

# Oxford Climate Policy – the blog

To initiate debates on international climate policy

## GCF Board: In need of a cultural revolution!



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## Introduction

Anyone following climate finance who was not at the recent 20th meeting of the [Green Climate Fund \(B.20\)](#) can be forgiven for being taken aback to read: [“Board meeting turns ‘toxic’ as UN climate fund runs low”](#) and [“UN climate fund chief resigns for personal reasons while board meeting collapses”](#). What happened?

Ostensibly, the seed for the collapse was sown in the run-up to the meeting when some members felt that, contrary to their interpretation of due process, they were not sufficiently consulted by their constituency Co-Chair when the draft agenda for the meeting was put together. This, in conjunction with the fact that the constituency in question was unable to nominate a candidate from their ranks when their Co-Chair was unable to attend the meeting, led to an awkward late opening of the meeting followed by an unedifying agenda fight lasting until the end of day 2 (of a 4-day meeting!).

However, that is not all there is to it. This blog looks more closely at the issues that lie behind the collapse of B.20 and suggest a few things that might help to improve the Board culture, not least because I believe the time is now finally ripe to do something about it. Why? Given the dramatic failure of B.20, maybe there is a willingness by the Board to look into how a repeat performance can be avoided. So, in short, the purpose of this blog is to support the cultural revolution that is required for the GCF to do its job properly, not to say to survive.

The GCF, as it has evolved, has a couple of general governance problems that need to be addressed. To explain, consider the standard best practice corporate governance model, which distinguishes between three governance tiers: the executive, led by a CEO, the board of (non-executive) directors, and the company membership/shareholders. Each of these tiers has different functions. According to the [G20/OECD Principles of Corporate Governance](#), the first responsibility of board members is that they “*should be informed and act ethically and in good faith, with due diligence and care, in the best interest of the company and the shareholders.*”

The first problem I have in mind is systemic, that is it is shared by many, if not most multilateral funds with a GCF-type governance structure: not only are all board members (representatives of) ‘shareholders’, but (of) shareholders with widely different, indeed in some cases, mutually incompatible interests. The only way in which Board members can serve the best interest of the ‘company’ is if they put the company interest first and their shareholder interest second. If this is not done, then everyone loses, as was painfully obvious at B.20 and was clearly not in the interest of the organization.

The second problem is more specific to the GCF governance culture as it has emerged over the years, namely the Board having developed a culture of ‘micro-management’, taking on tasks that in a mature organisation should be left to the executives.

What to do? In light of the antagonistic, or [as one member called it “toxic”](#) nature of the last Board meeting, it is not self-evident what could realistically be done to effect the required change in Board culture away from bi-polar negotiations to collective primary responsibility for the wellbeing of the Fund. So, the following suggestions are at best ‘baby-steps’, hopefully in the right direction.

## Remedy One. Adopt the “2 Co-Chairs – 1 Board” (2-1) Model

In the course of the rather drawn-out opening of the meeting, Ayman Shasly (member of the Board from Saudi Arabia) made an intervention that sums up very nicely one of the key remedies I have in mind, namely that the two Co-Chairs are chairing the whole Board and not just a ‘constituency’. It would be good, in Shasly’s words, “if the two Co-Chairs were to treat us all as one constituency and not two constituencies [and] communicate equally, symmetrically, in unified communications to all Board members and alternate Board members. [The two Co-Chairs should use] one mailing list, to really demonstrate to the international

community that this Board is one Board and is not divided over two constituencies. ... I truly believe this is a good practice that we should establish under your leadership."

To be fair, a similar sentiment was already included in the "Co-Chairs' joint vision for 2018", sent to GCF Board members and alternates in April 2018, which was "to strengthen the role of the Secretariat, to build bridges among Constituencies to strengthen the Board's ability to operate as ONE BOARD [sic.] and to increase knowledge sharing between the secretariat and the Board."

Shasly was rightly highlighting the fact that, according to the Rules of Procedure, the Co-Chairs are elected by the *whole* Board as Co-Chairs of the *whole* Board and not of some sub-set or other. Indeed, according to these Rules, the Co-Chairs, "*in carrying out their function as Co-Chair, ... shall be guided by the best interests of the Fund.*" The only 'constituencies' for the Co-Chairs should be the Board *as a whole* and the Fund. To serve in this capacity, the Co-Chairs should be supported by a single joint team of advisers and they should not involve themselves in 'constituency' matters. Thus, should some members of the Board feel the need to coordinate among themselves, then they should do that by themselves, without involving the Co-Chairs and their support team.

