

# CLIMATE INVESTMENT FUNDS

October 13, 2015

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**STANDARD PROCESS FOR ASSIGNING DECISION MAKING METHODOLOGY**

## I. Introduction

1. In May 2015, the joint meeting of the CTF and SCF Trust Fund Committees reviewed the document *JOINT CTF-SCF/TFC.14/4, Measures to Improve the Governance of the Climate Investment Funds*, which suggested measures to improve the governance of the CIF. The measures included ways to improve the decision making process during and in-between meetings, with a view to improve the efficiency and selectivity of discussions during the Committee meetings.
2. The joint meeting requested the CIF Administrative Unit to propose a standard procedure for assigning which decisions should be taken during meetings of the Trust Fund Committee and Sub-Committees, and which decisions could be processed through an approval-by-mail.
3. This process will be complemented by a more web-centered approach, taking advantage of the Financial Intermediary Funds (FIF) collaborative platform as it is built.
4. The CTF and SCF Governance Frameworks provides that the CIF Trust Fund Committees and Sub-Committees meet at least once a year, and without meeting, review and approve CIF financing for programs and projects and any other matters as needed, at a level and through means and procedures appropriate to such review, including through approval by mail.
5. In analyzing the options for this paper, equivalent funding mechanisms, particularly the Global Environment Facility (GEF), were reviewed to determine which decisions are assigned to a decision by mail and which are assigned for discussion during in-person meetings. A major similarity between the CIFs and the GEF lies in the fact that both organizations have a non-resident decision making Board – referred to as the Council, in the instance of the GEF. This necessitates the need for a mechanism to approve decisions by mail, and through other means outside a formal meeting. Details of this review are provided in Attachment 1.

## II. Proposal of standard process for assigning decision making methodology <sup>1</sup>

6. It is proposed that when a decision or document is approved at a Trust Fund Committee or Sub-Committee meeting<sup>2</sup>, and a further output<sup>3</sup> is required, the Committee will determine *at that time* what methodology is to be used to present the output for its approval following the below guidelines:
  - (a) Decisions taken during Trust Fund Committee and Sub-Committee meetings will include:
    - i. Standard repeat documents including CIF Business Plan and Annual Budget and Semi-Annual Reports;

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<sup>1</sup> Categories (a) and (b) above are presented as guidelines for assigning decision making methodology. However, if deemed appropriate, the CIF Administrative Unit would seek clearance through the co-chairs to change the methodology on an output, and notify the committee accordingly.

<sup>2</sup> Note: Trust Fund Committee or Sub-Committee meetings can be held in person or virtually

<sup>3</sup> An output could be: a strategic document, policy document, update, supplemental budget, etc.

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- ii. New Investment Plans and SPCRs;
  - iii. Reports of the Expert Groups on the selection of new countries/pilot countries;
  - iv. Strategic and new policy documents (or using methodology determined at the time of discussion);
  - v. Other documents that have a strategic implication for the CIF may be included as an agenda item at the discretion of the Program Manager, in consultation with the Co-Chairs.
- (b) Decisions taken through an approval by mail will include:
- i. Project funding requests;
  - ii. Revised and updated investment plans;
  - iii. Revised or updated policy and governance documents (if agreed by the Committee at the time of discussion); and
  - iv. Supplemental budget requests.
- (c) The methodology of approving decisions/documents that do not fall within the guidelines of categories (a) and (b) above, should be determined by the Committee during the meetings.

7. *Procedure for changes or exceptions to the decision-making process:* At any time, a committee member may request that an output previously agreed to be circulated for an approval by mail, be submitted to a Trust Fund Committee or Sub-Committee meeting. Upon receipt of such a request, the CIF Administrative Unit will notify the relevant Committee of the change and add the discussion item to the appropriate future committee meeting.

8. *Issues arising between meetings:* It is proposed, that whenever, in the judgment of the Program Manager, a decision must be taken by the Committee that should not be postponed until the next regular meeting of the Committee, the Program Manager, in collaboration with the Co-Chairs of the Committee, will determine the decision making methodology, which could warrant the calling of an inter-sessional meeting.

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## **Attachment 1: Decision Process in Comparator Organizations**

The following provides background material to show how comparator organizations determine which decisions can be assigned to decision by mail and which must be assigned to consensus decision in committee meetings. For the purpose of this review, the Global Environment Facility (GEF) was used to a large extent as a comparator. Other organizations reviewed were the Consultative Group for International Agricultural Research (CGIAR), and the International Fund for Agricultural Development (IFAD).

The majority of comparators use some form of alternative decision-making—decision by mail, decision without meeting, and lapse of time procedures among them. In general, these alternative are used to approve projects and programs, when these projects and programmes are:

1. Up to a specified size
2. Part of a larger strategic programme that has already been approved

Only a few of the comparators spell out rules for alternative decision-making processes for other types of decisions.

### **Decision making in the GEF Council and other comparators<sup>4</sup>**

The Council is the GEF's governing board of directors, responsible for developing, adopting, and evaluating policies and programs for GEF-financed activities. The directors are referred to as Council members, who represent 32 GEF constituencies— 16 from developing countries, 14 from developed countries, and two from countries with economies in transition.

