



**GREEN
CLIMATE
FUND**

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Decision-making in the absence of consensus: Co-Chairs' proposal

Summary

This document provides information on the steps taken by the Board, and the Co-Chairs, to develop procedures for decision-making in the absence of consensus, and presents the Co-Chairs proposal for a voting mechanism in the absence of consensus for the Board's consideration

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I. Introduction

1. Paragraph 14 of the Governing Instrument for the Green Climate Fund provides:
“Decisions of the Board will be taken by consensus of the Board members. The Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted”.
2. This document sets out the steps taken by the Board, and the Co-Chairs, to develop such procedures, examples of where forms of voting have been used by the Board previously, and reproduces the options for decision-making in the absence of consensus that have been previously issued to the Board for the Board’s further consideration.

II. Board documents, deliberations and decisions

2.1 Third meeting of the Board

3. The Rules of Procedure of the Board (“RoP”) were adopted at the third meeting of the Board.¹ In the decision adopting the RoP, and in light of the discussions during the Board meeting, the Board requested Co-Chairs to consider the matter of formal voting and report back to the Board at the fourth meeting of the Board.²

2.2 Fourth meeting of the Board

4. The Co-Chairs presented an informal paper with four options for progressing work on formal-voting.³
5. Board took note of the document and intended to further consider the options.⁴

2.3 Eighth meeting of the Board

6. The matter of voting, and decision making in absence of consensus, was reflected in various documents prepared for the eighth meeting of the Board. Specifically, document GCF/B.08/16 (*Policies for contributions to the Green Climate Fund: Recommendations by Interested Contributors*) stated that:

“Decision-making is seen by interested contributors – developed and developing countries - as key to the ability to mobilize resources. Against this background, interested contributors recommend to the Board that the Fund develops procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted consistent with paragraph 14 of the Governing Instrument.

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.

Interested contributors recommend to the Board to ensure that any decision-making procedure reflects a balanced partnership between developing and developed countries taking into account the following principles:

¹ Decision B.01-13/01.

² Decision B.01-13/01, paragraph (I).

³ Document GCF/B.04/12.

⁴ Document GCF/B.04/18, paragraph 134.

- (i) Each Board Member will participate in voting;
- (ii) Link with contributions; and
- (iii) Qualified majorities depending on the type of decision,”⁵

7. In addition, the Secretariat prepared document GCF/B.08/17 (*Decision-Making Procedures for the Board in the Absence of Consensus*) which proposed procedures for decision-making in the absence of consensus. That document included a proposed decision that largely tracked the recommendation noted as follows:

“The Board, having considered document GCF/B.08/17 *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) Decides to adopt the principles that (i) each Board member will always participate in voting; (ii) there should be a link to contributions; and (iii) there should be qualified majorities depending on the type of decision, always respecting a balanced partnership between developing and developed countries; and
- (c) Requests the Secretariat to develop 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, with due observance of the principles and balanced partnership mentioned in paragraph (b) above.”

8. A further document prepared for the meeting included a compilation of inputs from Board members received by the Co-Chairs from October 2012 to October 2013. This was released to the Board as a limited distribution Co-Chairs’ non-paper on voting procedures.⁶ The document noted that it appeared that there was no consensus in the Board for either of the two basic paradigms for non-consensus decision-making: one-member-one-vote or weighted voting linking voting right and contributions. Accordingly, the document proposed four alternative voting procedures, each based on a form of double-weighted voting:

- (a) Alternative 1: Two-thirds majority of Board members, representing a majority of Board members from developing countries and a majority of Board members from developed countries;
- (b) Alternative 2: Two-thirds majority of Board members, representing a majority of Board members from developing countries (based on one vote per Board member) and a majority of Board members from developed countries (based on contributions);
- (c) Alternative 3: An affirmative vote representing both sixty per cent majority of all Board members and sixty per cent majority of contributions; and
- (d) Alternative 4: Two-thirds majority of Board members, including a majority from developing countries, and a seventy-five per cent majority of total contribution to the Fund.

9. During the Board meeting, concerns were raised about using the principles set out in document GCF/B.08/16 referred to in paragraph 6 above as the basis for decision-making in the absence of consensus. In particular, concerns were expressed about linking the issue of

⁵ Document GCF/B.08/16, annex II, paragraph 1(e)-(g).