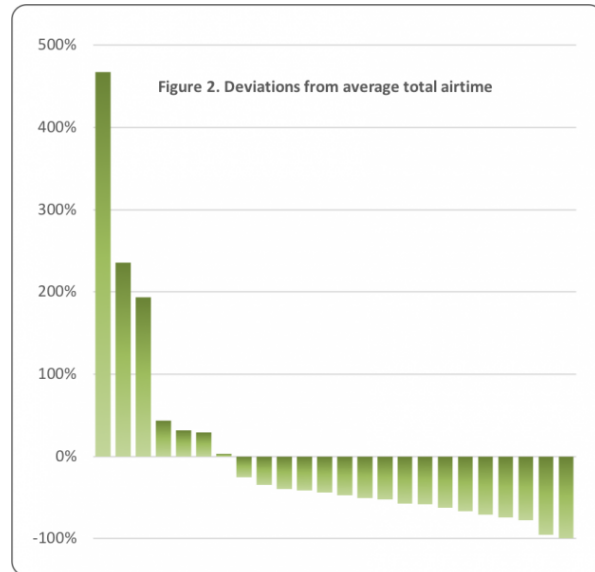
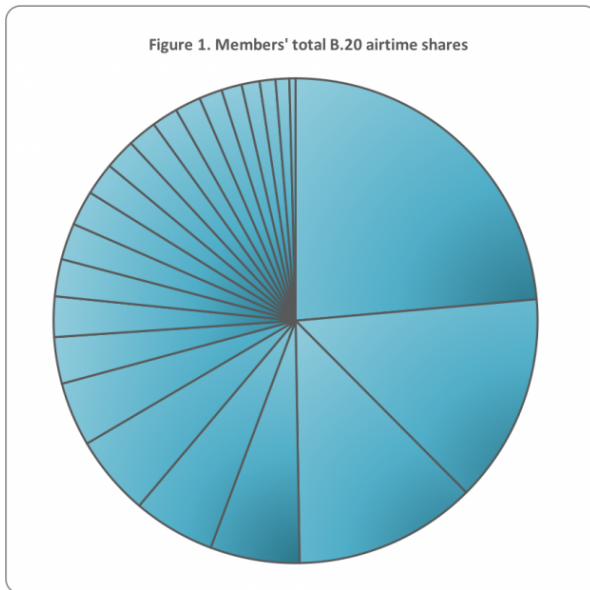
In the same vein, the Board should look very carefully at what they can and cannot expect from the Co-Chairs, particularly in between meetings. Take the expectation that Board members should be consulted in the process of drafting meeting agendas. According to the Rules of Procedure, "*the Secretariat will, with the approval of the Co-Chairs, prepare and distribute the provisional agenda for each meeting.*" There is no mention about a Board member consultation.

The problem is that there has been a tendency among some of the previous Co-Chairs to involve themselves and the Board in micro-managing the Secretariat, which derived from a distrust by some Board members in the ability of the Secretariat to provide what they wanted without their direct supervision. However, it is clear that this sort of micro-management is not sustainable in the long run, which may also have been the reason why in their 2018 joint vision, the Co-Chairs stated that "*we will increasingly rely on quality assurance systems inside the Secretariat, limiting Co-Chairs role in the preparation of Board meetings. In principle guidance will be provided as regards to modalities and structures for the yearly Board meetings including the daily organization of work as well as on documents and draft decisions with the Secretariat making the ultimate decision to release documents unless there are particular reasons to deviate from that principle.*"

Micro-management by the Board may have been necessary while the Fund was being set-up. But the Fund is now grown up, and its executives need to be allowed to do the job they are, according to best practice, meant to. If the Board feels they are not doing their job properly, then the solution is for the Board to make sure they do, and not to take on the work themselves.

## Remedy Two. Reduce 'Airtime Inequ(al)ity'

The division between a 'developing country-' and a 'developed country constituency' derives from the multi-lateral climate change negotiations, but that does not mean that the adversarial culture is inevitable. After all, the Board of the UN Adaptation Fund (AF) is similarly structured, and it has managed to build a genuinely collegiate culture. So, what is the difference?