The GEF Council meets twice a year and is responsible for: keeping operations under review; ensuring regular monitoring and evaluation of policies, programs, operational strategies and projects; review and approve the GEF work program; directs the utilization of funds; reviews the availability of resources, and; act as the focal point to the Conferences of the Parties of major Environmental Conventions. Council decisions are taken by consensus mostly during the meeting days, but may also happen by mail correspondence if necessary.

Decision without meeting can be invoked by the CEO: “Whenever, in the judgment of the CEO, a decision must be taken by the Council that should not be postponed until the next regular meeting of the Council but does not warrant the calling of a special meeting of the Council.”<sup>5</sup>

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<sup>4</sup> From the GEF Website: <https://www.thegef.org/gef/council>

<sup>5</sup> Excerpt from the “Rules of Procedure for the GEF Council”

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The Rules of Procedure lay out the process to be followed in decision making. As part of the process, if any Member objects to the decision, it is deferred to the next Council session. But the Rules do not specify the types of decisions—changes in policy, appointment of members, reviews of interim reports, and so on—that can be handled this way. However, a review of a legacy page listing decisions by mail shows a great deal of diversity, beyond the programme/project approval focus (See Box)

**Box 1: Legacy Page of GEF Decisions by Mail**

Appointment of Land Degradation Panel Member

Approval of GEF-4 Focal Area Strategies and Strategic Programming

Approval of NAPA Training Workshops

Forward to UNFCCC SBI the progress report on the Elaboration of a Strategic Program to Scale-up the Level of Investment in the Transfer of Environmentally-sound Technologies

Global Environment Facility Poster Contest!

Implementation of Results-Based Management under the LDCF and SCCF

Interim report of the GEF to SBI 30

Reallocation of Remaining GEF-4 Resources

Reallocation of Remaining GEF-4 Resources (supersedes April 9, 2009 Decision)

Similar language to the text underlined above can be found in the Rules of Procedure of other comparators:

- CGIAR: *Whenever the Chair, after consultation with the Vice-Chair or Vice-Chairs, considers that a decision on a particular question should not be postponed until the next regular meeting of the Board and does not warrant the calling of a special meeting...*
- IFAD: *Whenever an action must be taken by the Board that should not be postponed until its next session but does not warrant the calling of a session of the Board, the President shall transmit to each member and alternate, by any rapid means of communication, a motion embodying the proposed action with a request for each member to vote thereon...*

Again, the language of these procedures does not further specify the types of decisions that can be made in this alternative way. As with the GEF, legacy documents indicate that the range of decisions handled this way can be quite broad—budgets, transition plans, and other decisions have been handled through decision by mail.

The procedures above imply that the issues involved surface *in the period between* meetings. Also, in each of these cases, there is an acknowledged leader (CEO, Chair, and President) to consider the issue and make the determination on how it should be handled.

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A parallel in the CIFs would require that the Co-Chairs of the committees make this determination for issues that come up between CIFs committee meetings.

However, there is also legacy evidence that decisions can be made in the Council meeting and that further resolution of the decision can then be made outside of Council. For instance, during the 13<sup>th</sup> CGIAR Funds Council meeting, a decision was reached by the Council to make a transition to a proposed new structure as quickly as possible. The decision document reflects the discussion of next steps:

1. To support the transition, a transition team would be established by the Funds Council Chair.
2. The Funds Office would develop a budget to cover the transition team.
3. The transition team would develop a transition plan.

Both the budget and the plan were designated to be approved through a decision by mail.

## **Summary**

First, most of the comparators prescribe decisions without meeting, decisions by mail, etc. for programme and project decisions when the general governing strategy has been discussed and approved. The CIFs already provide for this type of decision.

The comparators also allow for decision without meeting for other kinds of issues. The most common type of decision is concerning issues that rise between meetings and fall into the space between decisions that should be made as soon as possible and those that do not warrant calling a special meeting. When such an issue surfaces, the leader (often in consultation with others) makes the determination of whether to proceed with or without a special meeting. The rules of procedure do not specify which types of issues—for instance, policy, personnel, budget, task approvals, and so on—can fall into this situation. If the leader considers that the issue—whatever its content—is important enough for an immediate decision, then the choice is decision with or without meeting.

The other type of issue that shows up in the legacy documents (although not in the rules of procedure) are those that flow from decisions made in Council and that are assigned to decision by mail at the time of the discussion in Council. This is the type of decision that the recommendations paper was targeting: that is, when the issue has been discussed in the committee meeting, then the CIFs committee Chairs should be allowed to push follow-on decisions to the decision by mail procedure. In the example CGIAR cited above, the decision to proceed with the transition that was made in the Council meeting required the follow-on decisions in terms of personnel, tactical plans, and budgets. We can imagine this type of situation occurring for the CIFs and think that many other follow-on decisions that could be decided by mail without having to wait for the committees to reconvene six months later.

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