⁶ Document GCF/B.08/44.

decision-making with contributions, although counter-proposals were suggested which would link voting with the size of the country, population, stage of development and vulnerability.⁷

10. As a result, 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 ninth meeting, taking into consideration document GCF/B.08/44 (i.e. the Co-Chairs Non-Paper on voting procedures).⁸

2.4 Ninth meeting of the Board

11. Further to decision B.08/14, the Secretariat prepared a document setting out principles of decision-making, an assessment of the options presented in the Co-Chair's non-paper presented to the Board at the eighth meeting of the Board against such principles, and a review and analysis of voting systems used in representative multilateral entities and funds.⁹

12. The principles identified in the document included: equality of Board members, balanced partnership between developed and developing country Board members, one Board, layered majorities depending on subject, and incentivization of Parties to make contributions.

13. When assessed against such principles, it was apparent that each of the four alternatives identified by the Co-Chairs non-paper had some shortcomings, and that therefore further Board consideration of the issue was necessary.

14. However, the relevant agenda item was not considered by the Board during the meeting.

2.5 Tenth meeting of the Board

15. The document prepared for the ninth meeting of the Board was re-issued to the Board for its tenth meeting. Once again, the relevant agenda item was not considered by the Board.

2.6 Twelfth meeting of the Board

16. In advance of the meeting, the Co-Chairs identified this decision-making matter as an outstanding matter requiring Board consideration.¹⁰

17. Consequently, the Board requested the Co-Chairs to consult with a view to presenting options for decision-making in the absence of consensus no later than the fifteenth meeting of the Board.¹¹

2.7 Fifteenth meeting of the Board

18. Further to decision B.12/11, a background note on potential options for decision-making in the absence of consensus was included in the document titled "Implementation of the 2016 Work Plan: status of Co-Chairs consultations".¹² In the document, the Co-Chairs recommended that the mandate to consult, as set out in decision B.12/11, be extended.

⁷ Document GCF/B.08/46, paragraphs 296-335.

⁸ Decision B.08/14.

⁹ Document GCF/B.09/15.

¹⁰ Document GCF/B.12/05/Rev.01, section V.

¹¹ Decision B.12/11.

¹² Document GCF/B.15/05, annex III.

19. Consequently, the Board decided to extend the consultations on the mandates referred to in, amongst others, decision B.12/11.¹³ No deadline for the conclusion of the consultations was set.

20. The options set out in the background note are reproduced in annex III to this document for reference purposes.

2.8 Status of current consultations

21. Prior to the Twenty-first meeting of the Board, early drafts of this document, together with annex III were shared with Board members and alternate members of the Board for review and comment between 22 and 29 August, and again from 10 to 14 September. Comments were received from five Board members and were taken into account by the Co-Chairs. In light of the comments received, and further discussions between the Co-Chairs, this document, and the Co-Chairs proposal contained herein is now being submitted for the Board's consideration prior to the twenty-first meeting of the Board.

III. Prior use of voting by the Board

22. As noted in the Reports of the second and fourth Board meetings, voting was used by the Board as part of its decision-making process for the selection of the GCF's host country and the selection of the GCF's inaugural executive director.¹⁴ Such use of voting as part of the process was expressly intended not to set a precedent for the future.

23. In both cases, the Co-Chairs first sought the Board's confirmation that there was no consensus and the Board's agreement on the process to reach consensus through the use of a voting mechanism specifically and only for such selection processes. In executive session, the Board held a series of secret ballots to identify the candidate with the support of the majority of the Board and, in accordance with the procedures agreed by the Board in advance, the outcome from such secret ballots was then adopted by consensus of the Board.

24. In relation to the selection of the previous executive director, the Co-Chairs determined the absence of consensus by having one-on-one consultations with each Board member. Subsequent to such determination, and with the agreement of the Board, voting was used by the Board to identify the candidate with the most support amongst Board members. Such candidate was then selected by the Board by consensus.

IV. The justification for developing voting procedures

25. Despite the Governing Instrument requiring the Board to develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted, and despite the decisions of the Board at its eighth, twelfth and fifteenth meetings, this mandate has still not been resolved by the Board.

26. The consequence of this is that, unlike the boards of other institutions where voting procedures are either common-place, or may be used when all efforts at reaching consensus have been exhausted, the Board has often had to defer agenda items in respect of which no consensus has been possible, leading to long delays in the adoption of policies, as well as other important matters.