The AF Board has, from the outset, had the 2-1 model of chair

ing in the form of a single Chair and a Vice Chair (rotating between developed and developing country members), and it has over time given up the practice of constituency meetings.[1] It has also, and I believe not unrelated to this, avoided to emulate the practice of UNFCCC plenary sessions, where each constituency has a spokesperson who is expected to make the intervention on behalf of the constituency, with other constituency members only meant to intervene in order to support the Chair's statement. Unfortunately, the airtime patterns at B.20 reveal the sort of "airtime oligarchy" that one could expect in UN plenary sessions with a few members being given three to six times the average air time, and others well below average, if any at all. Fig. 1 represents the share of total webcast airtime of individual members at B.20[2] and Fig. 2 represents the percentage deviations relative to the average webcast speaking time[3].[4]

This is not appropriate for a Board of equal members and, as witnessed in the reception of the B.20 deliberations outside the Board room, can lead to the perception of deliberate time wasting, with the effect that there was no time left to deal with actual project proposals and accreditations. It is not easy to see how this could be remedied short of introducing some measure to 'incentivize' the oligarchs to give up some of their disproportionate airtime usage (maybe through an effective guillotine on the time to be used in individual interventions[5]).

## Remedy Three. Introduce Activities & Accreditation Days at Board meetings

There is a very simple tool for avoiding the unacceptable situation of procedural wrangling eating into the time for deliberating activity (project/programme) proposals and accreditation requests. All it takes is to set aside a specific time period, say a day (or two) in the meeting for that purpose, in the way in which there are days set aside for constituency and committee meetings. As it happens, something similar was also envisaged in the Co-Chairs 2018 joint vision, as an "Advisory Day" to provide "an opportunity for advisors to discuss policy items and funding proposals with the Secretariat prior to the actual Board meeting with the purpose to increase knowledge on technical aspects of policies, as well as to identify and informally address possible concerns in order to streamline the decision making at the Board. A specific time slot will be dedicated for interactions with CSOs, private sector representatives and accredited entities."

Although this would have been a step in the right direction – ultimately wasn't to be because of push-back from some Board members – it wouldn't have been exactly what I have in mind here. The days for discussing activity proposals and accreditation requests proposed here are not for advisers alone. They are meant to be for the discussion of these matters by Board members. Advisory Days as envisioned by the current Co-Chairs might still be useful as a preparatory exercise, but the Activities & Accreditation Days proposed here are intended to be the main locus of Board deliberations on these important issues. Having such days set aside outside the order of the agenda<sup>[6]</sup> would ensure not only that the Board can actually perform one of its key duties: the scrutiny of proposals put before it for adoption. It would also enable the proponents of activities and the accreditation candidates to attend just these days, and not have to follow the remaining Board deliberations, which some of them may regard as not really worth their time. Having sat with the observers during B.20, it was absolutely clear that the Board cannot allow a similar fiasco to happen again without terminal reputational damage to the Fund.

[1] Except for the selection of candidates for Board Chairs and Vice-Chairs.

[2] In order not to unhelpfully point fingers at this point in time, I have decided not to identify either individuals or constituencies.

[3] Note that the sum of the bars is a measure of (airtime) inequality.

[4] I would like to thank Emmanuel Taiwo who was at B.20 with me and kindly offered to go through the web casts and list the durations of interventions.

[5] This still does not mean that airtime could not be hogged through repeated requests for the floor, but it might help to trim the airwaves from unnecessary rambling.

[6] I am fully aware that taking the deliberations on project and accreditation proposals outside of the sequencing of the meeting agenda might not be palatable to those who would like to use negotiation-style issue linkages to get 'the other side' to adopt what they want. Although I do not think that such 'issue-linkages' are in the interest of the Fund, the concerns of those who would want to continue to use them could be accommodated by including the actual formal decisions (not the deliberations) as part of the sequencing of the meeting agenda.

This entry was posted in Uncategorized on 25 July 2018 [<http://oxfordclimatepolicy.com/blog/gcf-board-in-need-of-a-cultural-revolution/>] by Benito Muller.

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