	<ul style="list-style-type: none"> <li>Consensus</li> </ul>
11	Strategic Climate Fund (SCF)	Climate fund	2008	SCF Trust Fund Committee - 16 members	<ul style="list-style-type: none"> <li>Consensus</li> </ul>
12	Global Environment Facility (GEF)	Climate fund	1991	Board - 32 members; 14 donor and 18 recipient constituencies	<ul style="list-style-type: none"> <li>Consensus;</li> <li>Double majority</li> </ul>
13	International Renewable Energy Agency (IRENA)	International organization	2010	Assembly	<ul style="list-style-type: none"> <li>Consensus; and if it fails;</li> <li>Two-thirds majority</li> </ul>
14	Inter-American Development Bank (IDB)	Multilateral development bank	1959	Board - 14 members	<ul style="list-style-type: none"> <li>Each member country has voting power proportional to the capital in the Bank subscribed by his or her country;</li> <li>Simple majority for ordinary decisions;</li> <li>Absolute majority in special cases</li> </ul>
15	Asian Development Bank (ADB)	Multilateral development bank	1966	Board - 12 members (6 of which are from donor countries)	<ul style="list-style-type: none"> <li>Consensus;</li> <li>Majority of weighted votes;</li> <li>Double majority vote in some cases</li> </ul>
16	African Development Bank (AfDB)	Multilateral development bank	1963	Board - 20 members	<ul style="list-style-type: none"> <li>Decision by ascertaining the sense of the meeting in lieu of a formal vote;</li> <li>Where a formal vote is requested, weighted voting;</li> <li>By a majority of 66.66% of the voting power represented at the meeting</li> </ul>
17	International Monetary Fund (IMF)	Multilateral financial institution	1945	Board - 20 members	<ul style="list-style-type: none"> <li>Consensus; and if it fails;</li> <li>Majority of not less than two-thirds of voting power</li> </ul>



<b>18</b>	International Bank for Reconstruction and Development (The World Bank)	International financial institution	1944	Board – 24 members representing constituencies	<ul style="list-style-type: none"> <li>• Consensus; and if it fails;</li> <li>• Majority of weighted votes</li> </ul>
<b>19</b>	Multilateral Fund for the Implementation of the Montreal Protocol	Climate fund	1991	Executive Committee – 14 members; 7 from developing countries 7 from developed countries	<ul style="list-style-type: none"> <li>• Consensus; and if it fails;</li> <li>• Double majority of a two-thirds majority of the Parties present and voting, representing a majority of the developing country Parties and a majority of the non-developing country Parties present and voting</li> </ul>
<b>20</b>	United Nations Development Programme (UNDP)	International organization	1965	Executive Board	<ul style="list-style-type: none"> <li>• Consensus; and if it fails;</li> <li>• Formal vote</li> </ul>
<b>21</b>	United Nations Environment Programme (UNEP)	International organization	1972	Governing Council (now the United Nations Environment Assembly)	<ul style="list-style-type: none"> <li>• Formal vote by simple majority</li> </ul>

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