¹³ Decision B.15/02

¹⁴ GCF/B.02-12/13, paragraphs 48 and 49, and annex II; GCF/B.04/18, paragraph 21 and 22, and annex IV.

27. In keeping with the principle that consensus decision-making should remain the preferred approach, the Co-Chairs expect that voting procedures in the GCF would rarely be used. However, their existence, and the possibility that they could be invoked, would, based on experience from other multilateral funds and institutions, serve as further motivation for Board members to seek compromises on difficult issues.

28. Details of voting procedures in other multilateral funds and institutions is set out in annex IV for reference, and is reproduced from document GCF/B.09/15 with only minor changes.

V. Co-Chairs' proposal

5.1 Principles

29. The Co-Chairs consider that the following principles should underpin any voting procedures to be developed by the Board:

- (a) Consensus should remain the preferred approach for decision-making in the Board;
- (b) The Co-Chairs should, in good faith, determine when all efforts at reaching consensus have been exhausted, taking into account all relevant factors, including but not limited to the complexity, novelty, and precedent-setting nature of the proposed decision; and
- (c) If voting procedures are resorted to:
 - (i) Board members (or alternate members of the Board in the event the relevant Board member is absent) shall be treated equally; and
 - (ii) The balance between the developed country constituency and the developing country constituency must be maintained.

5.2 Proposed voting procedure

30. In light of the foregoing, the Co-Chairs propose that if the Co-Chairs, in good faith, determine that all efforts at reaching consensus on a particular decision have been exhausted, the Co-Chairs may initiate formal voting procedures. The proposed procedures would not apply in the context of decisions between meetings, in respect of which paragraphs 41 to 44 of the RoP would continue to apply.

31. Subject to paragraph 33 below, under the voting procedures, each Board member (or alternate member of the Board if the relevant Board member is absent) shall be entitled to cast one vote. Decisions shall be considered approved unless more than one-third of Board members from either constituency object to the decision (I.e. at least five developing country members or five developed country members vote object).

32. This would respect the principles of equality and balance between constituencies.

33. The foregoing procedure should not, unless the Board by consensus decides otherwise, apply to the selection of the Executive Director. In the event that voting procedures are required in relation to any decision to appoint the Executive Director, the Board should, by consensus, decide on the relevant procedures to be followed in such cases.

VI. Recommended action by the Board

34. It is proposed that the Board adopt the draft decision set out in annex I.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.21/12 titled “Decision-making in the absence of consensus: Co-Chairs’ proposal”:

- (a) Reaffirms that consensus is the preferred principle for decision-making, and that procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted shall only be used as a last resort; and
- (b) Adopts the procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted as set out in annex II to this decision.

Annex II: Procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted

1. If all efforts to reach consensus have been exhausted and no agreement has been reached, decisions shall, subject to paragraph 11 below, be considered approved unless more than one-third of Board members from either constituency, based on the number of seats in the constituency and not the number of Board members from the constituency present and voting, objects to the draft decision, on the basis of one Board member, one vote.
2. Alternate members of the Board shall not be entitled to participate in formal voting unless they are, at the relevant time, serving as the relevant Board member in accordance with paragraph 10 of the Governing Instrument for the Green Climate Fund.
3. Consistent with decision B.02-12/02, the Co-Chairs retain their right to vote when formal voting procedures are being used.
4. Determining whether or not consensus in respect of any matter or decision has been reached, and whether all efforts to reach consensus have been exhausted, is a procedural matter for the purposes of paragraph 12 of the Rules of Procedure of the Board, and therefore to be determined by the Co-Chairs.
5. Following a determination that all efforts to reach consensus have been exhausted, the Co-Chairs shall announce the start of the formal voting process, after which no-one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised by a Board member, or alternate member serving as the Board member, in connection with the process of voting.
6. Prior to votes being cast, the Co-Chairs shall provide a hard copy of the draft decision to each Board member, or alternate member serving as the Board member.
7. Votes shall be cast by each Board member, or alternate member serving as the Board member, simultaneously using voting facilities installed or made available in the Boardroom. Board members, or alternate members serving as the relevant Board members, shall be entitled to vote in favour or against the proposed decision, or indicate that they are abstaining from the vote.
8. Votes cast by each Board member, or alternate member serving as the Board member, participating in a vote shall be recorded in the report of the meeting, and decisions adopted by the Board pursuant to these voting procedures shall be reflected in the compendium of decisions as decisions adopted pursuant to a vote, indicating the final tally of votes, but not the associated Board member, or alternate member serving as the Board member.
9. Board members, or alternate members serving as Board members, may, after the results of the vote have been announced, make a brief statement to explain their vote.
10. Such statements shall be recorded in the report of the meeting.
11. At the request of a Board member, or alternate member serving as the Board member, the Co-Chairs may determine that the report of the meeting which is made publicly available shall not attribute votes to specific individuals.
12. The foregoing procedures shall not apply to:
 - (a) Decisions proposed for approval between meetings in accordance with paragraphs 41-44 of the Rules of Procedures of the Board; or

unless the Board by consensus decides otherwise, the final decision pursuant to which the Board selects the Executive Director. In the event that voting procedures are required in relation to such decision, the Board shall, by consensus, decide on the relevant procedures to be followed in such case.

Annex III: Options for decision-making in the absence of consensus

Method	Description	Advantages	Disadvantages
Majority	<ul style="list-style-type: none"> ○ An overall majority of votes of the Board members at any chosen threshold (e.g. 51%, 60% 66%, 75% etc.) ○ Different majority thresholds could be specified for different issues (e.g. funding proposals, policies and administrative budget) 	<ul style="list-style-type: none"> ○ More efficient decision-making ○ Represents the majority of the Board ○ Incentivizes ‘objecting’ Board members to compromise and try to reach consensus in knowledge they could be overruled by a majority of Board members 	<ul style="list-style-type: none"> ○ Decisions may lack the support of the full Board ○ Risks steering decision-making away from consensus ○ Risks undermining balance between developing and developed country members (as decisions could be taken if all developing country Board members and just one developed country Board member concur) ○ May become administratively difficult to implement if different thresholds are adopted for different types of decisions.
Double majority (1)	<ul style="list-style-type: none"> ○ A majority of votes of members from developing countries at any chosen threshold PLUS a majority of votes of members from developed countries at the same threshold ○ Different majority thresholds could be specified for different issues (e.g. funding proposals, policies and administrative budget) 	<ul style="list-style-type: none"> ○ Respects balance between developing and developed country members ○ More efficient decision-making ○ Equalizes power between developing and developed countries ○ Represents an overall majority of the Board ○ Incentivizes ‘objecting’ Board members to compromise and try to reach consensus in knowledge they could be overruled by a majority of relevant Board members 	<ul style="list-style-type: none"> ○ Decisions may lack the support of the full Board ○ Undermines concept of ‘One Board’ ○ Risks steering decision-making away from consensus ○ May become administratively difficult to implement if different thresholds are adopted for different types of decisions.
Double	<ul style="list-style-type: none"> ○ A majority of contributor countries at 	<ul style="list-style-type: none"> ○ Incentivises contributions (from all 	<ul style="list-style-type: none"> ○ Decisions may lack the support of the

<p>majority (2)</p>	<p>any chosen threshold PLUS a majority of eligible recipient countries at the same threshold.</p> <ul style="list-style-type: none"> ○ Equal number of votes (12) for each relevant constituency. ○ If a recipient country becomes one of the largest 12 contributors, it becomes entitled to exercise a ‘contributor’ vote ○ Different majority thresholds could be specified for different issues (e.g. funding proposals, policies and administrative budget) 	<p>countries)</p> <ul style="list-style-type: none"> ○ Balances interests of recipients and contributors ○ More efficient decision-making ○ Represents an overall majority of the Board ○ Incentivizes ‘objecting’ Board members to compromise and try to reach consensus in knowledge they could be overruled by a majority of relevant Board members 	<p>full Board</p> <ul style="list-style-type: none"> ○ Undermines concept of ‘One Board’ ○ Risks steering decision-making away from consensus ○ Administratively burdensome – need to confirm 12 largest contributors prior to each Board meeting ○ If a recipient becomes one of the 12 contributors, who exercises such countries’ ‘recipient’ vote is unclear ○ Requires each of the 12 largest contributors to always sit on Board (and thus marginalizes smaller contributors)
<p>Weighted majority</p>	<ul style="list-style-type: none"> ○ A majority of votes of members from developing countries at any chosen threshold PLUS a majority of votes of members from contributing countries at same threshold. ○ Members from developing countries shall each have one vote. ○ Members from contributing countries shall be entitled to votes which shall be proportionate to the actual, cumulative contributions (in the form of cash or promissory notes) made to the Fund. Total no. of ‘contributor’ votes equal to developing country votes 	<ul style="list-style-type: none"> ○ Incentivizes contributions (from all countries) ○ Balances interests of developing countries and contributors 	<ul style="list-style-type: none"> ○ Decisions may lack the support of the full Board ○ Undermines concept of ‘One Board’ ○ Weighted votes on ‘contributor’ side of Board undermines concept of ‘one member, one vote’ ○ Risks steering decision-making away from consensus ○ Complexity of the weighting of a vote ○ As more countries contribute, relevant vote share has to be recalculated – administratively burdensome ○ Concentrates power in hands of larger contributors

			<ul style="list-style-type: none"> ○ If a recipient becomes one of the 12 contributors, who exercises such countries' 'recipient' vote is unclear
<p>Secret ballots + consensus</p>	<ul style="list-style-type: none"> ○ Initial secret ballot, using any of the above voting methodologies ○ Outcome of secret ballot adopted by consensus (similar to process used for appointing the inaugural Executive Director and selecting the Host Country) 	<ul style="list-style-type: none"> ○ Maintains concept of consensus decision making and 'One Board' ○ Secret ballot element has the relevant advantages of the corresponding 'voting system' used (as set out above) 	<ul style="list-style-type: none"> ○ Lacks transparency ○ Secret ballot element has the relevant disadvantages of the corresponding 'voting system' used (as set out above)

Annex IV: Comparative list of multilateral funds and institutions

	Institution	Type	Date operational	Governance structure	Voting procedure
1	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"> • Consensus; and if it fails; • Two-thirds majority of members present and voting
2	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"> • Consensus; and if it fails; • 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)
3	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"> • Consensus; and if it fails; • Majority vote
4	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"> • Two-thirds majority of the members representing 70% of the contributions to the Fund's resources
5	Adaptation Fund	Climate fund	2009	Board – 16 members	<ul style="list-style-type: none"> • Consensus; and if it fails; • Two-thirds majority (1 member - 1 vote)
6	Climate Investment Funds	Climate fund	2008	Various: Clean Technology Fund (CTF) and Strategic Climate Fund (SCF) governed by trust fund committees of 16 members. Programmes established under the SCF (the Forest Investment Program,	<ul style="list-style-type: none"> • Consensus

				Pilot Program for Climate Resilience and Scaling Up Renewable Energy) are governed by sub-committees of 12-14 members	
8	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"> • Consensus; • Rules of majority for different decisions (two-thirds, three-quarters, four-fifths, one half) (weighted voting system)
12	Global Environment Facility (GEF)	Climate fund	1991	Board - 32 members; 14 donor and 18 recipient constituencies	<ul style="list-style-type: none"> • Consensus; • Double majority
13	International Renewable Energy Agency (IRENA)	International organization	2010	Assembly	<ul style="list-style-type: none"> • Consensus; and if it fails; • Two-thirds majority
14	Inter-American Development Bank (IDB)	Multilateral development bank	1959	Board - 14 members	<ul style="list-style-type: none"> • Each member country has voting power proportional to the capital in the Bank subscribed by his or her country; • Simple majority for ordinary decisions; • Absolute majority in special cases
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"> • Consensus; • Majority of weighted votes; • Double majority vote in some cases
16	African Development Bank (AfDB)	Multilateral development bank	1963	Board - 20 members	<ul style="list-style-type: none"> • Decision by ascertaining the sense of the meeting in lieu of a formal vote; • Where a formal vote is requested, weighted voting; • By a majority of

					66.66% of the voting power represented at the meeting
17	International Monetary Fund (IMF)	Multilateral financial institution	1945	Board – 20 members	<ul style="list-style-type: none"> • Consensus; and if it fails; • Majority of not less than two-thirds of voting power
18	International Bank for Reconstruction and Development (The World Bank)	International financial institution	1944	Board – 24 members representing constituencies	<ul style="list-style-type: none"> • Consensus; and if it fails; • Majority of weighted votes
19	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"> • Consensus; and if it fails; • 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
20	United Nations Development Programme (UNDP)	International organization	1965	Executive Board	<ul style="list-style-type: none"> • Consensus; and if it fails; • Formal vote
21	United Nations Environment Programme (UNEP)	International organization	1972	Governing Council (now the United Nations Environment Assembly)	<ul style="list-style-type: none"> • Formal vote by simple majority